



**AUA** **TURPANJIAN RURAL  
DEVELOPMENT PROGRAM**

# ANNUAL REPORT

2021

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# 1. Introduction

In 2006 Mr. Jirair Turpanjian approached the American University of Armenia (AUA) to develop a rural development program for five years and that he would provide the funding for it. Over the next six months, the Turpanjian Rural Development Program (TRDP) was established with the generous support of the Turpanjian Family Educational Foundation. Following an in-depth review of the assessment of needs and opportunities in rural development in Armenia, a model focused on rural entrepreneurship and business development was developed. Regional AUA-TRDP offices were established, each with a dedicated program leader, support staff, and trainers from the AUA to accomplish the program's objectives. The first TRDP regional office was opened in Gyumri to cover the post-earthquake Shirak region in 2006, followed by offices in Stepanakert in Artsakh and Ijevan (Tavush region) in 2007. After an initial planning-programming period and training of trainers in Yerevan, the program's first recruitment and training sessions were held in the same year. In June 2010, responding to an initiative of Mr. Turpanjian, the program's activities were extended to the Samtskhe-Javakheti region, Georgia. In September 2015, a new TRDP office was started with its full-fledged operations in Yeghegnadzor, in the Vayots Dzor region.

## Mission

AUA-TRDP encourages economic development in rural areas of the Republic of Armenia, Artsakh, and Samtskhe-Javakheti region, Georgia by providing rural entrepreneurs with education, access to funding, and support to start businesses, create jobs, and improve their communities.

## Objectives

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

## The main components of the program include:

- Training and business plan development
- Field business establishment
- Monitoring and mentoring

**549** businesses established

More than **875** jobs created

**1545** applicants completed the entrepreneurship training course

**1450** trainees completed and developed business plans

## Summary Data on Program Operations

Since its inception in 2006, the TRDP has been applying specific **efficiency measures** and revisiting those annually to improve the program further and address shortcomings (if any). Thus, the below metrics represent some comparative data and indicate the improvement over the recent years. The training program in entrepreneurship has been completed by **1545** rural residents. As a result of the training program, **1450** trainees have developed business plans for further review and processing. In total, **549** businesses have received loan awards and have been supported starting from 2006. As a result, the number of jobs that have been created in rural areas is **875**. Recently conducted statistical analyses have revealed that the program has operated more efficiently over the last three years (2018-2021) despite the challenges of the COVID-19 pandemic and the war in Artsakh. Comparative analyses have shown that from 2006 to 2018, 20 % of total applicants have received a loan award at the final stage of the program. While from 2018 to 2021, this proportion has increased to 40 %, indicating improvements in the selection process and the program's training component. Another indicator of the above is that from 2006 to 2018, 65% of all applicants were able to complete the training program. While during the last three years, 76% of all applicants have completed the program.

This 2021 annual report depicts the status of the Turpanjian Rural Development Program during the past year and touches upon the challenges and opportunities TRDP has met during this period.

## 2. Training & business plan development

An essential component of the program is the training course that covers the basics of business management, marketing, and financing and prepares beneficiaries to write their business plans. The training sessions bring together beneficiaries with similar experiences and goals and serve as an essential networking mechanism fostering a sense of community and esprit de corps. The outcome of the training program is a business plan prepared by the beneficiaries.

**In 2021**, TRDP conducted **six** business training courses; two in Artsakh, two in the Tavush region of Armenia, one in the Vayots Dzor region, and one in the Shirak region of Armenia. More than **70** residents of rural Armenia received training sessions (64 hours) and improved their skills and knowledge regarding entrepreneurship.

**Twenty-one** business ideas presented by the trainees received loan awards and successfully established the businesses creating new jobs for local communities.



### 3. Field business establishment

Field business development is the next component of the program. Approved TRDP business plans go to the bank to apply for a loan within the TRDP/bank agreement's framework. The loan application package, including a TRDP support letter, a revised BP investment section, and the bank's required documents, is initially submitted to the TRDP field operations office for review. The loans are exclusively used for the objectives of the business development. In 2021, overall, 21 businesses were established and/or expanded with the support of the TRDP program as follows below:

REGION	# of SUPPORTED BUSINESSES
Artsakh	8
Shirak	5
Tavush	5
Vayots Dzor	3
<b>TOTAL</b>	<b>21</b>

Once the business is established and operates, TRDP regional offices organize official business opening ceremonies inviting rural residents and governmental representatives to the reception.





