



American University of Armenia Turpanjian Rural Development Program

Policies and Procedures Manual

Preface

Since its inception, the Turpanjian Rural Development Program (TRDP) has maintained its core mission, objectives and expected outcomes. Out of experience and circumstances, as well as regional and international factors, it continually evolves with its procedures and policies. The information provided herein shall serve as a guide and reference for the services and programs offered by the TRDP as well as the daily internal operations of the Executive Committee (EC) and TRDP staff.

The *Policies and Operations Manual* is intended to provide the Executive Committee and staff of the Turpanjian Rural Development Program with the policies of the Program as decided by the Executive Committee to date. Initial decisions made by the EC have been replaced by current and more relevant decisions. Not included are decisions involving individual TRDP applicants and beneficiaries/entrepreneurs.

Revisions and updates will periodically be made to the manual based on further decisions of the TRDP Executive Committee, decisions between the field offices and Yerevan team, as well as updated policies and procedures of the American University of Armenia.

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Turpanjian Rural Development Program

Mission

The American University of Armenia's Turpanjian Rural Development Program encourages economic development in rural areas of the Republic of Armenia, the Artsakh Republic and Javakhk (Georgia) by providing entrepreneurs with education, access to funding and support to start businesses, create jobs and improve their communities.

Goal

AUA-TRDP aims to contribute to the sustainable economic development of rural areas of Armenia, Artsakh and Javakhk (Georgia).

Objectives

- To create sustainable businesses in the rural areas of Armenia, Artsakh and Javakhk
- To increase the overall level of entrepreneurship among the rural population through adult education
- To improve the quality of life of rural residents
- To enhance community orientation and socially driven behavior among rural residents

Geographic Span

TRDP gives priority to areas of maximal need, such as regions affected by the 1988 earthquake, bordering regions and areas of low economic development.

- Three regions of the Republic of Armenia (RA): Shirak, Tavush, Vayots Dzor
- Artsakh Republic
- Javakhk, Republic of Georgia

Major Activities

- Adult Education/ Entrepreneurship Training Course

The AUA Extension Program has adapted existing materials and curriculum with the guidance of the AUA School of Business and Management to create a training course that covers the basics of business management, marketing and finance and prepares beneficiaries to write their own business plans. The end product of this training is a business plan prepared by the beneficiaries. The training sessions bring together beneficiaries with similar experiences and goals, and serve as an important networking mechanism fostering a sense of community and esprit de corps.

- **Financial Assistance/ Business Loans**

Guaranteed bank loans are provided for the realization of the business plans. With TRDP acting as a guarantor, beneficiaries are able to receive loans at a low interest rate from the program's partner banks.

- **Monitoring and Mentoring**

After beneficiaries have their loans approved, TRDP continues to support them with monitoring and mentoring activities. The regional offices regularly observe the progress of the businesses and provide consultations. TRDP encourages the introduction of new ideas that are innovative for the rural communities as well as supports organization of community events, acts of corporate social responsibility and networking among TRDP beneficiaries.

Expected Outcomes

As a result of the Program we expect:

- Informed and educated rural program participants
- New business ventures and enterprises
- Improved standard of living
- New job creation

TRDP as a Business

TRDP is not a charity organization. Its priority is the development of rural enterprises based on sound business principles. Businesses developed by TRDP are scrutinized by the best standards of the industry.

Current Governance

Executive Committee

Dr. Haroutune Armenian, President Emeritus, AUA, Chair

VP. Gevorg Goyunyan, Vice President of Finance, AUA

Dr. Arpie Balian, Professor, School of Political Science and International Affairs, AUA

