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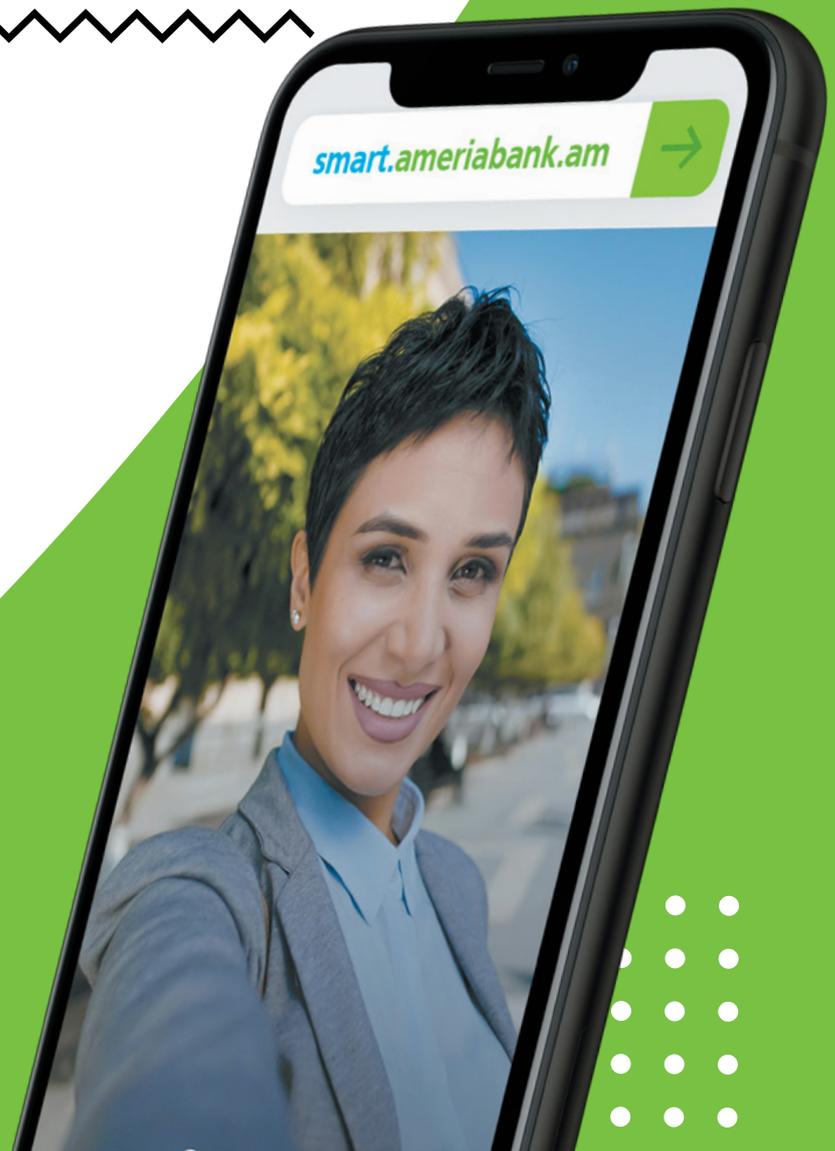
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An Official Publication of the American Chamber of Commerce in Armenia

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PUBLISHER

AMERICAN CHAMBER OF COMMERCE IN ARMENIA
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KARINE SARKISSIAN

EXECUTIVE DIRECTOR

American Chamber of Commerce in Armenia

MESSAGE FROM THE EXECUTIVE DIRECTOR

Dear Reader,

The 2020 shock made businesses, investors and consumers become more fearful about the future. Selective sectors, such as IT, e-commerce, etc. had the advantage to grasp the opportunity and expand their businesses and like in many other countries, a new wave of startups started coming up in Armenia. There was a relatively strong adverse impact on tourism and hospitality, cafes, restaurants and related sectors. The winemakers lost all their export opportunities and had to hold their liquid assets and take the burden of the long-term financial liabilities. Due to increasing home consumption, the FMCG sector remained resilient, but the risks associated with supply chains were elevated.

Armenia's annual GDP growth shrank by 7% in 2020 from the robust growth of 7.6 % in 2019. The recovery is expected already in 2021 after the longer-lasting and intensive COVID-19 outbreak and the war, as the vaccination is in process in the world and hopefully, we will reach peace in the region after the devastating war. The conflict resolution will give big economic benefits and the region would benefit from the strong regional cooperation and development advantage.

From the investment attractiveness point of view, Armenia is small. Still, many U.S. and other international companies have established branches or subsidiaries

in Armenia to take advantage of the country's pool of qualified specialists. Armenia is located at the crossroads of the Middle East, Europe and the Caucasus countries. Armenia's investment and trade policy are open with favorable legislation and climate for foreign investors. It gives the following benefits: guarantee and free repatriation of invested capital and profit, property rights, tax benefits for foreign investors, agreements for mutual promotion and protection of foreign investment, no restrictions on the right of foreigners to manage local companies, easy and fast registration of a company at the State Register. Armenia has Liberal Trade Regime: Member of the World Trade Organization and the World Customs Organization, Free Trade Agreements with CIS countries, and is a Member of the Eurasian Economic Union (EEU) with about 180 ml consumers.

Armenia is a unique bridge between the member states of the European Union and the Eurasian Economic Union, Iran, as well as Canada, Switzerland, Japan, Norway, and the USA with which Armenia has preferential trade opportunities and a proven track record of cooperation. The most attractive sectors remain ICT, agriculture - traditional and organic, hospitality, energy and mining and there won't be major changes after the pandemic, as well.

In the current issue of the AmCham Business Magazine on Business and Investment Environment, Banking and Finance, we are honored to present Mr. Vahan Kerobyan, the Minister of Economy of Armenia and his interview, which focuses on the Ministry long-term and short-term goals and operations. You will also find AmCham Member companies leaders sharing their experience on doing business in Armenia, best practices, expertise and member news.

Taking this opportunity, I would like to congratulate the AmCham newly elected Board of Directors with whom we will continue our constructive dialogue with the Government of Armenia to thoroughly evaluate the existing situation, continue working with the private sector and make targeted interventions in those sectors which are prioritized for quick wins and long-term planning and development and attract investments.