## 4. Mentoring & monitoring

The third component of the Program is monitoring and mentoring. Funded businesses are closely monitored and mentored on a day-to-day basis by the field operations director and the regional program leader to support beneficiaries in business development. The program leader maintains close contact with beneficiaries by frequent visits to control or manage the potential problems, including the implementation of preventive actions to reduce the risk of default. Any issues or concerns occurring during the monitoring process are immediately reported to the field operations director. The monitoring visit is included in the weekly progress report submitted to the Executive Committee of TRDP. The report contains detailed information regarding the monthly turnover, loan repayment status, potential risks, and problems. Pictures are attached to the weekly progress report.

Aside from the above, the field operations director conducts business trips to the regions for monitoring and consultancy purposes and oversees the work of regional leaders. Each region is visited once or twice per month. The following criteria assess business performance; business revenue, profit, demands and competitiveness, business sustainability and continuity, regional, national, international trade, packaging of a business product, safety and hygiene, advertising and promotion, and acts of goodness committed in the community. In 2021, the field operations director conducted more than **40** monitoring visits, and more than **100** beneficiaries received individual consultancy and assistance.



# Challenges 2020-2021

**Pandemic:** The global COVID-19 pandemic is far more than a health challenge. It is a crisis of unprecedented human scale, directly impacting people, communities, and economies in previously unimaginable ways, exposing the profound structural fragilities of our institutions, and deepening social and economic vulnerabilities.

Another crisis occurred when amid the COVID-19 pandemic; Azerbaijan launched a war against Armenia and the Republic of Artsakh in September-November 2020. As a result, tens of thousands of people were evacuated to Armenia.

An inventory survey was conducted at the end of 2020 to collect data from TRDP beneficiaries about the status of their businesses, how the COVID-19 pandemic affected the businesses, and the support they need to survive the crisis and develop further.

A total of 178 businesses were surveyed in the five target regions of the program: Artsakh, Shirak, Vayots Dzor, Tavush, and Samtskhe-Javakheti region, Georgia. At the time of the survey, a total of 159 of the businesses surveyed were operational, 15 businesses were temporarily closed after March 2020, primarily because of the economic hardships caused by the pandemic, and four businesses were in the process of establishment (engaged in construction, acquisition of equipment etc.).

See table 1 below.

**Table 1: Regional Data**

REGION	SURVEYED	OPERATIONAL	TEMPORARY CLOSED	IN PROCEED of ESTABLISHMENT
Artsakh	63	60	2	1
Shirak	44	40	4	0
Tavush	29	22	4	3
Vayots Dzor	21	20	1	0
Samtskhe-Javakheti region, Georgia	21	17	4	0
<b>TOTAL</b>	<b>178</b>	<b>159</b>	<b>15</b>	<b>4</b>

The closed businesses were all affected by the pandemic but for different reasons. All the closed businesses in Vayots Dzor (summer pavilions, café, and souvenir shop), one business in Shirak (rest area), and one in Artsakh (bistro) suspended their operations because of the absence of the main customers, the tourists. The closed businesses in Shirak, Tavush, and Samtskhe-Javakheti region, Georgia named the decrease in the number of customers because of the avoidance of social contact, inability to pay, and government restrictions on gatherings as the main reason behind their closure. Bakeries in Shirak and Tavush stated that people started baking bread at home, which is why their sales dropped. However, among the surveyed businesses, there was the same type of touristic businesses, bakeries, and so on those reported the hardships during the year but were able to sustain the business operations. See table 2 for the closed businesses.