Dr. Sergey Tantushyan, Director, AUA Extension Program

Program Advisors

Dr. Artak Hambarian, Assistant Professor, College of Engineering, AUA

Mr. Massis Alexandrian, Past lecturer accounting, AUA

Program Staff

Mr. Zorair Kirakosian, TRDP Director of Field Operations

Ms. Nelli Minasyan, TRDP Program Coordinator

Mr. Mkhitar Balayan, TRDP Program Leader, Gyumri, Shirak

Ms. Kristina Serobyan, TRDP Program Assistant, Gyumri, Shirak

Mr. Armen Sardaryan, TRDP Program Leader, Stepanakert, Artsakh

Ms. Lilit Ghazaryan, TRDP Program Assistant, Stepanakert, Artsakh

Mr. Shavarsh Khachatryan, TRDP Program Leader, Yeghegnadzor, Vayots Dzor

Ms. Ani Babayan, TRDP Program Assistant, Yeghegnadzor, Vayots Dzor

Mr. Hayk Gabrielyan, TRDP Program Leader, Ijevan, Tavush

Ms. Arpine Yeritsyan, TRDP Program Assistant, Ijevan, Tavush

Ms. Narine Ginosian, TRDP Program Leader, Ninotsminda, Javakhk

Mr. Hmayak Grigoryan, TRDP Program Assistant, Ninotsminda, Javakhk

Note: Depending on the activities of the TRDP, various academic departments throughout the University may be called upon to assist in such activities.

Role of the Chair

The primary responsibility of the TRDP Chair is to ensure that the business of the Program is carried out properly and expeditiously. The Chair is the leader of the Program and ensures that all TRDP members are performing their assigned duties and meeting deadlines.

Primary responsibilities:

- Develops and reviews, along with the Executive Committee, the Program's mission, goals and objectives, and the overall planning process
- Chairs meetings of the Executive Committee
- Ensures that the Program's activities are in compliance with TRDP policies and decisions
- Maintains ongoing contact with Committee members to determine the status of activities
- Makes final decisions of all positions that are vacant or needed
- Serves as the official contact between the TRDP and outside organizations and persons
- Ensures that the Program is properly represented to all government entities
- Ensures that the Program's activities are in alignment with its mission, goals and objectives
- Establishes a strong working relationship with all members of the Executive Committee
- Monitors the financial health of the Program

Role of the Executive Committee

The purpose of the Executive Committee is to serve as the senior management team responsible for ensuring the overall growth and financial health of the Program.

Responsibilities:

- Develop, implement, and monitor the activities of the Program
- Review, make recommendations and provide guidance to ensure that their activities are in alignment with the Program's mission, goals, and objectives
- Maintain an awareness and understanding of the current needs and expectations of Division members
- Ensure that the Program adapts to meet the changing environment and needs of its stakeholders

Role of the Vice President of Finance

The primary responsibility of the Vice President of Finance is to coordinate and monitor the financial activities of the Program, maintain the financial records, and to report on the financial health to the Chair

Responsibilities:

- Maintain and ensure the accuracy of all Program financial reports
- Review and authorize payment of all Program expenses
- Review all budgets submitted and make recommendations to the Executive Committee
- Coordinate with the AUA Finance Office ensuring all authorized expenses are paid and funds are available for the Finance Office from the primary Program account
- Ensure the Finance Office maintains accurate account records, showing the source of all receipts and bills and the reasons for all expenditures
- Recommend financial strategies to the Executive Committee
- Work with the AUA legal counsel to execute TRDP contracts
- Prepare the Program's annual financial reports and circulate to the appropriate parties
- Initiate the annual audit of the Program's financial records

Role of the Program Coordinator

The primary responsibility of the program coordinator is the coordination of program activities and oversight over the implementation of decisions made by Executive Committee.

Responsibilities:

- Management of the data at the program: Monitoring and evaluation of the project, including planning, data collection, analysis, reporting, annual assessment of program activities, creation and maintenance of statistical databases, documenting program activities.
- Development of strategy papers and implementation plans.
- Management of TRDP Public Relations, website, social media, and publicity, including content development.
- Liaison between Executive Committee, students, faculty and regional offices.
- Responsible for coordination of Human Resources (HR) in cooperation with AUA HR director. In cooperation with the AUA HR Director deal with the issues related to staff needs and responsibilities in a working environment, responsible for the oversight of the attendance and realization of any other commitments envisaged by the program.
- Organization and maintenance of the official business of the Executive Committee (meetings/workshops/conferences)
- Record and sharing of the minutes of all Executive Committee meetings.
- Perform other administrative/other research-related tasks assigned by the chair and vice-president.
- Reports to the Chair and Vice President of Finance

Role of Director of Field Operations

The main responsibility of the director of field operations is to conduct overall management of the field offices in Gyumri, Ninotsminda, Ijevan, Stepanakert, Yeghegnadzor and in other regions and is responsible for their effective and efficient functioning.