We are thankful to AmCham Members for their partnership and commitment and for assisting to raise the voice of the business community and come up with constructive solutions. As the world is being transformed, we together with our members and partners will be working hard to lead that transformation...

Enjoy the Reading!



ASHOT HOVANESIAN

PRESIDENT

American Chamber of Commerce in Armenia

GENERAL MANAGER, FOUNDER

Synergy International Systems

MESSAGE FROM THE AMCHAM PRESIDENT

Dear Reader,

As the newly elected President of AmCham in Armenia, I wish to commend the previous boards and committees for their excellent work. The newly elected AmCham Board of Directors 2021-2023 is diverse, consisting of professionals and business people from various industries. It also represents a good mix of new and old board members, which helps to ensure the operations continuity and jumpstart of new initiatives.

We at AmCham have begun preparing for the work ahead with the next government. To that end, we plan to revisit our objectives and strategy and conduct brainstorming sessions before the end of this summer. As a result, we will be in a strong position to bring compelling policy issues to the government's attention and present a well-thought-out action plan.

After the double shocks of the pandemic and the war, Armenia stands at the most critical juncture in its history since independence. The upcoming elections add another element of uncertainty to an already deeply precarious situation. But regardless of the election results, Armenia faces pressing social and economic

challenges. AmCham will need to actively engage the next government in a dialogue about the future: how to strengthen the economy and improve the wellbeing of ordinary Armenians.

Improving the investment climate remains a key priority. Considering the new geopolitical situation, Armenia must reevaluate its development strategy. In particular, the new government must devise an ambitious yet pragmatic investment strategy that reflects current realities and the country's potential. "Why Armenia?" must be the starting point of the conversation. Why should foreign investors continue investing in Armenia? Can Armenia offer additional incentives beyond human capital, such as competitive taxes, protection of intellectual property, and effective commercial courts? Can Armenia become a transit to other markets?

The state of the IT sector illustrates the need to re-think the national investment strategy. Historically, the IT sector has attracted most foreign investment, and successive governments have pitched it as the cornerstone of Armenia's

competitive edge. But it is becoming increasingly hard to make this pitch to potential investors. Although the sector has been growing in double digits for many years, its ability to absorb new investments will largely depend on whether the education system can be improved to produce qualified graduates ready for the job market. Today, the demand for well-qualified IT professionals far exceeds supply. New investments will not create new jobs but rather increase competition over the same limited pool of talent. In addition to addressing this challenge, the government should strive to build Armenia's export capability by enabling IT companies, especially start-ups, to find new markets for their products and services.

Now more than ever, Armenia needs to mobilize all its resources to overcome the challenges ahead. I encourage AmCham members to propose new ideas and initiatives for improving the business environment of our members and, more broadly, of the entire country.

MEET OUR NEW GOLD MEMBER



We are Grant Thornton

Grant Thornton Armenia, member of Grant Thornton International Ltd, is a leading provider of audit, tax and advisory services in Armenia and in the region. We're a network of independent assurance, tax and advisory firms, made up of 58,000 people in 138 countries. And we're here to help dynamic organizations unlock their potential for growth.

Member firms within Grant Thornton International are leaders in creating and sustaining transparency about their operations, and possess extensive experience in the spheres of business and management consulting, financial audit and accounting, economic and financial analysis, tax, legal and policy advice. Grant Thornton International member firms do share a commitment to common standards and methodologies and provide the same high-quality service to their clients wherever they choose to do business.

150 qualified and experienced international and local professionals of Grant Thornton Armenia invest time and make an effort to deliver solutions necessary to meet the needs of their clients and bring added value for their growth and development.

For over 25 years Grant Thornton has been providing audit and advisory services to top-level enterprises, state institutions, international and local organizations, national and commercial banks in Armenia and in the region.

Our services

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 - Corporate tax strategy development and tax planning
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 - Corporate governance
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 - Penetration testing
 - ISO 27001 audit and consulting
 - ISO 27032 cybersecurity program design and implementation
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 - GDPR implementation and audit
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 - Restructuring support, including transforming business processes
 - Implementation of new business strategies
 - **Transactional advisory services**
 - Valuations
 - Due diligence
 - Project financing
 - M&A advisory
 - Capital markets

MEET OUR NEW GOLD MEMBER



Inecobank CJSC is one of the leading banks in the Southern Caucasus region, offering a full range of banking services, including digital banking solutions to individuals, SMEs and corporate clients.

Over the past 25 years of its existence, Inecobank has introduced completely new banking services and innovative solutions in the Armenian market, serving more than 500,000 customers including 200,000 online users today. Its mission is to create opportunities for people to realize their goals by providing financial services in line with their needs. Inecobank aims to become a leading financial organization in the region with a capitalization of 1 billion USD within the next ten years.

Currently, Inecobank is a big family of more than 800 bright people gathered around the same goal and its track record of reported 85+ straight profitable quarters during the last 25 years demonstrates how it creates value for and with its stakeholders.

The Bank provides individual customers with complete flexibility, allowing them, through InecoMobile and InecoOnline, to perform all the necessary transactions 24/7 such as account management, money transfers, utility payments, credit repayments, deposit investments and replenishments, etc. Convenient options are also available for bank cards, savings accounts, and a broad range of loans.

Business customers are offered modern and secure solutions for bank account management as well as business financing and payment processing. Inecobank offers its corporate customers a number of modern solutions for contactless payments through which they can perform fast and secure service of bank cards and mobile payments, increasing sales and the quality of customer service.

Inecobank also offers premium services such as the best financial management expert advice provided by the personal manager as well as high-quality service in a comfortable premium hall atmosphere ensuring maximum speed and flexibility of transactions.

In all cases, the philosophy leading operations at Inecobank is that time has value. In order to withstand the challenges of the rapidly developing markets, the Bank has regularly come up with solutions consistent with those changes, increasing the availability and rapidity of banking services.

