

Section I – TERMS OF REFERENCE

*“Composition of the first three-year Reference Book on
SME Sector in Armenia for 2006-2008”*

Project Background

The influence of business environment has considerable impact for current social, economic and political processes of Armenia's transition economy. Concerning with this matter the development of small and medium entrepreneurship (SME) is especially vital for country. As it is generally known the SME entities are the main guarantee for economic and social sustainability of national economy.

However it is difficult to evaluate their impact on the economic development of Armenia without separate detailed statistical analysis and comprehensive information on it. The existence of such kind of information will make possible to evaluate the impact of the SME sphere on country's economic and social developments, as well as to take into account the data in elaboration and implementation of SME state programs, and to be valuable for other interested parties.

Despite the fact that statistical information indicators concerning economic activity of some spheres (branches) of Armenian economy were calculated by National Statistical Service of RA, where economic entities are classified in accordance with Law of Republic of Armenia “On Small and Medium Entrepreneurship State Support”, however, the mentioned statistical information doesn't provide with the opportunity to describe completely the SME sphere of Armenia, as far as it is included no all spheres of economic (branches) and the SME sphere is presented not in full.

Objectives of the Assignment

Publication of the statistical reference book on SME is directed to the main goal of the SME State Support Annual Program, namely provision of comprehensive information on SME sector. This publication shall provide with necessary, widespread information on SME sphere, and particularly start-up and operating SME entities to the state and private structures concerning SME sphere objectives, as well as representatives of business community. It will also reveal the dynamics of SMEs contribution to Armenian economy.

At the same time it could serve as a basis for formulation of milestones of further development and implementation of SME support policy and measures in RA.

Description of the Assignment

The program will be implemented in this direction on the basis of available official statistical indicators, as well as relevant analysis made on the compilation of collected information. It needs to update the methodology for distinguishing statistical indicators concerning of SME sphere and to get the complete system of characterized indicators on SME sphere in RA.

The publication will include the basis indicators for 2006-2008 on SME sphere, as well as present the detail analysis and dynamics on following directions:

1. Legislative Issues Related to the Sphere of Small and Medium Entrepreneurship;
 - Definition of SME's;
 - Legislative aspect of starting new business;

- Legal forms of enterprises;
- Intellectual Property Protection;
- Licensing of enterprise activities;
- The taxation system for SME's;
- Customs system for SMEs;
- Procedures regulating State Registering on real estate ownership, lease, usage and other rights of SMEs'.

2. Statistic on SME's;

- GDP;
- Number of organizations;
- Structure of enterprises (micro, small, medium and large);
- Employment;
- Foreign trade;
- Taxes;
- Innovation;
- Investments;
- Regional distribution of SME's;
- Trend in Index of SME Development in 2000-2007;
- Ranking of WB's Doing Business and EBRD's BEEPS.

It would be necessary to compare the SME statistics of Armenia, Azerbaijan and Georgia in 2006 and if possible also in 2007 with a selected number of the new EU countries, like Estonia, the Czech Republic, Hungary and perhaps Romania to show the possible direction of the development.

It would also cover the procedures of enterprise registration, licensing and liquidation to present the dynamic of enterprise changes.

With the purpose of providing real feed-back from end-users of the Reference Book respective questionnaire should also be suggested both for printing and electronic versions.

Duration of the assignment and reporting schedule

The duration of assignment and written reporting schedule are the following:

Commencement of the Assignment	Subject to the approval of Organization's budget
Submission of the first draft	in 6 weeks
Peer-review by international Expert	In 1 week
Final draft	in 4 weeks

Expected output and performance indicators

Hard and electronic versions of the "Reference Book on SME Sphere in Armenia for 2006-2008". Electronic copy must be eligible for printing.