- Supervises the field offices listed above to ensure quality, cost effectiveness, efficiency, and timeliness of performance through promoting the conditions necessary for effective teamwork, discipline, and commitment to AUA's culture and operating principles
- Contacts and interacts with local governmental leaders and other stakeholders as well as with financial institutions
- Ensures coordination with the Turpanjian Rural Development Program Executive Team in the implementation of Program objectives
- Manages and monitors Program objectives
- Provides oversight for education and training activities in all field offices
- Identifies business projects
- Monitors and evaluates field office operations and supervises field office support team
- Responsible for operational and financial planning and for the development of successful and sustainable operations that meet the needs of the program
- Prepares a monthly report of activities performed, observations, comments and proposed action and reports to the Executive Committee
- Performs other related duties incidental to the work described herein
- Reports to the Chair of Executive Committee of the Turpanjian Rural Development Program and Vice President of Finance

Role of Regional Program Leader

The regional leader is responsible for the management of the field office and for its effective and efficient functioning.

Responsibilities:

- Ensures coordination with the Turpanjian Rural Development Program Director of Field Operations, Program Coordinator and Executive Team in the implementation of Program objectives
- Identifies business projects, selects applicants, organizes and provides oversight for training and business plan writing activities
- Conducts recruitment activities for collecting qualified applications
- Monitors and evaluates business plans, manages the loan provision procedures in coordination with the Yerevan office and the bank
- Conducts monitoring and mentoring activities to ensure the sustainability of the supported businesses
- Supervises field office support staff

- Contacts and interacts with local government leaders and other stakeholders as well as with financial institutions
- Performs other related duties incidental to the work described herein
- Reports to the Chair, Director of Field Operations and Vice President of Finance.

Role of Regional Program Assistant

The regional assistant is responsible for managing projects as assigned by the Turpanjian Rural Development Program Leader and/or the Director of Field Operations, Coordinator and the Executive Committee.

Responsibilities:

- Assists the Turpanjian Rural Development Program Leader with the overall management of the field office
- Makes/maintains contacts with local government leaders and other stakeholders as well as with financial institutions
- Manages and monitors the Program objectives
- Organizes educational and training activities
- Provides other assistance and administrative/logistical support to the Turpanjian Rural Development Program Leader and the team
- Deals with the data and records of the field office
- Assists in public relation activities, liaison between the local team and local media
- Answers to inquires about the program, its activities and conditions
- Performs other related duties incidental to the work described herein
- Reports to the program leader

Documentation Submission for Meetings

- Weekly reports should be submitted at least 36 hours before the meeting.
- Other documents are to be submitted to the Executive Committee 48 hours in advance of each meeting.
- The agenda of the meeting and the minutes of the previous meeting should be submitted 36 hours in advance of each meeting.

Identification of Rural Entrepreneurs/Selection into the training

- All applicants complete an *Application Form (for Individuals/Beginners)* (see Appendix A), receive the *Business Offer Guidelines* (see Appendix B), and complete the *Business Offer Form* (see Appendix C).
- Different models for intervention are considered and specific business opportunities are selected for further in depth evaluation. Based on the latter evaluation including fiscal data, decisions are made for mentoring assistance, training and financial support.
- The application process is to be a cycle. All applications should be accepted and reviewed and no deadline is to be set.
- The general steps taken for participant selection are (1) selecting the person, (2) assessing the person, (3) assessment of the business/expansion idea (4) market assessment of the person, and (5) business resources, where the rule of the three Cs apply (character, capacity, capital).
- **The criteria for selection are listed in Appendix D.**
- It was discussed and decided that the selection of the training participants and the training schedule need to be discussed with the director of field operations.
- For future review of the application process, the following applicant criteria were suggested to be considered:
 1. Motivation
 2. Business idea
 3. Flexibility/openness to change primary business proposal
 4. Previous business experience
 5. Entrepreneurial approach
 6. Willingness to invest personal means/funds