Inecobank values are the cornerstone of the Bank's activities and contribute to the development and implementation of innovative ideas and projects:

- ✦ **Integrity**, based both on the legal and moral norms, first and foremost, is the harmony of the Bank's thinking, activities, goals and the means to reach those goals.
- ✦ **Freedom** encourages innovation and leadership allowing Inecobank and its team to develop.
- ✦ **Transparency**, regardless of whether the company is seeing great growth or are going through challenging times.
- ✦ **Teamwork** as well as support all those who are ready to work and achieve success based on this core value of the Bank.
- ✦ **Professionalism**, where Inecobank blends the freedom of action and creativity with the honesty and transparency of business, thus building a team with the best professional and personal qualities.

These values reflect Inecobank's 25 years of history and guide the Bank on the path to its vision and mission.

MEET OUR NEW GOLD MEMBER



PHILIP MORRIS
ARMENIA LLC

Philip Morris International (PMI) registered its affiliate Philip Morris Armenia LLC (PMA) in Armenia in December 2010. PMA imports tobacco products under trademarks owned by PMI.

PMI is the leading international tobacco company, with products sold in approximately 180 countries and has more than 78,000 employees. In 2011, PMI held an estimated 16.0 percent share of the international cigarette market outside of the USA.

PMI has an unequalled brand portfolio led by Marlboro, six of PMI brands rank in the top 15 international brands in the world. PMI is building its future on smoke-free products that while not risk-free are a far better choice than cigarette smoking. Indeed, their vision shared by all at PMI is that these products will one day replace cigarettes.

PMI is an award winning company certified as Top Employer Armenia 3rd time in a row in 2021, one that has Equal salary certification because of an inclusive culture founded on equal opportunity. (35% of management roles held by women)

Creating value

So far PMI has invested USD 8.1 billion into the science and research of developing smoke-free

products. This is also true for Armenia, where large investments in science are undertaken the company. PMA has adopted a unique approach to support the research and education ecosystem in Armenia. Thanks to the company's experience in scientific and technological spheres, in 2017 Philip Morris signed a Memorandum of Understanding with the Government of the RA, National Polytechnic University of Armenia and Yerevan State University, strengthening the company's goal of establishing a research and development center in Armenia and supporting educational and research programs. PMI Science supports Masters and PhD programs, promotes Faculty team research projects, supports organization of scientific-technological conferences and conducts trainings. Their initiatives aiming to develop the scientific ecosystem in Armenia impact the reproduction of science and support the scientific renaissance of the country. PMA cooperates with a number of local research institutions and universities on joint projects in the following primary directions:

- Data Science
- Technologies
- Material Science



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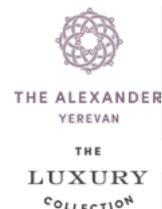


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Alvarium LLC
www.alvarium.am

Alvarium LLC was established in 2015, and has already become one of the leading training and consulting companies in Armenia.

"Alvarium" in Latin means beehive: they collect the best nectar - the most useful and updated information from all over the world, then take it to the hive to absorb, adapt, develop, apply and share the results with their partners and clients ensuring a honey win for the community. They transform the knowledge into tailored services for the business to succeed in:

- Addressing the high-priority challenges of the management
- Identifying and seizing new opportunities
- Implementing and managing changes
- Enhancing learning and development.

Alvarium LLC services:

- Business profiling
- Enneagram in business
- Business plan / model development
- Team capacity building
- Strategic planning
- Digital marketing and branding

Projects:

- Eventarium
- Skillsoft Armenia



Armenian Young Women's Association
www.aywa.am

Armenian Young Women's Association (AYWA) is an Armenian non-governmental organization founded in 2004, which promotes women leadership and social and economic participation in Armenia. AYWA works with young girls and women above 13 years old. AYWA focus is on the family to empower women, and through women to empower children too.

AYWA works in the whole territory of the Republic of Armenia.

Vision: A prospering country of Armenia; sustainable communities and families; human relations based on national and global values.

AYWA's strategic goal is to enhance the role of women in the development of the country by promoting their socio-economic and public activism. AYWA's projects and activities are in compliance with the following strategic directions:

- 1) women entrepreneurship development, employment and self-employment;
- 2) public leadership and
- 3) professional community networking.

AYWA has established and is coordinating the Women Entrepreneurs' Network of Armenia (WENA) which is the biggest platform for women entrepreneurs throughout Armenia. WENA creates new opportunities for cooperation, networking, empowerment and access to markets for its members.

AYWA works in partnership with international, local organizations and the private sector.

AYWA with WENA is a member of several national, international and European-level organizations and platforms, among them FCEM (Femmes Chefs d'Entreprises Mondiales - World Association of Women Entrepreneurs), WEGate, WED (Women Entrepreneurship Day Organization – a movement acknowledged by the UN), UN Gender Team Group in Armenia coordinated by the World Bank, etc.

Founder President Lilit Asatryan is the FCEM Armenia President, at the same time she is the FCEM Steering Committee member and FCEM Central Asia Commissioner. Lilit Asatryan is also the WED Armenia Ambassador.

AYWA&WENA not only promote social entrepreneurship development in Armenia but also have a social enterprise which is specialized in tourism-cultural sectors and through which AYWA&WENA promote social-economic development of the communities and employment of women and people from vulnerable groups in Armenia too.

Since 2011, AYWA has established the Women Entrepreneurship Ambassador Award in Armenia with the purpose to acknowledge women entrepreneur role models and promoting women entrepreneurship through encouragement.

AYWA&WENA not only promote social entrepreneurship development throughout Armenia. At the same time, the organization has its social enterprise which is specialized in tourism-cultural sectors and through which AYWA&WENA promote social-economic development of the communities and employment of women and people from vulnerable groups in Armenia too.

The social enterprise has components

of NURIK Tourism Center: <https://web.facebook.com/nurikcenter/>

Rafting on Debed river: <https://web.facebook.com/rafting.am/>

Armenian herbal LOVE Tea production: <https://web.facebook.com/LOVETeaArmenia/>

AYWA&WENA founder Lilit Asatryan has established the mentioned social enterprises under the umbrella of the organization.



Artcon
www.artcon.am

Artcon offers rapid and obtainable technologies for constructing buildings made of metal constructions. Since 1992 **Artcon** evolves in the market of metal constructions. The buildings made of metal constructions have numerous advantages and can be applied in almost all the sectors of construction, such as:

- Agriculture - greenhouse, poultry farm, veterinary clinic
- Education - these technologies give a wide range of opportunities to build small village schools as well as universities and student campuses
- Storage complex - warehouses do not transmit auxiliary rays which means that there is enough storage for both the preservation of consignment and disembarkation using special equipment
- Conflicts and disaster zones-military bases, military canteens, warehouses, arsenals
- Workshops.

