

Annex 2 Armenia Case Country Study

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List of Abbreviations

CBQS	Competency-Based Qualification Standard
EBRD	European Bank of Reconstruction and Development
EC	European Commission
EU	European Union
FREDA	Fund for Rural Economic Development in Armenia
GoA	Government of Armenia
GDP	Gross Domestic Product
GIZ	Gesellschaft für Internationale Zusammenarbeit
IFAD	International Fund for Agricultural Development
MoES	Ministry of Education and Science
PRSP2	Poverty Reduction Strategy Paper, Phase 2
SDP	Sustainable Development Program
SME	Small and Medium-Sized Enterprise
UNDP	United National Development Programme
VET	Vocational Educational Training

1 Background

Context

In recent years, Armenia has seen impressive economic growth and corresponding falls in poverty levels. However, the rural areas experience significant levels of poverty (34.9% in 2009 according to Armstatservice, 2010) and have been impacted upon disproportionately by the financial and economic crises. They have lower incomes (the share of agricultural income decreased to 35.6% in 2009 from 38.8% in 2008 (Armstatservice, 2010) and suffer from over-reliance on remittances and under-employment. It is not surprising that the country experiences high levels of migration: about 61.5% of people have left their place of residence for temporary jobs abroad (Unemployment Rate in Armenia, 2010). The lack of high-productive employment opportunities outside agriculture is a key constraint limiting rural growth prospects and, as a corollary, poverty reduction. The policy environment for rural enterprises is generally favourable, however, more investment are needed to accelerate rural growth and employment generation, especially for SMEs outside Yerevan.

Despite Armenia's hitherto impressive performance in terms of growth and poverty reduction, unemployment continues to be a major problem in particular for young people, the recent financial and economic crises have accentuated this problem. According to the official data, the unemployment rate for young people (16-30 years old) increased from 29.3% to 33.5% in 2009 compared with 2008 (Armstatservice, 2010). The unemployment challenge also has important gender dimensions. Traditionally, women are mainly employed in the health sector and in the social security and educational sectors. They have, therefore, benefited to a lesser extent from the growth in employment in the SME sector. The majority of the unemployed youth are graduates from general secondary education or vocational education.

Professional educational programmes in Armenia aim to prepare specialists with relevant qualifications. Many colleges face the challenge that the skills offered within growth sectors do not necessarily lead to employment. The colleges have not adjusted their programmes to the dramatic changes in the labour market and wider economy and have established limited contacts with local enterprises. The relevance of the professional qualifications provided in the colleges can be questioned, and most have either no or little equipment for professional and practical training.

Nature of DNP intervention(s):

- Title: 'Pro-Poor Rural Development through Business and Skills Development'.
- Period: December 2008-December 2011.
- Development objective: Rural employment generation through accelerated economic development by private sector development and improved skills.
- Immediate objectives: Two immediate objectives have been formulated:
 - i) Stimulated sustained growth of rural economic activity and employment through improved access to appropriate and innovative financial services to rural SMEs.

ii) Increased employability of Vocational Education and Training (VET) college graduates with a specialisation relevant for economic growth sectors with strong impact on employment in rural areas and regional cities.

- Scope: Two components are implemented:

i) Rural private sector development: supports rural SMEs in sustainably expanding production, productivity, incomes and employment; support is offered in the form of equity and quasi-equity investments in selected rural SMEs with growth and developmental potential. This assistance is complemented by non-investment support such as training, marketing studies, technology transfer facilitation, etc. Support is to focus on non-investments aspects not exceeding DKK 10 million and is to be channelled through the International Fund for Agricultural Development (IFAD)/Government of Armenia established Fund for Rural Economic Development in Armenia (FREDA) which provides equity and capacity development support to rural SMEs. IFAD is to assume responsibility for funds, monitoring and implementation and will also provide the initial capital for the equity and quasi-equity investment;

ii) Improving employability of graduates of vocational colleges: addresses the mismatch in skills provided by the VET system and the needs of local labour markets. It is expected to increase the employability of young people in general and young women in particular. The focus is on educational programmes relevant to economic sectors with a potential for economic growth and job creation in rural areas. The focus is on promoting practical, professional training in 12 VET colleges.

- Implementing modality: delegated partnerships; VET by United Nations Development Programme (UNDP); and financial services FREDA by IFAD.

- Key stakeholders: The Ministry of Education and Science (MoES), the National Centre for VET Development and 12 VET colleges in the case of the VET Component; and the Ministry of Finance in the case of FREDA.

- Budget/inputs: Overall budget of DKK 29 million; i) rural private sector development (DKK 10 million); ii) VET (DKK 16 million); and iii) Other (DKK 3 million).

- Geographical coverage: Implemented in colleges covering all Marzes (Provinces) in the country.

- Expected outputs:

i) The rural private sector development component is expected to deliver four outputs to enhance the effectiveness of FREDA: First, assist in pre-investments support aimed at identifying prudent and high-yielding investment opportunities and assisting potential SMEs in accessing FREDA's investment capital and technical assistance. Second, enable improved investment decision-making by providing necessary technical expertise for undertaking high quality due diligence, facilitating technology transfers and supporting improved/restructured management. Third, assist in improving post-investment opportunities for enhancing the multiplier effects by, for example, documenting the impact of the investment and disseminating key lessons learnt to a wider audience. Fourth, enhance management of FREDA by proving finance for the hiring of one in-house research and consultancy expert, as well as supporting the initial training of FREDA's staff; assist in developing the monitoring and evaluation system;

ii) The VET Component is expected to deliver six outputs: First, development of five standards and modular curriculum of professions relevant for economic growth sectors with strong impact on employment in rural areas and regional cities (i.e. food processing, construction and tourism/hospitality). Second, establish systematic links between the local labour market and VET colleges to allow students practical exposure in private companies and to provide guidance to students on employment opportunities including opportunities for self-employment (target: a plan for extra budgetary activities to be developed in 12 colleges; a system for systematic career guidance to be piloted in the 12 colleges with specific attention to employment of young women in growth sectors). Third, colleges will be equipped to conduct practical training within the relevant for economic growth sectors in accordance with the new standards and modular curriculum of professions (target: all colleges receive a package of equipment for practical and professional training for one or two of the five developed standards). Fourth, teaching materials will be made available for the practical and professional teaching in the modular curriculum of professions developed for relevant for economic growth sectors (target: establish a revolving fund for 15,000 books for professional training in the selected standards; translation of existing text books and development of others teaching materials for the fund). Fifth, further development of administrators and teachers' qualifications to implement the modular course plans (target: 300 administrators and teachers involved in training of the developed standards have been trained in the new standard; and 300 teachers able to apply the professional didactics and use of the provided equipment in a student centred learning as foreseen in the standards developed). Sixth, capacity development of the VET Division in the MoES; this is undergoing restructuring and the result of the functional analysis will form the basis for the capacity development. Capacity will be developed in the National Centre for VET Development for financial management and procurement, and a model for continuous teacher training will be developed.