Business Plan Review and Approval

- The regional program leader should provide the evaluation report (guidelines for evaluation are in Appendix E) of business plans (BP) within the ten days after the BP presentation. The evaluation report package should include,
 - a) BP of the applicant,
 - b) BP evaluation report (including the pictures of the applicant's business premises),
 - c) BP evaluation grades of Jury members and trainers.
 - d) Any additional certificates or documents which are relevant to the business plan.
- The evaluation report package should be submitted (CC: to the director of field operations) to the TRDP program coordinator for the external review. Within the ten-day period the external reviewer should provide his/her comments and questions.
 - Within the seven-day period the regional program leader should provide the clarifications on the external reviewer's comments and questions to the director of field operations before it is considered by the Executive Committee.
 - The regional program leader should present the final recommendation for the approval process.
 - The BP should be approved by the Executive Committee of TRDP.

Financing

- Approved TRDP business plans are to go to the bank, to apply for a loan within the framework of the TRDP/bank agreement.
 - The loan application package, including TRDP support letter, revised BP investment section, and the required documents for the bank should be submitted to the TRDP field operations office for the review.
 - The coordination of the loan installment, including the implementation of the applicant's personal resources should be conducted through the monitoring and evaluation process.
 - The loan installment phase should include a brief information regarding the proposed activities, including the action plan and timeline.
- AUA cooperates with the bank on the premise that no collateral is requested from the beneficiaries, as long as AUA comes up with 110% cash guarantee for the loan.
- A trilateral loan contract will be signed between the beneficiary, bank and AUA.
- Currently the bank checks on the credit history of the applicants based on the loan application. New ways of checking the credit history before accepting the applicant into the training should be worked out in cooperation with the bank.
- The loans should be exclusively used for the objectives of the business plan.
- The maximum amount for funding projects is normally three and half million AMD. All projects will be considered no matter the amount requested. Help to secure other funding will be provided depending on the business plan and amount of jobs each will create.
- Beneficiaries can apply for the 2nd and the 3rd loans for expanding their businesses if they comply with the set criteria (Appendix E).

Monitoring and Mentoring

- Businesses funded should be closely monitored and mentored by the regional program leader.
- The program leader should maintain a close contact with beneficiaries by frequent visits in order to control or manage the potential problems, including the implementation of preventive actions to reduce the risk of default.
- Any problems or concerns occurring during the monitoring process should immediately be notified to the field operations office.
- The monitoring visit should be included in the weekly progress report. The report should contain very detailed information regarding the monthly turnover, loan repayment status, the potential risks and problems. The pictures should be attached to the weekly progress report (Detailed guideline of monitoring will be provided).

Acts of Goodness

- The idea of social responsibility is that each TRDP beneficiary should start a project within their community and commit an act of goodness for the community benefit.

An act of goodness is an act performed to assist someone or a group without expecting anything in return.

1. TRDP encourages acts of goodness among its beneficiaries during all program stages; trainings, monitoring and mentoring visits.
2. Acts of goodness are voluntary and are initiated by the beneficiaries. Examples of previous acts of goodness conducted by TRDP beneficiaries include; renovation of community roads, job placements, conducting charity activities, having special sales for children, helping schools and clinics in bordering areas etc.

Public Outreach

- A strategy for public outreach is developed. Through public outreach activities the program should build trust among rural residents.
Channels include:
 - I. TRDP website and Facebook in Armenian language where all the information about the program, application process, and successful businesses are presented and regularly updated.
 - II. Visits to the villages; from time to time by regional leaders visit new villages and present the program to the potential beneficiaries. The newly created TRDP film is shared through all channels.
 - III. Reputation of the program and role modeling; beneficiaries who are satisfied from the program communicate their experience with their relatives, friends, counterparts. When a business opens in a community supported by the program and runs successfully, the other community members become motivated and come to the program with their own ideas.
 - IV. Booklets that are being prepared and distributed in the villages.
 - V. Ads through TV and radio
- The role of each field office is to represent AUA and help build awareness and confidence in AUA.
- Always use AUA TRDP because AUA is our brand.