Metal constructions can also be applied in the tourism sector such as the construction of hotels, hostels, souvenir shops, cafes and in almost all the buildings having commercial significance.

Our advantages are the following:

- Durability (from 50 to 100 years)
- Seismic resistance (up to 9 magnitudes)
- Adjustment and ease of assemblage
- The lightness of constructions (each element does not exceed 100 kgs) helps to palliate the slabs of the constructions and repudiate cranes and truck cranes
- Eco Friendly, i.e. it is made of 100 % recycled, pure substances which in their turn maintain fire safety
- Due to high-quality insulating capabilities, the constructions become

highly energy saving thus reducing expenditures during the exploitation for almost twice

All the above-mentioned parameters, eventually, save the expenditures during the construction process, thus raising the efficiency.

Modular technology is one of the more modern construction methods in the sphere of rapidly built – prefabricated houses-which is a modular production of buildings for different destinations. Within the process of manufacturing, the rational consumption of substances and the high-quality rate control - 90% ready-made block modules are constructed and together with interior and exterior decorations and engineering systems are moved to the construction site to be furthermore assembled on a base prepared beforehand. Modular houses possess several advantages and can be applied in almost all spheres of construction. The advantages of the above-mentioned technologies are succinct and quick constructions, moderate price range, quick and facilitated assemblage, multi-functionality and mobility.



Berkeley Capital
www.berkeleyfund.com

Established in 2018, Berkeley Capital aims to drive progress and sustainability by directing capital to projects that generate social impact. Through an integrated approach across the firm, Berkeley Capital seeks to provide innovative and prudent solutions to the company's investment partners. Together, we reinvent tomorrow for all.

Berkeley Capital believes that investing in three pillars of a human's life – comfort, safety and health - is the best way to generate superior long-term returns. The cornerstone of the company's philosophy is the combination of several tenets: value than growth, because they believe that commitment to value creation contributes to sustainable growth; research-driven decisions because they aim to create an edge of knowledge by conducting rigorous research; effective diversification because we seek to maximize returns with agreed parameters of risk; and risk control because before they invest, we set a margin of safety.

Berkeley Capital aims at dealing with not only the physical but also the human sector, setting up perfect conditions for investments in human well-being. This includes quality leisure activities, people mobility, conducive to sport recreation and increase of human health quality. Berkeley Capital also creates accessible business building retail centers simultaneously taking care of the environment.



Leadership School
www.leadershipschool.am

Leadership School's mission is to support the development of future business leaders & innovators in Armenia, Diaspora, and the South Caucasus region in cooperation with prominent local & international theorists, practitioners, and organizations.

Leadership School foundation is a non-political, non-religious, and financially self-sustaining organization with 10+ years' experience and current projects in Armenia, Georgia, and Iran.

www.leadershipschool.am/en/index.php



Pikasso OOH LLC
www.pikasso.com

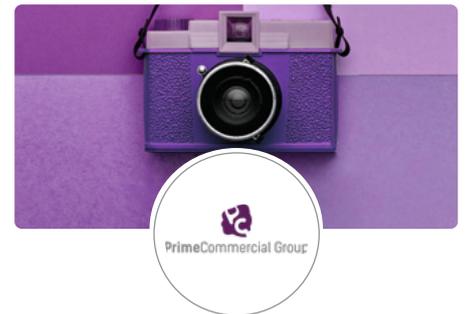
Pikasso OOH LLC was established in Armenia in 2018 and launched its activity by winning the exclusive advertising concession of Rossia Mall, and by acquiring in May 2019 the inventory of locations of Arabella, one of the leading Out-Of-Home operators in the market. The inventory is composed of Large Formats: Unipoles, Rooftops, and Billboards, all of them located in prime locations in Yerevan.

Rossia Mall is located in the heart of the capital Yerevan, on Tigran Mets Avenue, one of the busiest axes.

Pikasso deployed state-of-the-art inventory composed of 75" LCD screens fitted with engagement tool and sold under the name of Rossia Mall Channel, as well as static and special displays.

Founded in Beirut in 1986, Pikasso is the number one Out-of-Home advertising company throughout the Levant (Lebanon, Jordan and Iraq), a leader in North Africa (Algeria, Tunisia and Morocco), and has extended its activity to West Africa (Senegal, Ivory Coast, and Mali) and the Caucasus (Armenia).

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Prime Commercial advertising agency
www.primecommercial.am

The **Prime Commercial** advertising agency was founded in 2007. In 2010 the agency signed an affiliation contract with one of the world's famous companies **JWT and Mindshare**.

Prime Commercial is a **full-cycle advertising agency**, providing a wide variety of services in the advertising sector.

Our team is made of **qualified specialists** in the sphere of advertising, PR and marketing. 13 employees were graduates of the Advertising departments of universities. Many of our employees are also faculty members of different educational institutions.

Our team focuses mainly on victory. There are many achievements and tenders in our portfolio won by us.

We run several Professional group pieces of training which increase the qualification of our staff members. The Training is held several times a year either by face-to-face or online meetings on different topics, which give our employees an opportunity for professional growth.

The **Prime Commercial** agency has a maximum level of client-orientation. As we don't own media carriers, the proposals for our clients are made based on the preference of the target audience and the "quality-price" criteria correlation. Sometimes it is hard to offer "competitive prices", however, the experience shows that sometimes our agency offered price is lower than the one which is offered by a certain media, as we deliver value for our services.

Mr. Vahan Kerobyan

Minister of Economy



MINISTRY OF ECONOMY OF THE REPUBLIC OF ARMENIA



No time to waste, we cannot wait, we need to act now in order to succeed tomorrow...

Q: Mr. Kerobyan, please tell us about yourself and how did you decide to develop your career in the government in such a challenging environment, given that you have been in the private sector for a long time?