Key relevant documents

The main relevant document covering the programme is now the 'Sustainable Development Strategy of Rural Areas and Agriculture of the Republic of Armenia in 2010-2020', Government Degree 1467, November 4, 2010. The Government of Armenia's (GoA) strategy for agricultural development is set out in the 2006 'Agricultural Sustainable Development Strategy', the overall objectives of which is to promote sustainable agricultural development, to ensure increased food security and to increase the income of the rural population. Its priorities are: i) increased agricultural efficiency and competitiveness through economic and institutional reforms; ii) market development, establishment of market chains, building of small-scale slaughterhouses, provision of agricultural credit and development of agriculture-related insurance; and iii) food security and safety measures.

Within the framework of the 'Poverty Reduction Strategy Paper 2' (PRSP2), the development of the VET sector is guided by the 'Law on Preliminary Professional (Craftsmanship) and Middle Professional Education' (adopted in 2005) as well as the 'Strategy of Preliminary Professional (Craftsmanship) and Middle Professional Education and Training of the Republic of Armenia' (2004). The GoA aims to prepare qualified specialists, develop modern citizens promoting development of their intellectual potential and labour force, and ensure lifelong learning. The VET

Strategy has been translated into the 'VET Modernisation Priorities Paper and Action Plan 2005-2008', which has six key priorities: i) create methodological and technical support and service provision structures; ii) optimise VET financing and improve VET governance; iii) introduce competency-based vocational education and training standards; iv) increase the effectiveness of the VET system and improve educational outcomes; v) modernise quality monitoring mechanisms; and vi) strengthen and institutionalise labour market social partnerships.

The DNP interventions therefore conform to the key policies and strategies of the country, including those that have been revised since implementation got underway.

External factors

The analysis will be done in view of wider external factors influencing in the country, not least the global economic and financial crises, which are affecting the implementation of the entire DNP portfolio of activities.

Macroeconomic stability, strong growth rates and prudent fiscal and monetary policies have contributed to rising incomes and better social conditions in Armenia in recent years. Even in 2008, the average nominal wage increased significantly (17.7%) compared to inflation (9%). During the first poverty reduction strategy period (2004-07), poverty was reduced from 34.6% to 25%. The PRSP2 started in 2008, within the framework of the Sustainable Development Programme (SDP), for the period 2009-12. The SDP has three targets: i) reduce poverty, including the elimination of extreme poverty; ii) ensure human development; and iii) deepen economic growth and accelerate development in lagging regions. The GoA is currently conducting a mid-term review of the SDP; it is envisaged that the priorities will be maintained but budgets are likely to be affected due to the overall effects of the current financial and economic situation.

The global economic crisis resulted in a contraction of the Gross Domestic Product (GDP) by 14.4% in 2009; unemployment rose to 6.9% from 6.3% in 2008; the budget deficit widened to 4.7% of GDP in 2009. State expenditure rose by 8.5% year-on-year in a bid to stimulate domestic demand but government revenues fell 10.5%. The sharp contraction in GDP was driven by the steep fall in the construction sector, as well as the collapse in international prices for non-ferrous metals and chemicals in late-2008. Food processing, the largest manufacturing sub-sector, contracted by 7.1% in 2009.

The economic outlook improved in the second half of 2009 and GDP grew by 1.9% in 2010 and is expected to increase to 3.7% in 2011. The industrial sector, particularly mining and metallurgy are benefiting from an improvement in external demand, which will contribute to a rise in export volumes. A return to growth of leading investment and trade partners, particularly Russia, will bring about a modest increase in remittances and capital inflows. Weaker domestic demand than in recent years and slower growth in the countries that host Armenian migrant workers and/or are Armenia's main export markets and sources of investment will temper growth of the economy.

The current global economic crisis has seriously threatened the robust poverty reduction momentum that Armenia has benefited from. The overall poverty incidence increased by 6.5% during

2008-09, rising from 27.6% to 34.1% (Armstatsservice). The GoA is trying to protect social expenditure such as pro-poor programmes and public works as a response.

Evaluation of the DNP interventions

Below, an assessment is carried out of the 'Pro-Poor Rural Development through Business and Skills Development' Programme. The evaluation is based on the 20 questions set out in the ToR and the Inception Report for this evaluation. Since the Programme consists of two very different components, one dealing with VET and the other with the FREDAs financial instrument, the evaluation distinguishes between the components.

2 Relevance

(Extent to which the objectives of the interventions are consistent with the beneficiaries' requirements, needs, priorities and partners' and donors' policies)

Are the portfolio and its activities well aligned with the policies of the partner countries?

VET: Yes, the portfolio and its activities are well aligned with the policies of Armenia. Since 2006 the Government of Armenia (GoA) has a VET policy and an agreement with the EU over its implementation using budget support measures. As a result, the Armenian National Qualification Agency was established in 2007, the National VET Council and the National Centre for VET Development were both established in 2008. Consequently, at the moment, VET policy enjoys a high political priority for the GoA. More generally, the DNP activities include a rural focus which is also well aligned with GoA policies. Both agricultural and VET development have recently increased in policy importance directly as a result of the recent economic crisis.

FREDA: Yes, the portfolio and its activities are well aligned with the policies of Armenia. There is a need for finance for agribusinesses with growth potential. There are currently no other equity or quasi-equity schemes operating in the market segment covered by the FREDA Component. FREDA targets SMEs in the agribusiness sector; this sector is in urgent need of both financial and technical assistance to ensure growth and development. The FREDA initiative is the first equity fund; it is a model being pilot by IFAD and, if successful, is expected to be replicated elsewhere.

Do the portfolio and its activities fit into the larger socio-economic and political context, including the development efforts of the government and other development partners?

VET: Yes, the VET Component fits the larger socio-economic and political context: the official unemployment rate rose to 8.4% in 2010, however, based on the ILO methodology, the unemployment rate jumped to 27% (the national statistics do not consider as unemployed those who possess land whereas the ILO definition does). The youth (16-30 years old) share of the total unemployment was 18.9% in 2010 (Armstatservice). The DNP interventions contribute to the wider socio-economic development of the country by helping the state authorities: i) to implement pro-poor policies and programmes in the VET sector and ii) to increase employment and business opportunities in remote Marzes.

