MICROPROJECTS IN ARMENIA & ARTSAKH

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The Effectiveness of Donor Projects in Armenia/Artsakh

Micro Projects & Job Creation

Friday, January 14, 2011

Fairview Mall Toronto Public Library

Organized by

Armenian Association of Toronto (AAT)

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Compiled from various reports, 17 January 2011

The Armenian Association of Toronto (AAT) is a non profit organization operating since 1996. In his opening statement, Mr. Vartegez Simonian, the Vice President of AAT welcomed the audience to the first of a series of consultative gatherings planned by the Association for 2011. He said these gatherings, or open forums, are intended to engage the public on issues of general interest to the Armenian community.

The first of such gatherings took place on Friday, January 14, 2011, 7:30PM-10:30PM, at the Fairview Mall Toronto Public Library. The topic of discussion was "Micro Projects in Armenia/Artsakh". Mr. Simonian pointed out that AAT had itself participated in a micro project in Armenia through The Yalkezian Foundation , a charitable foundation for community projects in Armenia. He then introduced and invited Mr. Zohrab Sarkissian and Ms. Seta Ghougassian, who jointly presented an overview of micro financing and the Kiva model and their applications in Armenia/Atsakh. They were followed by Mr. Sarkis Yacoubian's presentation of his new initiative “Bridge to Karapakh” project.

This report is divided into two main subheadings: "Micro financing and the Kiva Model" & "Bridge to Karapakh".

Micro financing and the Kiva Model

Titled “Effective Approaches to Reaching Armenia’s Micro-entrepreneurs”, Mr. Sarkissian spoke about microfinance origins and history. Simply put, “micro financing is poor people’s bank, that lends small loans to people with no

collateral," he said, continuing: "a loan promotes personal pride of accomplishment, accountability and independence, and not a hand-out and dependency." He then briefly explained the microfinance institutions (MFI) operating in Armenia: FINCA, Kamurj, ECLOF, as well as the three MFIs affiliated with Kiva: Aregak, Nor Horizon and SEF. All these MFIs have their roots in the charitable sector, and except for Nor Horizon, they are affiliated with international NGOs.

Proceeding with the presentation, Ms. Ghougassian spoke about the Kiva model. Kiva Micro Fund, better known as Kiva.org, is an internet-based medium to raise funds from social investors in an effort to alleviate poverty and to provide an opportunity to the disadvantaged to successfully establish profitable enterprises. Kiva principles are based on dignity, accountability and transparency. Hence, the "social investor"—the socially conscious individual—"partners" with the entrepreneurs, in total transparency of transactions.

She engaged the audience in a live demonstration by connecting to KIVA , and to the "Lend" page. A simple country search of "Armenia" produced 8 pending projects, along the names and the pictures of the borrowers, their family profile and their aspirations about their business, creating an instant bond with the lender. (The site is dynamic and live, therefore continuously changing, needing repeat visits to find more projects). The ease at which a "loan" was possible left no doubt that anyone willing to contribute $25 could do so to an aspiring entrepreneur.

The audience tabled many interesting questions. One such question was the high interest rate the MFIs charged. For more information, please see the boxed information at the end of this article.

Other questions were about the small-scale entrepreneurs, success rates and how they are made aware of the Kiva loans. Although Armenia's MFIs are responsible for marketing their services to the remote regions of Armenia and Artsakh, word-of-mouth, and our own media and individual networks could promote both borrowing and lending.

The message from the speakers was simple:

YOU CAN reduce poverty in Armenia $25 at a time.
YOU CAN become a Lender by simply going to KIVA .

For further information on microfinance and Kiva.org, or if you need help to make your first loan, contact:

Zohrab Sarkissian: zohrab**AT**sympatico.ca 416 223 8408
Seta Ghougassian: seta_gh**AT**yahoo.com 416 694 6142

Bridge to Karabakh

Mr. Sarkis Yacoubian spoke about his initiative in supporting public institutions in Artsakh. As a result of many of his trips to Stepanakert and other parts of Artsakh, he has witnessed the dire need for equipment at schools, in hospitals, at different municipal services. Through his business and a satellite office in Yerevan, he is able to facilitate shipments of donations. He is currently exploring the possibilities of an internet-based program, which will provide a space for Artsakh public services to post their "wish lists" for the Diaspora community to facilitate their procurement. Mr. Yacoubian will appreciate input of ideas and suggestions from the community. For further information on Bridge to Karabakh, contact Sarkis Yacoubian's email sarkis**AT**icii.ca.

Microfinance institutions (MFI) charge higher interest rates

High interest rate is a legitimate concern specially considering the fact that micro financing institution's aim, and raison-d'etre is to reduce poverty. The majority of micro-financing institutions in Armenia are affiliated with non-profit organizations. An important fact is that, it is extremely difficult and costly to administer micro loans especially in rural areas, where transportation means are very poor and time consuming and the average length of a loan expands over 2 years.

It is reassuring, however, to know that the decision for borrowing is made by the individual borrower with full disclosure of the interest rate and repayment schedule. In addition to funds, borrowers also receive services, such as training and sound business planning.

In addition, microfinance institutions are:

- Licensed and accountable to the Central Bank of Armenia.

- Funded, owned by, trained, supervised and accountable to large international charitable organizations.

- Well established, they have a long track record in Armenia, with over 97% repayment rate and many repeat loans.

- Registered with Mix Market database where they post their financial statements for everyone to access and scrutinize.

- Affiliated with Kiva on approval basis, beginning with a trial period (as Pilot project), approved and rated by Kiva. In addition, they accept Kiva Fellows to join the MFI on 3-month internships at their offices.

We encourage everyone to do his/her due diligence. When you make $25 (or more) loan to an individual borrower, you become part of a group of well-intended individuals with similar interests and concerns worldwide. It is a wonderful feeling of connectivity.