A: I am 45, I have 5 kids, a mathematician by my education and you are correct, I have been in business for a long time. Probably you are also aware that I participated in the military conflict with Azerbaijan last year and when I came back and received an offer from the Prime Minister, I accepted as acknowledged that it was a natural continuation of the service to my country. Therefore, I decided to move there where I can bring or be more useful to my nation and accepted that role. There is a big difference between the government service and the work in the private sector. The dynamism, the speed of action and the stakeholders are totally different. And I believe that my impatience to bring more results to the country in such a challenging time helps me to change the speed of decisions and impact of the ministry actions.

Q: Mr. Kerobyan, what are the most significant economic policy changes and achievements in Armenia your team has implemented after you were appointed as a Minister and how those changes will be impacting the overall productivity of the Ministry?

A: The most important change is the change in the philosophy of the ministry that we are trying to

make. The Ministry should become a very business-oriented party and protect business interests to make more profit in Armenia so that Armenia becomes an attractive place to do business. I think that philosophy has changed and I am pleased to see many signals and feedback from the private sector regarding the service quality change of our ministry. Of course, many things have to be done yet, and not

everything is good now. But we are working toward that direction and I think that after some time we can definitely shake our ministry to give high-quality service which matches the business community's expectations. So, in economic policy, if we just compare the current economic system with the system that was before 2018: imagine that we had a Diesel Engine that used to work with Diesel fuel, which is banned now and is illegal to use, however, the Diesel Engine is still there. The previous corrupted system cannot be used now when corruption is not systematic and is being punished as much as it's possible. Therefore, our policy efforts are directed to change the system, in a way that the Diesel Engine is replaced with an Electric Motor which will be able to serve the new realities. We are doing that sector by sector focusing on the tax code, construction permits and other legislative changes.

Q: What is the long-term vision of the Government of the Republic of Armenia and the Ministry of Economy to develop a favorable business environment? What are the targets and challenges for international trade and investment promotion during this difficult period?

A: There are two different types of investors, local and international. I don't like the term foreign so I use international or external investors. I think that we have to create an environment where both local and external investors are happy with. Our actions are targeted to make legislative and regulatory reforms and change the systems in a way that running a business is easy. For the time being, we are targeting several problematic areas, as I said, to facilitate the construction permit processes. We are working hard on infrastructure development so that during the export we don't have many problems in communicating with different countries. Internally we created the "Investor Issues Response Tasks Force" team, which takes care of the hardships that the businesses

face on the ground and helps them to resolve. Of course, I would love to have much more done than we have now, but still, we have done a considerable job as we are very responsive to many businesses in different industries for the most time. If we resolve the business establishment and conduct processes, we will work on attracting investors.

Q: Mr. Kerobyan, how would you achieve double-digit economic growth of GDP in the country?

A: Almost everyone is surprised about the GDP double-digit growth target and people are still very pessimistic about the possibility but I believe that it would happen, as we look at the 2019-2021 trend. We are doing much better than in the year of 2019 and provided that we keep the same pace that we have now, we will definitely achieve about 3-4% growth over 2019 it will mean that we have double-digit growth compared to 2020, which was a disastrous year for Armenia driven by the double shock of COVID-19 and war conflict. But now the economy is behaving quite well and the job/labor market latest figures show that the job market is well recovered now and we have a record number of employed people. Armenia is in a very challenging environment now and we have to push really hard to get real-long term and high rate growth. Such a target should be not only this year but for the near future. Thereafter to make sure that our economy is so strong and it can meet the challenges of the region.

Q: Are there any plans in strengthening economic ties between Armenia and other countries in the region and the world?

A: Yeah, of course, the most important thing and the new thing that we are doing now is that we are establishing trade attachés offices and appointing trade attachés in nearly all countries now. It is a good opportunity now. We call for action to those professionals with good networks and experience in different countries to apply and become a trade attaché in a certain country. We now on the way to appoint 21 trade representatives. They are volunteers but they will have diplomatic status. Before the appointment, they go via the regular recruitment process and after reviewing their CVs and business plans, we select them and set targets to deliver.

What are the priority markets? Of course, our priority markets are the big markets such as Russia, the United States and the EU. In the U.S. we are thinking to have trade attachés in each of the

States to have productive coverage. We want to find the best people who are very patriotic and very business-minded that can really bring results. Hopefully, this can also be a good way to establish the right agenda in each country because if we have our people in the countries they can think of the bright agenda concerning the country focusing on tourism, ITC, etc. depending on

the country potential

Would the trade attachés have state financing? We will cover some costs, such as travel costs. However, the financing will be depending on the targets and there will be an ABC level of cooperation, like setting a base (A), developing (B) and heating the targets (C) and depending on the development level the cost will be covered accordingly.

Q: What are the challenges you encounter in your job and what was the COVID-19 and war impact on the ministry's operations?

A: The bureaucracy is the most important and most difficult challenge. I am looking for more dynamic feedback and implementation of our ideas so we can see a faster impact of our operation. But the matter is in planning, so if we know that our ideas will turn into laws or regulations in 3 or 6 months' time then we can plan accordingly and our timeline will be built according to the procedures or processes.

One of my advisors is a person who worked in the Swiss UBS Bank as a process manager, she is now taking care of polishing the processes in the Ministry and also the cooperation process with other ministries or government organizations. The COVID-19 and war had a negative impact and we have a contraction of our economy of -7.4%.

Our budget deficit was widened dramatically, from 1.0% of GDP 2019, it is now more than 5.4% of GDP (preliminary). However, it is normal after such shocks, as even the developed countries entered into debt to have their economies survive, like Italy or the United States. Many things will depend on how we do in 2021, still, I am optimistic as the economy is not bleeding cash in a form of corruption, and the recovery will be faster.

Q: Is there anything you would like to change in Armenia?

A: The mindset of our people as people need to realize that everyone is responsible for today's Armenia, whereas they think that just one person is responsible and they are doing a great job in their places which is not right. Every person should understand that he/she has to change themselves, to meet the challenges that Armenia faces now. Many things have to be done on a personal level rather than a government level. Armenia's economy is very unproductive as its productivity is approximately 7 times lower than in EU Countries, 6.3 US dollar an hour vs 43.3 US dollar an hour. We have to become productive. People spend too much time on Facebook or social media and don't bring real value to our economy and the community. We study less, work less and our productivity level is low. Hence, this needs to be changed. Of course, I am here to make this change, so we are working hard on changing the business productivity and have a lot of things to do.