**Table 2: Closed Businesses**

REGION	BUSINESS NAMES
Artsakh	Bistro, Dental service
Shirak	Bakery, Chicken farm, Stone processing, Rest area
Tavush	Summer pavilions, Café, Souvenir shop
Vayots Dzor	Health center
Samtskhe-Javakheti region, Georgia	Grinding mill, Meat, Pastry production, Events' hall

The majority of the businesses reported of being in either satisfactory or stable condition or experiencing growth. 30% of the businesses reported a decline in their business operations during the year. The hardest-hit TRDP businesses by the pandemic are those in tourism or affiliated with tourism: B&Bs, restaurants, cafés, and souvenir businesses.

### How TRDP Beneficiaries Overcame *the Difficulties of the Pandemic*

During the survey, the beneficiaries were asked about the different factors and strategies that helped them overcome the difficulties caused by the pandemic. Most of the businesses in all the regions reported that TRDP consultations, monitoring & mentoring were very useful during the pandemic. Each case was carefully analyzed and evaluated by the field operations director to propose an individualized approach in finding solutions for the recovery of the businesses. Meanwhile, hard work, motivation, and belief in the endeavor helped them survive the crisis, as stated by the majority of the respondents. The next most common factor mentioned is being engaged in another type of work such as agriculture to ensure income and help to sustain the business. Several beneficiaries in almost all the regions diversified their business services and products to be able to operate under the current conditions and meet current demand. Loyal customers and the establishment of new business partnerships also contributed to the survival of the businesses. Some beneficiaries reported re-profiling their businesses and doing digital marketing and online sales to improve the demand for the businesses.

**Artsakh war:** Due to the 44 day war, 51 TRDP supported businesses were lost in the areas occupied by Azerbaijan.

**Twenty-nine** businesses remained in the territories under the control of the Artsakh Republic, and there was an urgent need to resume the operations of those businesses and not to allow further default. For that purpose and for each separate case, a recovery plan was developed in cooperation with the partner bank, in addition to delivering individual mentoring and consultancy, including psychological support. As a result, **29** remaining businesses recovered and resumed their operations with doubled energy and determination for further growth.

In 2021, **two** training sessions were conducted in Artsakh, and **24** trainees gained knowledge and skills in business management and entrepreneurship. **Eight** businesses were established. The below data depicts the situation as of December 2021.

- Lost businesses-51
- Operational-37
- 8 out of operational 37 are established in 2021

## *Opportunities*

Expanding the program activities further to other regions and communities of Armenia, Artsakh, and Samtskhe-Javakheti region, Georgia has always been considered an excellent opportunity for TRDP to fulfill its goals and provide education and economic opportunities to people in rural areas.

For instance, in 2019, TRDP expanded its operations covering new regions and communities presented below;

- 13 new communities in Lori
- 8 new communities in Gegharkunik
- 3 new communities in Ararat

Shirak, Tavush, and Vayots Dzor TRDP offices serve the newly established communities.

In recent years, there were also solid deliberations regarding expanding TRDP activities to the Syunik region of Armenia.



## ***Program Executive***

**Dr. Haroutune Armenian**, President Emeritus, Chair

**VP Gevorg Goyunyan**, Vice President of Finance

**Ms. Anoush Yedigaryan**, Director, AUA Open Education

## ***Program Advisors***

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

**Dr. Vache Gabrielyan**, Dean, Professor, Manoogian Simone College of Business & Economics (CBE)

## ***Program Staff***

**Mr. Zorair Kirakosian**, TRDP Director of Field Operations

**Ms. Lusine Khachatryan**, TRDP Program Coordinator

**Mr. Artur Lalayan**, TRDP Program Leader, Gyumri, Shirak

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

**Ms. Lilit Ghazaryan**, TRDP Program Leader, Stepanakert, Artsakh

**Ms. Maria Minasyan**, TRDP Program Assistant, Stepanakert, Artsakh

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

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

**Mr. Sos Vardumyan**, TRDP Program Leader, Ijevan, Tavush

**Ms. Lia Amiraghyan**, TRDP Program Assistant, Ijevan, Tavush

**Ms. Narine Ginosian**, TRDP Program Leader, Ninotsminda, Samtskhe-Javakheti region, Georgia

**Mr. Hmayak Grigoryan**, TRDP Program Assistant, Ninotsminda, Samtskhe-Javakheti region, Georgia

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