Program Evaluation and Research

- The program keeps track of the program data, regularly collects it, analyses and comes up with the recommendations of how to move forward. The statistical spreadsheets are being updated on a regular basis. It was decided to create an online database to keep track of program operations and do its monitoring in a more effective and timely manner.
- Each year the overall program and program supported businesses are evaluated. Based on the data collected the strengths and weaknesses of the supported businesses are identified and solutions are offered. Based on the evaluation results of the program assessment certain modifications and improvements are made in the program.
- In addition to evaluating various components at the program, TRDP as a member of the University community has responsibility for providing appropriate experiences in field training and field operations for faculty and students. It is important that TRDP, its operations and database become useful resources for the development of scholarship and publications.

Appendices

Appendix A Application Form (for Individuals/Beginners)

ՀԱՅԱՍՏԱՆԻ ԱՄԵՐԻԿԱՆ ՀԱՄԱԼՍԱՐԱՆԻ ՏՆՏԵՍԱԿԱՆ ՁԱՐԳԱՑՄԱՆ §
ՇԱՐՈՒՆԱԿԱԿԱՆ ԿՐԹՈՒԹՅԱՆ ԹՐՓԱՆՁՅԱՆ ԿԵՆՏՐՈՆ (ԹԳՁԾ)

ԴԻՄՈՒՄԻ Ձև (Անհատների/սկսնակների համար)

Ազգանուն, անուն, հայրանուն _____

Հասցեն _____

փողոց

շենք/բնակարան

քաղաք/գյուղ

փոստային դասիչ

Բնակարանի Հեռ. _____

Աշխատավայրի Հեռ. _____

Բջջային Հեռ. _____

Էլ. փոստի հասցեն _____

Ծննդյան ամսաթիվը _____

Նշեք ձեր կրթության աստիճանը.

Միջնակարգ _____

Միջնակարգ մասնագիտական _____

Բակալավր _____

Մագիստրոս _____

Դիպլոմ _____

Գիտությունների թեկնածու _____

Այլ _____

Նշեք այն բարձրագույն կրթական հաստատություն(ներ)ը, որտեղ սովորել եք. _____

Մասնագիտություն(ներ)ը _____

Աշխատու՞մ եք Այո _____ Ոչ _____

Եթե այո, նշեք աշխատատուի (կազմակերպության) անունը _____

Աշխատատուի հասցեն _____

Աշխատատուի հեռ. _____

Ձեր պաշտոնը _____

Աշխատանքի ոլորտը _____

Ձեր պարտականությունները և պատասխանատվությունները _____

Երբևէ մասնակցե՞լ եք գործարարության վերաբերյալ դասընթացների Այո _____ Ոչ _____
Եթե այո, ե՞րբ _____

Նշեք դասընթացի թեման _____

Նշեք դասընթացը իրականացնող կազմակերպության անունը _____

Կազմակերպության հասցեն _____
փողոց _____ շենք/բնակարան _____

քաղաք/գյուղ _____

փոստային դասիչ _____

Երբևէ դիմե՞լ եք դրամաշնորհ/վարկ ստանալու համար Այո _____ Ոչ _____ ,

Դրամաշնորհ _____ Վարկ _____

Եթե այո, ե՞րբ _____

Դիմումի որոշումը Տրամադրել _____ Սերժել _____

Նշեք տրամադրված գումարի չափը (դոլարային փոխարժեքով) _____

Նշեք տոկոսադրույքը (վարկերի համար) _____

Նշեք վարկի/դրամաշնորհի նպատակը _____

Կարճ նկարագրեք, թե ստացվե՞ց ձեռնարկը _____

Նշեք վարկը/դրամաշնորհը տրամադրող կազմակերպության անունը _____

կազմակերպության հասցեն _____

փողոց

շենք/բնակարան

քաղաք/գյուղ

փոստային դասիչ

Երբևէ խախտե՞լ եք տրամադրված վարկի պայմանները Այո _____ Ոչ _____

Եթե այո, կարճ նշեք վարկի պայմանները (վարկի չափը, տոկոսադրույքը) և պայմանների խախտման պատճառները:

Մույն ստորագրությամբ հաստատում եմ, որ վերը տրամադրված տեղեկությունները համապատասխանում են իրականությանը: Համաձայն եմ, որ կազմակերպությունը կատարի իմ մասին տեղեկությունների հարցում երրորդ անձանցից: Գիտակցում եմ, որ կեղծ տեղեկությունների բացահայտումը հիմք է հայտի մերժման համար:

Անուն Ազգանուն _____

Ամիս/Ամսաթիվ _____

Ստորագրություն _____

Appendix B
Business Offer Guidelines

_____/_____/_____
FOR OFFICE USE ONLY

N.: _____



**ՀԱՅԱՍՏԱՆԻ ԱՄԵՐԻԿԱՆ ՀԱՍՏԱՆԱՐԱՆԻ
ԹՐՓԱՆՋՅԱՆ ԳՅՈՒՂԱԿԱՆ ՀԱՄԱՅՆՔՆԵՐԻ ՁԱՐԳԱՑՄԱՆ ԾՐԱԳԻՐ**

ԳՈՐԾԱՐԱՐ ԱՌԱՋԱՐԿԻ ՈՒՂԵՑՈՒՅՑ

1. Գործարար գաղափարի նկարագրությունը:

Հակիրճ նկարագրեք ձեր գործարար գաղափարը, նպատակը, խնդիրները, գործունեության ոլորտը, և առաջարկվող ապրանքի կամ ծառայության տեսակը: Նաև հակիրճ ներկայացրեք արտադրվող արտադրանքի կամ մատուցվող ծառայության շուկան և մրցակցային դաշտը:

Գործարար առաջարկները չպետք է ընդգրկեն հողագործություն, անասնապահություն, բացառությամբ

- Ձկնաբուծություն
- Ջերմոցային տնտեսություն
- Ինկուբացիոն թռչնաբուծություն
- Մեղվապահություն նորարարական մեթոդներով (Կրկնակի գտում, ֆիլտրում, փաթեթավորում և այլն)

Գործարար առաջարկների օրինակներ կարող են լինել

- արտադրության կազմակերպումը,
- սպասարկման օբյեկտների ստեղծումը,
- գյուղատնտեսական ապրանքների վերամշակումը,
- և այլ ցանկացած տեսակի շահութաբեր տնտեսական գործունեություն:

2. Նկարագրեք Ձեր գործարար գաղափարի օգտակարությունը գյուղական համայնքի համար:

Նկարագրեք՝ ինչո՞վ է համայնքը շահելու Ձեր գործարար ծրագրի իրականացման արդյունքում: Օրինակ՝ արդյոք ձեր ծրագրի արդյունքում կստեղծվեն նոր աշխատատեղեր, համայնքին կտրամադրվեն նոր և անհրաժեշտ ծառայություններ, մրցունակ գներով կարտադրվեն կամ կվերամշակվեն ապրանքներ, որոնք ներկայումս ներկրվում են այլ երկրներից կամ այլ մարզերից, և այլն:

3. Հակիրճ նկարագրեք Ձեր գաղափարը իրականացնելու համար պահանջվող նախնական ծախսերը:

Ծրագրի պահանջվող ծախսերը կարող են ընդգրկել աշխատողների աշխատավարձերը, տարածքի գնման, վարձակալման կամ վերանորոգման համար պահանջվող ծախսերը, հումքի/ապրանքի գնման, սարքավորումների կամ գույքի գնման/վարձակալման համար անհրաժեշտ ծախսերը և այլն:

Appendix C
Business Offer Form



ՀԱՅԱՍՏԱՆԻ ԱՄԵՐԻԿԱՆ ՀԱՄԱԼՍԱՐԱՆԻ
ԹՐՓԱՆՋՅԱՆ ԳՅՈՒՂԱԿԱՆ ՀԱՄԱՅՆՔՆԵՐԻ ՉԱՐԳԱՅՄԱՆ ԾՐԱԳԻՐ

ԳՈՐԾԱՐԱՐ ԱՌԱՋԱՐԿԻ ՁԵՎ

1. Հակիրճ նկարագրեք Ձեր գործարար գաղափարը:

/անհրաժեշտության դեպքում ավելացրեք նոր էջ/:

2. Նկարագրեք Ձեր գործարար գաղափարի օգտակարությունը գյուղական համայնքի համար:

3. Հակիրճ նկարագրեք Ձեր փորձը առաջարկվող գործարար ոլորտում:

4. Հակիրճ նկարագրեք Ձեր գաղափարը իրականացնելու համար պահանջվող նախնական ծախսերը:

Appendix D

Criteria and Guidelines for Selecting Business Ideas

TRDP establishes the following criteria and rating system for selecting participants for its training activities and further assistances.

- 1) Viability of business idea
- 2) Business ideas that are not involved in farming and cattle breeding.
- 3) Business ideas that are not complicated (two business ideas together etc.), previous similar experience with TRDP should be taken into account.
- 4) Business idea should have possible community benefits. The possible benefits include:
 - a) creation of new jobs,
 - b) providing new and necessary services to the community,
 - c) producing products at competitive prices that are newly developed in Armenia
 - d) regional resource utilization
- 5) TRDP prefers assisting young applicants. However, there is no age limit as to applications acceptable for the program.
- 6) The level of experience of the applicant in proposed business sphere.
- 7) Credit history of the applicant according to the applicant.

Upon registration of the participants advise them in very firm terms that they risk their BP plan being rejected if they have bad credit histories or any other problems with bank, and conceal the fact from TRDP.

Prior to registration for training to ensure that projects requiring license and other governmental authorization are likely to be obtained

Prior to registration for training ensure that co-owners' permission has been received for use of property and equipment.

- 8) A brief assessment of the business idea and applicant's character by program leader should be conducted.

The basic information about the local competition, infrastructural base, outstanding loans, personal debts, and the other source of family income should be provided. In addition to this, minimum of two reliable sources should be used for background check.

- 9) For every applicant the following need to be completed;

- a) Detailed observation and assessment of business premises, the detailed observation of existing infrastructural base, including availability of electricity, water supply, roads etc. The monitoring pictures should be attached to the report.
 - b) The applicant should submit the copy of applicant's passport with the application form, legal registration of the business, also any other licenses required.
 - c) The applicant can not apply on behalf of other person or provide others' business related documents.
 - d) TRDP will consider the second application from the same person, only after the first initiative proves to be successful and all contractual obligations are met by the beneficiary.
 - e) TRDP will consider the second application from the same close family member, only after the first initiative proves to be successful and all contractual obligations are met by the beneficiary.
 - f) TRDP is not a loan program. It's a program of development of entrepreneurship and new businesses.
 - g) The 2nd loan applicants must have paid 75% of the 1st loan at time of application.
 - h) The 3rd loan applicants must have paid 100% of the 2nd loan at the time of application.
- 9) The regional program leader needs to finalize his/her recommendations following discussion with the director of regional operations.

Appendix E

Guidelines for approving the business plan for a loan

1. The business plan should be very well written with accurate information for each section.
2. Business type should comply with the TRDP requirements; innovative business ideas should be given priority.
3. Jobs should be created.
4. Personal investment should cover at least some part of the construction works of the business.
5. Credit history should be considered; should not have large outstanding loans.
6. Jury grades and recommendations of the BP presentation should be considered.
7. Community impact should be assessed.