We also need to involve the workforce of the diaspora Armenians, as they are coming

from a very competitive environment like the banker in Zurich is probably the best banker in the world, because Zurich is the center of the banks of the world and to be a banker in Zurich is to be one of the best bankers in the world. To be a financier in Luxembourg means probably to be the best financier in the world. So, if there are people willing to work with us, we just need to embrace them, ask them to come work with us, to use their expertise and skills and increase the productivity and competitiveness of the sectors.

We now have a newly appointed Deputy Minister of Economy, Mr. Narek Teryan, who came from Russia to lead the team. Thus we have about 20 people from the diaspora and used to have only 6-7. The National Center of Innovation and Entrepreneurship is also led by a diaspora Armenian Mr. Hayk Margaryan. We are planning to increase the number of skilled workforce and rotate them to different permanent positions so that they serve to Armenia for a longer time than they planned.

Q: If you could start all over again, would you change your career path in any way?

A: Maybe I have done a lot of mistakes and I wish I could avoid them. Unfortunately, we learn through trial and error. I wish I would have a brighter vision at the start of my business career and would run a totally different business path. I think that the most important thing when someone starts a business is to look at what's going on around the world because if you think big you will achieve even bigger results...

Q: What's your formula of success and what is your advice to the AmCham Business community?

A: When I was in the army, there was a guy, a 24 years old shoemaker and we were on a night shift watching the enemy and talking a lot of course. He just asked me, "So you are an experienced man, what would you advise me to do to be successful in my life?" I said, "A person of your age would probably change your profession and interests 15 times in your life, and the most important thing is to learn." Nowadays, an individual should be able to learn every day and to improve himself or herself because the environment is changing rapidly. The job that was not existing 5 years ago, is now one of the hottest jobs. Three of the very important and fastest-growing jobs this year are the wind power engineer, the solar panel installer and the nurse jobs. So, the demand for those jobs will grow in the world by about +50% in a one-year time. The taxi drivers are declining rapidly, so in five years all taxis will be driving via robotics systems and 5 there is a risk that 500 ml people will lose their jobs. So, my formula of success is agility and adaptability, and advise the AmCham community to be curious and be willing to learn every day... to become a valuable person in life.

Mr. Mihael Solter

General Manager
Philip Morris Armenia

EDITOR'S NOTE

Mihael Solter studied at the University of Zagreb. After working several years in Zagreb, he started his journey at PMI as a Sales Executive. His journey lasts for almost 25 years and now he is the General Manager of Philip Morris Armenia after holding the same position in Macedonia for over five years. He is very knowledgeable of commercial functions with a wide perspective and understanding of business functions.

COMPANY'S BRIEF

Philip Morris International (PMI) is a leading international company, a dynamic global business, a center of cutting-edge science and innovative product development, and an award-winning employer (certified as Top Employer Armenia 2020). PMI is one of the best employers worldwide with an award-winning, fulfilling, and fun work environment. PMI employees are able to develop their skills by learning from others and participating in challenging team-based projects.



How we work has changed, but why we work has remained the same:
Mihael Solter

Q: Why Philip Morris – pretty much the most successful tobacco company in the world – decided to change its vision toward a world without cigarette smoke?

A: The only way to build a civil society and respond to global challenges is through joint and consistent work done by the society, government, and business and everyone has something to do. Recent studies showed that society now expects more from business than in the past. CEOs should take the lead on change rather than waiting for the government to impose it.

The problem of smoking is a big challenge throughout the whole world and Armenia is not an exception. It is obvious that the daily increasing restrictions of the government do not always give the desired outcome. After some years of anti-tobacco struggle, there are still over one billion smokers in the world and they should be encouraged to quit smoking. Why did we change our vision toward a smoke-free future? Simply put, because that's the right thing to do. This is what our employees, our consumers, and finally, the whole society demands from us. For millions of adults who would otherwise continue to smoke cigarettes, we provide smoke-free alternatives developed based on scientific evidence. In the last 10 years, enviable success has been achieved thanks to the large investments in development, but also the openness for cooperation with the scientific community and the regulatory bodies. More than 430 top scientists and engineers are working on these solutions, \$ 8,1 billion has been invested in science and research of developing smoke-free products so far and Philip Morris is now the 45th company in the EU for most accepted patents. At a time when health care is on the rise, as awareness of the harmful effects of pollution and the effects of climate change grow, although the way

we work has changed, the purpose has remained the same. So it is only natural that a giant, regardless of its origin from the tobacco industry, should become part of the global trend.

Q: How close is the smoke-free future? Is there a numerical rating?

A: Our goal is to have 40 million smokers by 2025 switch to our smoke free products. However, the smoke-free future will not be possible powered only by Philip Morris. As I already mentioned, the business, the government, and the society together should work to be able to solve that problem. It is also important that adult smokers have reliable and science-based information on next-generation products. Also, society must encourage them to give up smoking or exchange it with the new generation products. And finally, the government also should show a differentiated and unique approach towards tobacco and less harmful alternatives. Some countries such as UK, Greece, Japan and others have adopted this approach. Basically, by making less harmful products accessible to the public, these countries saw a decline in the number of smokers. Smoking prevalence among adults in England continues to fall. It was between 13.8% and 16.0% depending on the survey, equating to about 6 to 7 million smokers. Only in 2017, over 50,000 smokers stopped smoking with a vaping product who would otherwise have carried on smoking

According to estimates, 52 percent of Armenian men are regular smokers. Hence we hope to have the same picture in Armenia. Our expectations similarly extent to Armenia as we want it to be a country that contributes to our vision. And we do expect to have more support from regulators to make smokers more easily directed to alternative products. Such a

step has already been taken by the US Food and Drug Administration, On 7 July 2020, the U.S. Food and Drug Administration (FDA) issued decisions on Modified Risk Tobacco Product (MRTP) applications for IQOS submitted by Philip Morris International (PMI) in December 2016. In doing so, the agency found that the issuance of the modified risk tobacco product orders with reduced exposure claims would be “appropriate to promote the public health and is expected to benefit the health of the population as a whole.”

Q: In a rapidly changing world, it becomes increasingly difficult for even the most advanced companies to remain competitive. In your opinion, what are the basis of a successful business?