FREDA: Yes, this component supports the larger socio-economic context: the agribusiness sector is being promoted by the Ministries of Agriculture and Economy, a process which intensified as the effects of the economic crisis became more apparent. The socio-economic and political emphasis on the agribusiness sector and rural districts of Armenia is reflected in the country's development strategy, including the PRSP2 and the Agribusiness Development Sustainable Strategy, which aim to contribute to an increase in the level of employment and incomes of the rural population, with a concomitant decrease in the level of poverty. In this context, FREDA is a tool designed to provide an impulse to development by investing in the agro-processing sector, which is a vital link within the value chain. The portfolio of initiatives funded by FREDA consists of

industries/sectors either located in or focusing on rural areas. They tend to concentrate on primary producers, recruit from rural areas and be oriented to export and/or import substitution. The political relevance of FREDa is reinforced by the composition of its Board of Trustees, which comprises 13 members, six of whom come from the public sector and seven from the private sector. The Prime Minister chairs the FREDa Board meetings.

Are the portfolio and its activities coherent with the overall Strategy of the Danish Neighbourhood Programme?

VET: Yes, the component is coherent with the overall DNP Strategy. The overall goal of the DNP is to support agribusiness in value-adding activities, especially downstream SMEs that will increase demand for employees with agro-processing competencies. The VET Component seeks to meet such demand through improvement in qualifications in subjects of relevance to agro-processors. The component also seeks to mitigate labour shedding by upgrading vocational education in rural service sectors such as in tourism and the hospitality sectors. DNP's development objective seeks to redress the rural-urban divide by increasing high-productivity rural job opportunities and incomes, stated as: *“rural employment generation through accelerated economic development by private development and improved skills”*.

FREDa: In principle, this component is aligned with the overall strategy of the DNP since it too focuses on the development of agribusinesses. Rural businesses in Armenia are hampered by a lack of access to investment capital and new technologies, which in turn stifles efforts to raise productivity and employment generation. There is also a mismatch between the demand for skilled labour from growth sectors of in the rural economy (the programme specifically mentions hospitality, agro-processing and construction) and the supply, especially the VET system. These constraints constitute serious barriers to a pro-poor economic transformation of the rural areas of the country.

It can be discussed however, from a Danish perspective, how relevant it is to support export-related growth in the SME sector, in a situation where the country cannot export to the EU and there is no indication that this is going to be the case within the near future. In this case, it could be argued that at the point in time when the programme was being prepared to support Armenia, it would have been more in line with the aim of the DNP Strategy to focus programme interventions on supporting development of the institutional framework that would be a requirement for eventually qualifying Armenian exporters for accessing the EU markets. Based on the field visit to Armenia, the evaluation found that the SMEs supported through DNP funds, were in general not able to develop the full potential from the support provided, since they were already 'big players' within the (sub) region with little potential for further expanding their export to neighbouring countries in the future. Therefore, what really mattered to them was to get access to the EU market; this would require, however, that development of the required institutional linkages would take place.

Are the portfolio and its activities perceived to be relevant by the intended beneficiaries?

VET: Yes, the VET Component and its activities are strongly perceived to be relevant by the intended beneficiaries. The component and its activities are consistent with PRSP2, national VET

policy, labour market policies, etc. All national and local beneficiaries participating in the field-work perceive it to be of high relevance. Examples of VET Component activities during 2009-10 include: seven VET policy level documents developed; 600 VET staff trained; active labour market policy instruments applied to 570 registered unemployed; 16 VET schools equipped with 20 technical laboratory packages, etc. Both teachers and students in the visited colleges were extremely positive about the new modular curricula, equipment and the training being received, as compared with the traditional approach in Armenia.

FREDA: Yes, the component is strongly perceived to be relevant and necessary by the intended beneficiaries. This applies to the GoA, in the form of the Ministry of Finance and the Ministry of Economy, both of which participate in the FREDA Board, as well as other financial institutions, such as the European Bank of Reconstruction and Development (EBRD). FREDA is perceived to fill an important market gap, as far as provision of financial services to Armenian agribusinesses is concerned. In terms of the beneficiaries targeted by FREDA, namely SMEs with the potential to grow and have a positive impact on the development of the rural and/or agricultural sector, all the successful applicants/firms that were consulted during fieldwork had previously applied for and failed to obtain funding from other sources. Not surprisingly, the FREDA instrument is perceived by its beneficiaries to be highly relevant.

3 Effectiveness

(Extent to which intervention's objectives are expected to be achieved)

Have the supported activities had the intended effects/are they likely to achieve the intended effects?

VET: Yes (but also no). The VET Component is likely to achieve, and in some cases even surpass, most of the intended outputs. For example, more colleges will be involved than originally anticipated (16 rather than 12). This is basically due to the fact that some of the schools had already been partly reconstructed by previous Norwegian funding (through UNDP) and EU/Government funding. In addition, 600 VET teachers have been trained compared with the planned 300; 20 packages of technical laboratory equipment have been delivered to the VET colleges instead of 12 as originally planned; 570 (and a further 170 in 2011) trainees participating in vocational training compared with none planned; and seven VET policy level papers are introduced instead of planned two.

In terms of capacity development, the National Centre for VET has been provided effective 'hands-on' training, that has improved capacity within the institution in terms of, for example, financial management, work planning, etc¹.

On the other hand, a VET tracing system has not yet been implemented as foreseen in the programme document and a planned revolving fund for 15,000 books/teaching materials for professional training in the selected standards has not been and is unlikely to be established.

In addition, the original agricultural and rural development focus will not be as strong as anticipated by the programme document. The main reason for this is that only one selected college (out of 16) has an agricultural focus. The VET component was also expected to have a strong focus on standards development for professions of relevance for economic growth, with a strong impact on employment in rural areas and regional cities such as the food processing industry (agribusiness), construction and tourism/hospitality. The five Competency-Based Qualification Standards (CBQSs) developed by the VET programme were selected on the basis of MoES recommendations and focused on the following CBQSs which were seen to be important for the national economy, as well as having a high degree of complexity²:

- CBQS 1706: Use of lifting machines, construction and road building vehicles.
- CBQS 1707: Technical operation of rolling stock.
- CBQS 1103: Production of black and coloured metal alloys.
- CBQS 2913: Installation and use of electrical equipment in industrial & municipal buildings.
- CBQS 3114: Operation and maintenance of agro-vehicle and agricultural equipment.

