

National LED facility

Armenia
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Project Summary

Elevator Pitch

Concise Summary: Help us pitch this solution! Provide an explanation within 3-4 short sentences.

We co-finance BDS for SMEs, provide access to finance, develop BSP infrastructures, as well as involve in LED. Based on the know-how provided by our partner (ProSME), and under their instruction we have been involved in LED initiatives in four communities. The methodology, which we received, known as Participatory Appraisal of Competitive Advantage (PACA, www.mesopartner.com), is based on participatory approach to discovering competitive advantages of a community, mobilization of local resources to catalyze series of short-time actions. Regardless of the result of every single action, the aggregate impact is the progress in interrelations and understanding of local development. Being an opportunity-driven concept, PACA identifies the motivation for action of local actors, who in turn, start defining and implementing practical activities, leading to quick wins. PACA for us is not only a tool to drive progress in micro business environment from bottom-up, but also a mean to better manage our resources, based on the results and lessons learned from involvement in local initiatives. We intend to build a national LED facility, which will serve interested communities as beneficiaries. Before claiming for that ability we need to strengthen our capacity by training a group (at least 5) of professional PACA experts and running 2-3 PACA projects. The training and first PACA exercise are planed in one of the most disadvantaged communities of Armenia ? the town of Charentsavan.

About You

Location

Project Street Address
Project City
Project Province/State
Project Postal/Zip Code
Project Country

Your idea

Sector of activity

Financial Services

Other sector of activity

Small and Medium Entrepreneurship

On the mosaic diagram, which of these factors is the primary focus of your work?

Factor

Limited purchasing power of individual clients

Principle

Leverage the power of communities as both consumers and producers

Innovation

Description of your products or services:

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Description of the operational model:

Having a trained team of experts is critical to the success. The formalized expert training lasts 10-12 days. The field-work starts right after training. PACA exercise starts by the introductory Kick-off Workshop, where various local stakeholders are invited to share their ideas and receive

information. After this workshop, the Team organizes interviews and Mini-workshops with key stakeholders. The purpose is to collect information about important sectors of the local economy and create an opportunity to communicate with other people from the same sector. The findings are then a material of Results Workshop. Next, the Team discusses and prioritizes (on the criteria of feasibility with local resources, potential for quick implementation and results) practical proposals to stimulate the local economy. PACA is not about strategic planning, but rather about kick-starting LED in a way which renders quick results and thus motivates stakeholders to do more of it. The diagnosis and proposals are then presented to all those who participated in mini-workshops and interviews, thus receiving a very quick feedback. Presentation Event is followed by a number of Way-forward Workshops, where the Team discusses with stakeholders the implementation of prioritized proposals. After that the stakeholders start Implementation of activities under continuous support of the Team. After 4-8 months the team conducts workshops for evaluation and definition of further activities.

Impact

Description of the financial model:

Most of SME DNC's programs (about 80%) are funded from the state budget, we cooperate on co-financing basis virtually with all international organizations in the field, which are present in Armenia (UNPD, USAID, DFID, JICA, WB, GTZ). For introduction of LED activities we plan to raise funds from partner agencies, such as ProSME, and use some small portion of our earnings from other activities. Governmental sources will be available later, provided that the initiative is successful. On this stage to, cultivate effective demand from communities we will offer them our co-financing. Involvement of community members in financing will secure dew motivation for effective and timely implementation of PACA exercise.

Client fees represent this approximate percentage of operational budget:

10%

Key operational partnership:

Our strategic partner for LED activities is ProSME/GTZ, which is capable to satisfy most of our outsourcing needs now. Within other our programs hawse have positive track record of cooperation with Ministries, Agencies and all other related governmental structures, commercial banks & financial institutions, NGOs, international organizations. Currently we implement several projects jointly with UNDP, USAID, DFID, JICA, ProSME.

Current outreach:

We are at the <i>Start Up</i> stage. Since 2002 SME DNC has served about 10000 customers. We have 6 regional branches, and 4 branches will open by December. As per LED activities, the project will be piloted in Kotayk regional branch ? the city of Charentsavan. The city was build in 1960-ies and during Soviet times it became highly industrialized with dozens of big plants, highly skilled labor, and population about 30000. After the collapse of the Soviet system many people left the community for outside jobs. According to official statistics of 2004, currently the population of Charentsavan city is about 21 000, however the estimates based on consumption of bread and other products show population about 14-15000 people. Unemployment rate is about 82,5%. There are only 350 SMEs in the town, mostly retail. Our branch in Charentsavan has mandate to serve the whole region - population of about 250000.

How many clients have benefited from your product/service in total? Over the last year?:

The general beneficiaries of PACA are communities as economic mini-systems ? PACA increases their competitiveness. People involved in the PACA exercise, or stakeholders, benefit from better understanding of their opportunities, and perspectives. In a wider sense the whole population of the given community is our beneficiary, since it is the ultimate addressee of all changes which took place. Thus, in the four communities we have been we worked with about 130-140 stakeholders, and a total population of about 30000 people.

What percentage of your clients is below the poverty line (\$2 per day)?

<i>30%</i> Numbers vary from community to community. In Charentsavan this number is about 30%, taking into account transfers from relatives working outside Armenia.

What is the order of magnitude of the potential demand for your products or services? Which other low-income groups, countries or regions could benefit from it? Try to quantify (number of clients, market size in currency).

Basically, our focus is Armenia, with more than a half of its 930 communities. This is about half million people living in small and economically isolated communities. Additionally, since the former socialist countries are new to LED approaches, and we intensively build partnerships with our colleagues in those countries, our success will definitely be attractive in those countries.

Scale-up strategy:

How many low-income individuals do you plan to benefit in three years from now? How are you planning to scale up or replicate your solution? What are the major constraints to scale up?

The number of beneficiaries is tied to our capacity to run PACA, the number of trained experts, and the tempo of development of the network of our branches and representations. The minimal plan is to run about 10 PACA exercises yearly. We intend to become the national resource and coordination center for all PACA activities, while individual exercises will be left to our certified local partner organizations. This means that our role will be to disseminate our knowledge and experience as well as support all interested parties.

Which specific areas - and why - in your field would benefit most from investment by corporations, foundations, and other investors:

The investment impulse in community will provoke new economic waves in that geographic area, thus strengthening its economic potential. SMEs will benefit most of all, since they are more dependant on local microeconomic environment than big companies.

Sustainability

The organization: How does the initiative fit with your overall organization's strategic goals and priorities? How did the initiative start?

As described upper, the initiative not only fits our strategic goals, but also serves as a means to optimally locate our other resources. Being well aware of our goals, plans and priorities, our partner ProSME has suggested us the PACA methodology as an innovative know how for LED initiative.

Organization's legal status:

Foundation

Number of Employees:

35

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