A: The Covid-19 crisis has shown that life is unpredictable and no matter how much we want to plan, no matter how much we think we have analyzed and prepared everything, something can still happen and show us that almost all that planning was in vain. And this fact is putting the business adoption and flexibility in the first place. In my opinion, the most important and difficult thing is not to cling to the past, to show flexibility in applying new approaches and technologies. Have you ever seen an athlete moving in the air? To move forward the athlete needs to leave the stick in the hand and try to catch the new one. And in that process, it is more important to let the previous one go and try to catch the new one instead of knowing exactly how correctly and conveniently you caught the previous one. The business works on the same principle. Just as a person has limited resources, in this case only two hands, so business resources, talents, time, and money are also limited. So, to have success one needs to be able to prioritize things, and by letting the post go and relying on it climb to new heights.

Q: How does Philip Morris apply this approach in practice?

A: In Philip Morris, we started to turn this simple truth of using new technologies and approaches into a strategy since 2016. As a result of this, we manage to develop and offer new technologies to adult smokers, which are better alternatives rather than cigarettes. Today many smokers, who do not give up tobacco and the ritual, can do something for themselves and take advantage of our better alternative offered. And that is IQOS, which has been scientifically proven to be a better alternative to smoking because it eliminates burning which is the primary cause of smoking related diseases. Thus, Philip Morris' vision of creating a smoke-free future is to rid the world of cigarette smoke, allowing millions of adult smokers to choose better products for themselves and those around them. We strongly believe that soon we will be able to leave the production of cigarettes in the past and completely transform our business. Here is an example of Philip Morris letting go of the past and building a future based on new approaches.

Q: Today, the whole world is facing unprecedented economic and social

challenges. What is the role of business in overcoming these problems facing society? How does Philip Morris achieve that goal?

A: We hope that life will slowly begin to return to normal. The Armenian economy, as in fact everywhere in the world, will need time to recover. At this time it is crucial to be responsible to the community. And so, we do. Being a part of society and a part of public life, Philip Morris has adopted the ideology of sharing challenges with that same society and creating common values.

Q: What is the practical manifestation of creating values and sharing challenges with society?

A: In the commercial field, it is the development and sale of less harmful products, as well as the uninterrupted payment of taxes. With only 150 employees,

- Philip Morris Armenia has always been among the top 10 taxpayers in Armenia for the last ten years, paying 15.2 billion AMD in taxes during the 2020 year.
- This is the third year that we are awarded the Top Employer certificate in Armenia.
- Around 700 students and young professionals apply to our internship program and on average 10 candidates get an opportunity to be paid and work for half a year.
- During the 3 years of the PMI R&D center's operation, about \$10 million has been invested in Armenia, including the complete renovation of the center building located on the territory of the Polytechnic University.
- In cooperation with HR Association our another project called GortsOn is developed to help the Armenian society attend professional trainings free of charge and then apply for the jobs our partner companies offer.
- It is already the third year that the best 10 postgraduate students with the support of PMI Science receive monthly scholarship around 350,000 AMD for a year, so that they do not work in parallel with their studies, and focus only on science.
- And finally, Philip Morris recently became the first international company to receive a world-class certification from the Equal Salary Certification. This certification once again confirms the company's willingness to ensure a level playing field in the workplace and can be the basis for creating an inclusive and gender-balanced environment.

Q: Being a part of society presupposes socially responsible behavior. Does Philip Morris cooperate with Armenian non-profit organizations on social projects?

A: I want to be short and say yes, of course. In the last year, Philip Morris joined the mission of the "Apaga" charity foundation. As part of this initiative, the foundation distributed 1,200 packages of food and essentials for 14 days. Beneficiaries of the project were

selected based on data received from the Ministry of Labor and Social Affairs. The "Building a Decent Future" program initiated by the same "Future" foundation and supported by Philip Morris can become a driving force in overcoming poverty in the regions of Armenia.

Armenian families living in the regions of Armenia already have the opportunity to establish rabbit farms, which in 5-6 months will provide them with a monthly income of about 100,000 drams, and 20 families living in Yerevan will have the opportunity to start their own business in the field of cooking, beauty or accounting. Thus, it is possible to provide socially vulnerable Armenian families with a profit in a short period, without requiring round-the-clock work and without interfering with the management of their various farms. After the military challenges, the "New Page" project was developed by the Human Resources Association of Armenia and brought to life with support from Philip Morris. About 1,000 young Armenians aged 18-30 who were affected by the military activities and temporarily lost their ability to work will be able to rethink their abilities, gain skills to enter the labor market and return to full life through professional orientation, training, and development programs.

Finally, trying to stimulate the introduction of technological solutions in the sectors traditionally important for the Armenian economy, the Enterprise Incubator Foundation, with the support of PMA, will soon launch the "Tech for non-tech industries" project. Startups and companies that have authored the best 30 projects that offer state-of-the-art technological solutions for the non-technology sectors of Armenia will receive \$ 3,000 each.

Q: What about PMI Science R&D Center Armenia, the third Philip Morris Research Center based in Armenia? Through what main projects are you trying to promote the scientific and technological development of the Republic of Armenia?

A: Since its establishment in 2018, PMI Science R&D Center Armenia has been actively participating in the scientific life of Armenia and widely cooperating with the scientific community of Armenia. I'm proud to say that with the support of our center, every year the best students from "Data Science in Business" and "System Engineering" are awarded a scholarship that is sufficient to cover their tuition costs. PMI Science R&D Center Armenia cooperates with 125 scientists of leading scientific institutes and laboratories of the Republic of Armenia within the framework of 5 programs/projects implemented jointly with scientific institutions. I also want to mention that on the second floor of the newly opened PMI Science building there are training and engineering laboratories equipped with modern equipment. Students and lecturers of the relevant fields in university will work on their projects here through pre-registration.

Ms. Elina Markaryan

Public Affairs and Communications Manager
Coca-Cola HBC Armenia



Coca-Cola
Hellenic Bottling Company



Take criticism seriously, but not personally. If there is honesty or value in what you hear, try to learn from it. Otherwise, let it go.