¹ According to interviews with key stakeholders.

² The Annual Report 2009 for the VET Component points to the following areas as being in the highest demand according to labour market studies 2006-09: construction, craftsmanship, agricultural industry and food processing, tourism and related services and IT.

The selected CBQS do contribute to generating employable skills and do constitute dimensions of the construction and agricultural sectors, but the anticipated contribution to agribusinesses is only partly fulfilled and even less in the case of tourism/hospitality. Four more colleges (than the original targeted 12 regional colleges) were selected, three out of which are located in Yerevan and one in Alaverdy, a border area. Whilst overall, this is a positive development, the programme document did not anticipate colleges being selected in the capital city; its focus was very much on rural areas and regional urban centres.

FREDA: Yes, the component is likely to achieve the intended effects despite the significant delays (ca. 18 months) in establishing the financial instrument. Although the late start impinged on the intended effects, rapid progress has been made since FREDA was established, with the results that three investment projects have been funded; two others have been approved; and a further two are awaiting Investment Committee approval. A further 10 investment projects are in the pipeline. Despite the delays, FREDA's investment activities appear to be based on prudent procedures, careful analysis, established methods, etc. FREDA undertakes sector research, provides technical assistance to beneficiaries, commissions specialist training/expertise and helps with expo participation with DNP support.

Has the number of growth-oriented SMEs increased as envisaged within the targeted industries and regions?

VET: N/A, this was not the focus of the VET Component.

FREDA: N/A, this was not a focus of FREDA Component.

Have the most promising results in terms of socio-economic development been attained?

VET: Yes, promising results appear to have been attained as a result of the VET Component. For example, the new modular courses have been introduced, and based on cross-validation of information provided through interviews with Principals, Teachers, Students and Private Sector Actors, it was found that teaching has become very practical in nature, teachers have been trained and are responding well to the new approach there is now a much stronger link between VET courses and labour market needs, the private sector is now involved in college boards (an initiative which is more attributable to the EU programme than the DNP), the private sector is recruiting directly from colleges and the college directors are increasingly looking to exploit income generating opportunities (e.g. arising from the installed equipment, scope for new adult evening classes, etc.). The observed trend is, therefore, that the combining of improved (practical) skills among students and increased engagement of private sector actors in college activities, are gradually leading to better 'matches' between rural labour demand and supply, and thereby also to increases in rural employment levels. MoES views the experiences from the VET Component as being very promising and is considering mainstreaming the 'model' into other VET colleges. This could ultimately contribute to more significant increases in rural employment levels.

FREDA: Yes, although there have been delays in the establishment of FREDA, which have impacted on the anticipated socio-economic development/promising results, nevertheless, the component appears to have had certain impact on the value chains associated with their investments. Based on information received from FREDA, which has collected data on the 'before'

situation and regularly monitors the progress being made by the companies in its portfolio, the main immediate impact has been substantial increases in export (for Acvatekhavtomatika, fish breeding company, the value of exports increased to ca. USD 1 million (up from USD 70,000 in the preceding year); and the value of exports for Meghri Cannery is USD 200,000 (an increase of 36% compared to the previous year) and import substitution (e.g. Pyunik Pedigree Poultry plant CJSC, maternal stock breeding and hatchery, which registered an increase in the production volumes by about 50%; a larger impact is expected next year) based on discussions with FREDa. In both the Meghri cannery and the Acvatekhavtomatika the full-time and seasonal employment has grown, as has procurement from the primary producers. The investment in Pyunik has reportedly led to decrease in imports of one day old chicken by the producers of table egg and chicken meat as well as to employment growth of 5% as a result of the increase in the volume of operations. It is expected to lead to further increase in the quality of the produce. Investments in the winery (365 Wines Company), refrigerating storage (Agrolog Ltd), cannery (Levon) and cheese production (Cheese Stone) are all expected to impact positively on the primary producers (resulting in income effects) whilst also creating employment (permanent and seasonal). These results can broadly be attributed to the support provided by FREDa, since none of the companies were able to expand their production activities without the financial support received³.

Since several firms are export-oriented, they are expected to contribute to a positive national trade balance. The FREDa investment analysis indicates strong levels of socio-economic development. Its Value Chain Multiplier Index ranges from 1.3 (for the 365 Winery) to 2.0 (for the Levon Cannery). Basically, the index shows the indirect impact of the investment on the sector/region/economy of the country in general. Thus any investment that brings about an indirect impact of at least the same level as the investment is regarded as a highly favourable investment project. The indirect impacts of the projects are estimated on the basis of variance analysis between the current capacity return and the post-investment capacity return. Thereafter, during control and monitoring of the project, impact is assessed by reference to the actual results. Given the nature of the information that is available, the evaluation is not able to assess the extent to which this is a direct result of the Programme and not other factors. However, the opinion of the evaluation is that it is likely that the Programme's support (finance and know-how) is likely to have been contributed importantly to the recent performance of the firms.

³ This was confirmed by the company owners during interviews with the evaluation.

4 Efficiency

(How economically resources/inputs (funds, expertise, time, etc.) are converted to results)

Was the approach as well as the more specific intervention logic appropriate and justified?

VET: Yes, the overall programme approach and intervention logic suggested in the VET Component description are appropriate and justified to the Armenian context. The mismatch between labour supplied by VET institutions and the type of skills that are demanded by the labour market are not always in tune. In this context, both the approach deployed, focusing on agricultural colleges, and the interventions planned are appropriate and justified.

FREDA: Yes, the FREDA Component approach and intervention logic is appropriate and justified. The component is directed to the development of the rural economy and thus to a reduction in poverty levels. The companies that are targeted need financing to be able to grow, employ more people and have an impact on income and poverty levels. The issue is that it is an equity/quasi equity instrument, which is a novel development in Armenia; consequently, it required a legal basis for it to be established. The programme document was over-optimistic in its assumptions about the speed with which FREDA's legal framework could be enacted. The consequence of this was a significant delay which could potentially have derailed the implementation of the FREDA Component; it has certainly affected the potential of reaping synergies between the two components.

Has the actual implementation deviated from the strategies and plans stated in the project documents?