Guidelines for Providing Second TRDP Loans

1. Must not have any late payments,
2. Must have paid at least 75% of their previous TRDP loan,
3. must create at least 1 new job place and/or he/she must present new innovative business ideas that benefits the communities; expand their businesses through buying new machines, equipment that would also improve the quality of their products and benefit the communities.
4. Must present a new business plan which he/she can develop with the help of our trainers and training assistants and he/she must present his/her BPs before a Jury as regular training participants. The presented Business Plan should pass the same approval process as other regular training participants' BPs,
5. TRDP regional offices in cooperation with the local banks should find out whether the applicant received business loan(s) during the past 1-2 years or whether the applicant from a specific village with a specific property and business would be eligible to get a business loan from a bank. If the applicant can easily get a loan from a bank and it has the capacity to pay back the high interest loan and meantime be able to further develop his/her business it is not recommended to provide the

second TRDP loan; otherwise the applicant may be eligible for the second TRDP loan if he/she also satisfies the above mentioned criteria.

Guidelines for Providing TRDP 3rd & Subsequent Loans

1. Must be a TRDP-supported operational business at the time of application. The proposed business idea must be approved by Executive Committee.
2. Must have paid 100% of the 2nd TRDP loan. Must not have a past record of late payments, i.e., must have made all their loan payments on time.
3. Requested loan amount should not normally exceed 3,500,000 AMD. The supporting business plan must show creation of at least 2 new jobs.
4. The requested loan should be directed to the expansion of the existing business into national and international markets, new or innovative business line.
5. The personal investment should equal a minimum of 50% of the total amount shown in the business plan.
6. Must present a new business plan before a Jury (same as in the case of regular training participants). The Business Plan and bank loan application are subject to the same approval process as for regular training participants. Additional training may be requested by regional leaders if those were not covered in the last training session.

Appendix F

Guidelines for TRDP supported retail store owners

In the framework of TRDP, several retail stores were established in Shirak, Tavush, Vayots-Dzor, Artsakh and Javakhk regions. Due to their socially driven behavior, our beneficiaries provide the opportunity to local customers to buy now and pay later. This approach has enabled our beneficiaries to receive a positive feedback from the customers. However, some of the beneficiaries have faced serious difficulties to collect receivables on a timely basis. In fact, the problem of receivables' is mostly associated with the purchasing capacity of local customers. The experience shows that the inefficiency in receivable collection can significantly impact on the financial stability of TRDP businesses.

Below are some recommendations to help retail store businesses to manage their receivables.

- To evaluate the customers' ability to repay, including the financial history. In rural areas, it is considerable easier to make a background check about the customers' payment habit and behavior.

- To avoid creating too much emotional connection between the retail store owner and customer. In some cases too much emotional connection makes harder to return amount on a timely manner. The experience shows that most of the problematic customers try to dominate the creditors' emotions with most common excuses, health issues, financial default etc. The creditors should be well-equipped and better prepared to logically respond to each excuse.
- To prepare a partial repayment plan. In fact, it is better to collect the receivables in a smaller amount. In addition to this, it is also important for the beneficiaries
 - to be careful with the aging receivables.
 - to be friendly and personable in order to negotiate terms with the customers.
 - to develop flexible payment mechanisms for local customers. This approach will increase the capacity of receivable collection during the peak agricultural season.
- To use the credit limit for the customers. This approach can restrict sales to problematic customers and minimize the risk of bad debts. In addition to this, the preparation of receivables' aging schedule can help the beneficiaries to identify the customers who take longer to repay.
- Alternative payments. To create local exchange network for customers to obtain goods and products. This means that the local customers can exchange agricultural products (milk, potato and egg) for goods.
- To avoid the inevitable conflicts between the creditor and customer. This approach is important for the positive word of mouth advertising.

The regional program leaders should closely monitor the beneficiaries' business receivables in order to immediately follow up the early signs of late payments. In some cases, the main problem of monthly loan repayments is closely related with the receivables.

The management of receivables is a monitoring tool to control the beneficiaries' cash flows more effectively. This means that the beneficiaries should be well trained to save money from the periods of peak profit season for the off season. The beneficiaries should be periodically urged to ration their money carefully, ensuring that during the off season they will be able to repay the monthly loan repayments.