VET: Yes, the actual implementation of the VET Component has deviated substantially from the strategies and plans stated in the programme document, both positively and negatively. Positive examples include: more colleges than initially anticipated have been included (16 instead of 12); 600 VET teachers were trained compared with the planned 300; 20 packages of technical laboratory equipment were delivered to the VET colleges instead of 12 planned package; 570 (and a further 170 planned for 2011) trainees participating in vocational training compared with none planned; and seven VET policy level papers are introduced instead of planned two. Negative examples include. only one of the 16 colleges is agricultural in nature (the other 15 are mixed); three are located in Yerevan even though the programme document targeted regional towns and rural areas specifically; the five selected CBQS contribute to generating employable skills and do focus on dimensions of the construction and agricultural sectors, but the contributions to agribusinesses/tourism/hospitality are not as strong as anticipated; the VET tracing system foreseen in the programme document has not yet been implemented; and a revolving fund for 15,000 books/teaching materials for professional training in the selected standards has not been and is not likely to be established. A contributing factor to the deviation in implementation seems to be that communication and follow-up between UNDP and Danish MFA staff appear to have been limited, which may be related to the fact that there have been four different MFA country managers responsible for this Programme during the course of implementation.

FREDA: Yes, the actual implementation of the FREDA Component has deviated substantially in terms of the 18 month delay in getting the financial instrument up and running. However, due to notable progress made since then, FREDA is expected to achieve its objectives as planned. The significant delays of the FREDA Component mean that the anticipated synergies with the VET Component may only be achieved to a more limited extent.

Have the applied modalities (partnerships, use of consultants etc.) been cost-effective?

VET: Yes, the applied modality (delegated partnership with UNDP) has been cost effective, based on the fact that UNDP has both a strong local presence and extensive experience in VET matters in Armenia. In fact, the DNP support to VET was, to a large extent, a continuation of a previous Norwegian support to VET, also channelled through UNDP. UNDP, therefore, already had established the necessary “infrastructure” for further VET support, including important institutional linkages such as donor coordination and good cooperation with MoES. However, the efficiency of the applied modality could have been much greater had the communication lines between the Danish MFA and UNDP worked better (see below under ‘set-up’).

FREDA: Yes, the applied modality (delegated partnership with IFAD) was appropriate since IFAD has extensive experience with financial services, including in Armenia, where it is running several projects. IFAD also has both the necessary financial expertise and the infrastructure in the country. Therefore, given the size of the Danish MFA investment (DKK 10 million), this is considered to be a cost-effective modality. At the same time, the FREDA instrument is a pilot initiative for IFAD; such initiatives typically entail additional costs and risks but it is not possible to assess these in this evaluation.

Has duplication of activities been avoided?

VET: Yes, duplication of activities has been avoided. UNDP initially coordinated VET donor activities but this role is now performed by the European Training Foundation through regular donor coordination events (annual or biannual). Moreover, there appears to be a high degree of donor coordination in the 16 pilot colleges themselves. UNDP and GoA have taken the lead in ensuring that Norwegian, DNP, EC, etc. funding is not duplicated in the pilot initiatives.

FREDA: Yes, duplication of activities appears to be avoided. At the present time FREDA offers a unique financial product in Armenia. The next ‘level’ of financing for companies is available from financial institutions such as the EBRD. The evaluation found indications of close cooperation between EBRD and FREDA. The EBRD refers potential clients to FREDA if they request finance below the EBRD threshold; in return, the current FREDA clients may look to graduate to higher investments, in which case they are referred to EBRD (and others) by FREDA. They may be able to obtain finance from other financial institutions as they will now have established a credible and bankable track-record.

Have synergies between the different activities been exploited?

VET: No, synergies between the different activities have not been exploited at all, despite the emphasis placed on this issue in the programme document. No link was ever established between the two components; there appears to have been little regular review of the programme docu-

ment by the two implementing agents (UNDP and FREDa); and there is little indication that the ENR Office within the Danish MFA has put the necessary effort into requiring UNDP and FREDa to fulfil the programme document requirements for synergy, except rather late in the process (as also noted by the MFA Review Mission in 2010).

FREDa: No, synergies between the different activities have not been exploited at all (see paragraph above). Awareness of this issue was raised as a result of the MFA Review Mission in 2010 and discussions with the evaluation. The necessity and scope for synergistic activities between the VET Component and the FREDa Component is now recognised by both the FREDa staff and supported enterprises. It is likely that some of the anticipated synergies may well be reaped before programme end but it is unlikely to be at the level anticipated by the programme document.

Have lessons learned from related activities been taken into consideration in the design of new activities?

VET: Yes, some lessons learned from related activities have been taken into consideration in the design of new VET activities. UNDP supported the implementation of VET activities prior to the DNP support being implemented and provided input to the formulation of the draft component description. In this sense, UNDP staff experiences with VET matters in Armenia have been utilised by the component, which maximises the chances of lessons being learned. There is an indication that the VET activities planned by UNDP for 2011-12 do indeed incorporate the recommendations of the Danish MFA Review Mission (2010). For example, the importance of an agricultural focus to activities is being taken on board in the 2011-12 active labour market activities. A Memorandum of Understanding (MoU) has been signed between UNDP and Ministry of Labour and Social Affairs to run short-term training in the field of agricultural vocational specialties for ca. 170 unemployed persons.

FREDa: No, there is no indication that lessons learned from related activities have been taken into consideration in the design of new activities since this is a pilot initiative on the part of IFAD and GoA. The delayed start of operations has also not helped in this respect. However, should FREDa succeed as a financial instrument, it is anticipated that the lessons learned will result in FREDa type instruments being replicated in other countries by IFAD.

What implications for efficiency has the set-up of the programme had?

VET: Yes, the set-up of the programme/VET Component has had implications for efficiency. For example, the UNDP staff claimed that too limited communication and guidance had been received from the Danish MFA on issues related to reporting, monitoring, follow-up etc. Overall, there was a sense of insufficient response from the Danish MFA to the implementation of the component activities. Moreover, it was only in June 2010 that the first Project Steering Committee meeting was held which has limited the necessary strategic oversight of the interventions. In the absence of insistence by the Danish MFA, the structure foreseen in the programme document to capture component synergies was not implemented. Under the delegated partnership modality implementation is clearly the responsibility of UNDP. However, securing the in-built links to the other programme components would not necessarily be seen as the responsibility of the delegated partner.

FREDA: Yes, the set-up of the Programme/FREDA Component has had implications for efficiency: i) the whole FREDA component, being a new financial instrument in Armenia, was predicated upon the necessary political and especially legal preconditions being fulfilled by the GoA. These, however, took so long that under normal circumstances the component might have been entirely jeopardized. These delays were not anticipated in the programme document, which also sought to generate clear links and synergies between the two programme components. Once FREDA was up and running, the staff/Management Board/Investment Committee selection also took longer than anticipated. Both issues could have been factored into the programme document, so as to improve efficiency.

5 Sustainability

(The continuation of benefits from a development intervention after completion)

What are indications that benefits and improvements resulting from the programme are expected to be of longer term duration?

VET: Yes, there are indications that the benefits and improvements resulting from the component are likely to be of longer term duration: the 16 pilot VET colleges are widely and consistently seen as to be a “success” by GoA, the college staff, the college students and the local employers, many of which are recruiting directly from the pilot colleges. Discussions with MoES suggest that the GoA plans to mainstream the pilot activities in all 82 colleges under its management (but lacks funds to do this immediately). The two colleges visited during the fieldwork also appear to be fully committed to the new, modular and practically-oriented approach to teaching and to maintaining the new facilities, equipment etc. The training of the teachers, the increased student enrolment rate and the focus on income generation by the college directors all appear to increase the prospects of sustainability, as far as the new curricula, facilities and equipment are concerned.

However, the most important issue is the extent to which the students progress to employment and other opportunities such as further education. Discussions with the two VET colleges suggest that the employability of young people in general and young women in particular, has improved significantly. However, since the VET tracing system foreseen in the programme document has not yet been implemented, it is not possible to conclude with confidence. This is a pity, not least because the programme document sets a target: 20% increase in the percentage of young women and young men from VET colleges that find employment within a year after their graduation. It is currently not possible to make a firm judgement on the progress made in this crucial area.

FREDA: Yes, there are indications that the benefits and improvements resulting from FREDA will be of longer term duration: FREDA expects to cover its operational costs by the end of 2011 (one year in advance of expectations); all FREDA funds are expected to be disbursed by 2011; the FREDA Board/IFAD are already discussing the potential for mobilising an addition USD 5-7 million in seed capital; and finally IFAD is already planning to convert FREDA into a Joint Stock Company, so as to make the pilot initiative into a sustainable instrument. This indicates that the FREDA initiative will indeed be sustainable.

In terms of the companies that it invests in, FREDA is seeking a 15% return on its investments by targeting well-established companies with a proven track-record. By investing over a five year term, FREDA emphasizes longer-term growth and development of its investments. The investment process is supplemented with various technical, managerial and operational forms of assistance (management, accountancy, reporting, standards, governance, etc.), funded through DNP support, which are designed to enhance growth, profitability and thus sustainability of the firms. FREDA is expecting to generate an increase in the employment levels (ca. 25% of the current levels), in the level of salaries (ca. 30%) increase in export growth, in the raw products being supplied by primary producers (ca. three times), and thus also in the incomes of the primary produc-

ers. The early indications, based on discussions with entrepreneurs and FREDa, are that both FREDa and the firms that have been invested in will be sustainable.

Are there possible wider effects from the programmes?

VET: Yes, there are likely to be possible wider effects from the VET Component, as discussed in various preceding analyses. The short-term VET delivered to the recent unemployed appears to have been highly successful. 190 unemployed people participated in 2009 and 397 in 2010. Based on a survey carried out by the National Employment Agency, about 60% of the participants regained employment immediately after the training, which is an impressive outcome (albeit recognising that there is no available comparator). As a result of this initiative, a wider effect of the component was that Armenian active labour market policy has been influenced. The Law on Employment was amended in December 2010 and came into force on 5 February 2011, allowing the National Employment Agency to provide training for young, land-owning unemployed (these were previously excluded from such support). The VET Component will collaborate with the National Employment Agency to organise practical activities in enterprises for ca. 170 young people from the rural/agricultural areas. Other wider effects of the component include a set of VET policy papers, which are expected to influence Armenian policy.

FREDa: Yes, there are likely to be possible wider effects from the component: a new legislative basis exists in Armenia for the establishment of similar financial instruments; the pilot initiative appears to be very successful, offering significant replication scope in Armenia and elsewhere; the fact that FREDa is already looking to obtain additional seed capital and indeed convert itself into a Joint Stock Company offers potential for additional beneficial wider effects. Finally, by strengthening companies and enabling them to become bankable/creditworthy, FREDa indirectly assists the firms to access mainstream funding from financial institutions.

Are there prospects for the executing organisations to continue after the programme has ended?

VET: Yes, all 16 pilot colleges are expected to continue their activities after the programme has ended (see above). The MoES VET Department will continue its activities; the organisation has been reorganised and capacity building has been delivered; the National Centre for VET Development has also had capacity building delivered, quality standards have been established and the annual plan and budget reviewed.

FREDa: Yes, the fund is expected to continue their activities after the programme has ended (see "sustainability" above). The FREDa organisational costs will be covered this year; it is looking for additional seed capital; and it is already exploring a possible change in legal form (to become a Joint Stock Company) in order to maintain and grow its activities with revolving funds. FREDa keeps 20% of its income as a reserve for future losses, thus reducing risk and ensuring that it can continue its activities in the future.

Have exit strategies been built into the project designs?

VET: No obvious exit strategies are evident in the design or implementation activities. However, the 16 colleges existed before the DNP activities and will continue after the programme ends. This also applies to the VET Department (MoES) and the National Centre for VET Development.

FREDA: Yes, an exit strategy has been incorporated into the Strategic Plan 2011-15 for FREDA. FREDA plans to reorganise itself into a Joint Stock Company and continue to operate as a development-oriented equity fund.

6 Impact

(Long-term effects produced by a development intervention, directly or indirectly, intended or unintended)

What are the indications, that the programme and its interventions will have the intended employment and income effects?

VET: The VET Component and its interventions are not designed to have specific employment and income effects, except in an indirect sense. However, through the modular courses, there is a greater focus on practical work, closer linkage to the labour market and its needs, new income generating potential in the VET pilot schools, etc. so there are indirect employment and income effects for both colleges and graduates. The available evidence (based on interviews with College Principals, teachers and students) suggests that the new colleges and VET courses, including the short-term vocational training for the unemployed, are resulting in better opportunities that lead to employment and incomes for the graduates. For example, discussions at the VET colleges visited suggest that ca. 70% of the graduates progress either to further education or employment in Vanadzor and ca. 50% in Hrazdan; this is a higher rate than previous to the component interventions (though official baseline data is lacking, the individuals concerned related the “before” and “after” situation based on their own assessment). In the absence of a tracing system, it is not possible to confirm this; UNDP intends to implement the tracing system before the component is terminated.

In addition, work placements and traineeships have been organised, after which an estimated 50-65% of the students found employment in the companies in which they were placed as a result of the component activities. This is based on information supplied by the College Principals during discussions. A tracing system does not exist to cross-reference or verify the above information

Other indications are that demand and supply are much better matched through developments such as the creation of the VET Council and College Boards, which are resulting in new forms of public-private partnership at the local level. Discussions with students and firms indicate that indirect employment and income effects are indeed being achieved. Whilst recognising that it takes time to better match demand and supply, the more intense interaction between firms and colleges is leading to positive results on the ground (for example, during the visit to one college, the graduation fashion show was being held. Local firms were participating in the evaluation panel, resulting in recruitment benefits for the firms in question as well as the graduating students).

The enrolment rate in VET colleges visited increased by 20-25% in 2010 compared with 2009. According to the College Principals, this is a result mainly due to the support provided through the DNP. Although it should be stressed that the enrolment rate does not necessarily say anything about the quality of the courses, the cross-validation of information provided through interviews in the colleges with Teachers and Students, suggested a significant qualitative change between the “before” and “after” scenario in the colleges visited.

FREDA: Yes, there are indications that FREDA and its interventions will have the intended employment and income effect: FREDA’s detailed investment assessments project significant em-

ployment gains (increase in the employment by at least 25%); increase in rural incomes (at least 30%); and other indirect effects such as increased exports. These indications are based on the development strategies of investees assessed by FREDa. Discussions/visits with FREDa and a cross-section of firms in the portfolio indicate the projections are likely to be achieved. The growth in the employment and in the income of directly affected rural households (farmers, supplying the agro-produce for the procurement) reflects the strategies and implementation plans prepared jointly with FREDa, such as requiring modern accounting, budgeting and audit procedures to be established. The selection criteria applied by FREDa, prior to selecting the investments, include the requirement for an impact on the overall economy of the country. There are currently 10 projects in the investment pipeline, which allows FREDa to select the ones with the highest developmental impact.

The current projects contribute to the improvement of the trade balance (by increasing exports and/or substituting imports); the employment level increase in the regions; and the income levels eventually rise. The wider effects throughout the value chains (e.g. decreased costs, improved quality, steady supplies, etc.) leads FREDa to expect a substantial indirect impact by the end of 2011, based on the current interventions. The pipeline projects include the following types of businesses: preserved fruits, cannery, fish breeding, dried fruit production, pork production and fish breeding. These are all in sectors and locations that are considered to play a substantial role in Armenia's future rural development process.

FREDa estimates the indirect developmental impact to be a ratio to value on the investments made of at least 1.3 (i.e. every DKK of investment makes an indirect return of DKK 1.3 for the overall value chain such as for households, farmers, employees).

7 Concluding Remarks

A number of issues are worth highlighting based on the preceding discussion:

Synergies between components

The synergistic gains prioritised by the programme document had not been realised at all at the time of the field visit. Part of the reason for this seems to be the delayed start of the FRED A Component, however, this has now been operational for some time and the respective implementing agents (IFAD and UNDP) have yet to initiate efforts designed to reap synergies. Each implementing agent has focused exclusively on its respective part of the programme document, rather than the wider, common programme aspects. This is neither surprising nor unexpected; the overall responsibility to ensure that the ‘common’ agenda set out in the programme document is not lost, including the attainment of programme synergies, falls to the Danish MFA.

Discussions indicate that it is only since the Danish MFA Review Mission (2010) that UNDP and IFAD/FRED A became aware of the requirement to secure synergies. At the same time, given the emphasis accorded to this issue, the coordination structures that were anticipated in the programme document and the fact that synergies do not happen on their own, the Danish MFA does not appear to have played an active role in insisting on this happening. Meetings in March 2011 demonstrated that the two implementing agents are now aware of this issue and looking to respond in 2011. For this to be effective, it will require the Danish MFA to perform a more active quality control/follow-up role.

VET Component

With regards to this component, it can be concluded that the Danish MFA’s management could have been more effective; there have been four different country managers and the delegated partnership with UNDP has received relatively light oversight in the implementation of the component. A key deviation from the programme document, at the very beginning, was that although the programme focus was on agricultural VET colleges, the actual Ministry responsible for VET policy, MoES, had a very different set of priorities and interest, namely the mixed VET colleges that it is responsible for, rather than those that are the responsibility of the Ministry of Agriculture. It should be noted that 12 pilot VET colleges are listed in the Annex 2 entitled “Priority Colleges and Teaching Programmes” of the programme document. It appears that the importance of this factor failed to be fully recognised leading to the 12 pilots becoming the beneficiaries of the VET Component.

However, out of 12 pilot VET schools only one is with agricultural focus, the others being mixed colleges under the control of MoES. In collaboration with MoES, UNDP made the decision with Danish MFA approval to: i) only target one agricultural college (the others being mixed colleges under the control of MoES); and ii) expand the number of colleges to 16 (rather than the anticipated 12). These two decisions, combined with frequent change in the Danish MFA country officers, had a dramatic impact on the actual implementation of the component. The emphasis on agriculture and agribusiness development was thereafter down-played. Since the publication of

the MFA Review Mission Report (2010) there are indications that UNDP has recognised the importance of this point and is aiming to respond. For example, in 2011 the VET training to be done with the National Employment Agency will target agriculture and rural areas but it could be argued that this comes too late in the day.

Notwithstanding the above comments, UNDP has sought to implement the project as effectively as possible, given the relatively limited quality control and follow-up from the Danish MFA and the change in country managers. A great deal has been implemented. Nevertheless, the fact is that the implementation of the VET Component has deviated significantly from the original intentions. The Danish MFA either approved these deviations and/or was not in a position to respond to these developments. Either way, there may be implications for the Danish MFA quality control/follow-up process. There appears to have been an over-reliance upon UNDP through this modality. It is only as a result of the MFA Review Mission Report that UNDP became aware of the fact that the Danish MFA required enhanced reporting; the Danish MFA reacted relatively late in the day.

The programme document stresses the importance of a VET tracing system, however, it is again only following the Danish MFA Review Mission Report that consideration began to be given to this issue. Discussions with UNDP suggest that part of the reason is that the EC is planning to pilot a similar initiative and that a system will be in place by the end of the Programme. However, the fact remains that this important element has not been implemented at a point when it would normally begin to be used by MoES and the VET colleges (graduations have started) for policy-making purposes.

FREDA Component

FREDA started operating much later than anticipated by the programme document. This appears to have been a weakness in the programme design; it was assumed that the GoA would move rapidly to introduce the necessary legal basis for the fund. Although it is not possible to assess whether the assumption was justified or not, the fact is that this simply did not happen quickly enough, with implications for both the implementation of the component itself and for the anticipated synergies between it and the VET Component. The resulting delays were partly to do with the lack of a legal framework but also the fact that the staff selection process took somewhat longer than originally anticipated.

The GoA eventually delivered on its commitments and very rapid progress has been made since FREDA started operating. The Prime Minister chairs the FREDA Board and all indications are that the GoA is committed to its success. The governance arrangements appear to be appropriate, with a clear division between the political/strategic aspects and the actual investment decisions. A separate and independent Investment Committee is made-up of appropriately qualified people making decisions independently of political influence. The fund exhibits effective leadership and experienced investment officers; much more has been achieved than might have been expected.

Overall, FREDA appears to be operating as anticipated and there are no obvious concerns about its activities, other than the perennial issue of possible 'deadweight' effects. It is quite possible

that some of the funded enterprises might well have been able to find investment without FREDA involvement. However, the fact remains that all those interviewed had tried to obtain funding from other sources, such as commercial banks and EBRD, prior to accessing FREDA investment. This suggests that the deadweight effect is not likely to be excessive. Moreover, discussions with EBRD suggests that there is a process of ‘graduating’/becoming ‘bankable’; once firms have built-up some experience with FREDA (investments of up to EUR 380,000) they may progress to larger financial products, such as financial services available through the EBRD (from USD 1.5 mio. upwards in total, of which USD 0.5 mio. is equity investment).

On the DNP technical assistance issue, this offers the prospect of raising know-how, standards, quality, etc. in the FREDA firms, such as a strong emphasis on accounting standards. However, some caution may be in order. Some of the companies may tend towards market dominance, for example in the case of the fish producer. Provision of technical assistance will undoubtedly strengthen the firms but may also lead to further market dominance, which may result in disadvantages for the firms without access to FREDA equity/quasi-equity or technical assistance. In such cases, the technical assistance may achieve FREDA’s aims (i.e. generate greater profitability, growth, exports, employment, etc.) but might not necessarily be in the best interest of long term market development, with a knock-on effect on competition, prices, etc.

Discussions with Development Partners

In addition to IFAD and UNDP, various Development Partners are active in similar areas to those covered by the Programme (including the EC, the Millennium Challenge Cooperation, USAID, US Department of Agriculture, GIZ and Sida). Meetings were held with most active donors. A number of key points arose from the discussions:

- The EC has funded VET activities via budget support since 2006. The conditionality associated with the budget support appears to have concentrated GoA minds and funds, as far as VET policy is concerned but the funding and associated support is expected to end by 2012. The EC has numerous priorities for its limited funds and is unlikely to maintain a VET focus thereafter. However, there is a deep and urgent need to maintain support in this theme in Armenia. The socio-economic need is great but only a few of the VET colleges are currently being assisted, only one of which is agricultural in nature.
- USAID has some agribusiness activities in the pipeline; however, the US Department of Agriculture anticipates relatively small initiatives in future. US development aid budgets are under threat and it is unclear how much funding can be directed to agricultural development in the future. What is clear is that the agricultural sector is and will continue to be under great strain for the foreseeable future in Armenia.
- As far as finance for agriculture/agribusiness is concerned, it is widely acknowledged that this is considered to be one of the riskiest areas, as far as financial institutions are concerned. Financial institutions continue to be reluctant to lend to this sector. Given the effects of the financial crisis, agricultural lending remains constrained and there appears to be a need for on-going support, certainly for the forthcoming programming period.

8 Fieldwork Itinerary

Saturday: Arrival (Yerevan)

Sunday: Meeting with Local Consultant, preparation for meetings

Day 1: Monday, February 28, 2011

10:00-12:00 Meeting with Karine Simonyan, UNDP VET Project Coordinator and Vrej Jijyan, UNDP Programme Analyst (Socio-Economics, Governance)

12:00-14:00 Visit to Vanadzor State Collage, Lori marz

14:00-15:00 Lunch

15:00-17:00 Meeting with the Collage Principles, staff, and students

17:00-19:00 Arrival to Yerevan

Day 2: Tuesday, March 01, 2011

10:00-11:30 Meeting with Robert Abrahamyan, Head of VET Department, MoES

11:30-12:30 Visit to Hrazdan State Collage, Kotayk Marz

12:30-13:30 Lunch

13:30-15:30 Meeting with the Collage Principles, staff, and students

15:30-16:30 Arrival to Yerevan

17:00-18:00 Meeting with Irina Movsesyan, Project Manager, Delegation of the EU to Armenia

Day 3: Wednesday, March 02, 2011

09:00-10:00 Meeting with Ara Avetisyan, Deputy Minister of Education and Science, Chair of Steering Committee, Tigran Sahakyan, Deputy Director of National Institute of Education and Marine Hakobyan, Director of National Centre for VET Development

10:00-11:30 Meeting with Sona Harutyunyan, Head of State Employment Services Agency and Garik Sahakyan, Deputy Head

12:00-13:00 Wrap-up session with Dafina Gercheva, UNDP Resident Representative and Karine Simonyan, UNDP VET Project Coordinator

13:00-14:00 Lunch

14:00-17:00 Meeting with Tigran Khanikyan, FREDa, Director

17:00-18:30 Meeting with Armen Petrosyan, Rural Finance Facility, Acting Director

Day 4: Thursday, March 03, 2011

09:30-10:15 Meeting with Ara Avetisyan, Deputy Minister of Education and Science

10:15-11:00 Meeting with Marine Hakobyan, National Centre for VET Development, Director, and Tigran Sahakyan, Deputy Director

11:00-13:00 Meeting with six enterprise representatives in FREDa office

13:30-14:30 Lunch

14:30-17:30 Visit to Akvatekhavtomatika CJSC, Arkadi Gevorgyan, General Director

Day 5: Friday, March 04, 2011

09:30-10:30 Meeting with Frederic Johnston, USAID, Agricultural Project Coordinator

10:30-11:30 Meeting with Artavazd Hakobyan, World Bank, Operation Analyst

11:30-13:00 Meeting with Artashes Tonoyan, EBRD

13:00-14:00 Lunch

14:00-15:00 Meeting with Karine Minasyan, Deputy Minister of Economy, FREDa Board Member

15:00-16:30 Meeting with Karen Gevorgyan, SME Director

16:30-17:30 Wrap-up session with Tigran Khanikyan, FREDa Director

17:30-18:30 Next steps

Saturday: Departure (Yerevan)

Travel back to Germany/Denmark