EDITOR'S NOTE

Elina Markaryan was born in Yerevan, Armenia. She holds MSc in Public Policy and Administration from London School of Economics and possesses project management and consulting experience in business development management. Her career spans from working at the President's Office in Armenia to German International Cooperation (GIZ) and United Nations. She was responsible for many expos introducing Armenia at a global level. Currently, she holds a position of Public Affairs and Communication Manager at Coca-Cola Hellenic Armenia and is responsible for Government Relationship, Stakeholders, Communication, Corporate Social Responsibility practices. She also holds the position of Vice President at AmCham Board of Directors.

COMPANY'S BRIEF

Coca-Cola Hellenic Armenia CJSC is a subsidiary of one of the world's largest producers of soft drinks, Coca-Cola Hellenic Bottling Company, and is part of the Ukraine, Armenia, and Moldova Business Unit. Coca-Cola Hellenic Bottling Armenia CJSC has operated in Armenia since 1996 and is one of the leading companies in the non-alcoholic beverage industry in the country. The Coca-Cola Company products in Armenia offer consumer-leading brands in the sparkling, juice, water, sport, energy, ready-to-drink tea, and premium spirits categories. The Coca-Cola Company manufactures and sells concentrates and bases to its bottling partners and is responsible for consumer brand marketing initiatives. Coca-Cola HBC uses the concentrates and syrups to manufacture, package, merchandise, and distribute the final product to trade partners and consumers.

Q: Ms. Markaryan what's your story? Please tell us about yourself. How did you get to where you are today career-wise?

A: The foundation for my professional development is deeply based on the following qualities such as diligence, consistency, agility and eagerness to learn more, that helped me most in my career. My competitive nature paired with diverse experience in corporate and public sectors, a passion for strategic communication and international development pushed me to dream bigger, work harder and move forward. All the mentioned experiences helped me to reach where I am now, however, every year there is a new journey and a new beginning.

Q: Ms. Markaryan, what's one key leadership lesson you've learned along the way and what has been your proudest achievement while leading a PR team?

A: First of all, I would like to start with my leadership style as they often call it perceptive or democratic one. I have lots of trust in my team members and stakeholders that I work with, and their active participation in the decision-making process paves the road to more productive results. Thus, everything is about team and collaboration.

It is challenging to identify just one achievement, however one of the proudest that I can mention is the opening of the Coca-Cola Museum in Yerevan, which is the only one in the region.

The center is an educational platform and a window to the world through the Coca-Cola lances. It gives the visitors the opportunity to discover interesting details from the Coca-Cola brand history, learn about Company's activities - innovative technologies, ongoing projects, corporate strategy, to see in reality how the favorite beverage is being produced, and, of course, refresh themselves with their favorite drink.

The whole process required cross-functional and cross-country teams' collaboration, let alone lots of efforts to fundraise for the successful completion of the project. Simply doing my job well was not enough: personal touch and passion, creativity and cultivation of the knowledge across various fields spanning architecture, construction to branding and PR have challenged me throughout the whole process.

Q: What has been your biggest PR challenge in such a turbulent economic situation for the businesses, and how did you handle it?

A: Like many countries, we were also challenged with the COVID-19 pandemic,

and a bit later with the war in Nagorno Karabakh. That was time for solidarity, caring about people and your own country. Surely, business continuity was on the top of the agenda, however, the priorities were shifted. All the efforts were directed to assure the health and safety of the people we work with.

From the PR perspective, if I may call it PR, it was time “when actions speak louder than words” and promotion efforts globally were sustained to direct funds and resources to support communities and the country. By providing medical portable equipment to the hospitals, assuring the provision of beverages to health workers and infected people, and most importantly, doing everything possible to ensure our people’s safety and job stability. That was the direction that Public Affairs and Communication function pursued during that challenging times. Frankly speaking, the challenge was not to have PR at all.

Q: AT Kearney’s 2015 Global Retail Development Index found that Armenia has an unsaturated retail market that is shifting rapidly to modern formats. How do you see that rapid change in the past 5 years?

A: As forecasted in the last 5 years’ retail market in Armenia has moved closer to the modern format mainly thanks to global trends and also several international players launch (e.g. Carrefour, Burger King) in the Armenian market. However, some factors hindered the full realization of market potential (e.g. volatile political and investment climate).

Q: Ms. Markaryan, do women in your profession have a hard time getting promoted?

A: I believe, although during the past years we have seen some increase in the number of women, occupying leadership positions and I am very glad to notice this change and the growth in Armenian women’s self-confidence and professional development.

From Coca-Cola HBC perspective, I may say, that our Company is moving in a better direction in terms of female representation on boards and leadership positions, and most importantly, I observe that many companies are already recognizing the benefits and implementing policies and practices to increase gender diversity. Thus, when I track my career moves in the last 15 years, believe it or not, it has been far more challenging for women than it is now.

Q: What are the projects that Coca-Cola HBC runs as a Responsible Corporate Citizen?

A: Corporate Social Responsibility is in the DNA of our culture, it is part of our values and mindset. As for the directions, sustainability commitments are the key and are heavily embedded in our Company’s mission. We do business responsibly, that’s all. While we bring into life sustainable initiatives and programs, as well as progress from year to year, we recognize the need to report quantifiable metrics and targets related to our social performance and economic

impact. To that extend, our Company has announced ambitious targets, to continue to concentrate its efforts on sustainable packaging and recycling, on carbon footprint reduction, as well as implements a number of initiatives aimed at empowering the youth by affecting unemployment in the county. Worthy to mention, that disaster relief programs implemented in Armenia through the Coca-Cola Foundation to fight against the COVID-19 pandemic, have added value to our community well-being initiatives.

Q: Ms. Markaryan, Coca-Cola is one of the strongest fast-moving consumer goods (FMCG) brands in the world and one of the leading companies in the non-alcoholic beverage industry in Armenia. What do you think makes Coca-Cola such a strong established brand?

A: Our Company vision is evolving towards becoming the leading 24/7 beverage partner in business by growing with our customers and ensuring that we have a beverage for every consumer. We are operating in a fast-growing industry and, thus, winning with our existing portfolio and the introduction of new categories, like Premium Spirits, help us capture the incremental opportunities needed for the accelerated growth. We operate in this business by empowering our teams as well as building trust by acting in a responsible and sustainable manner. We enrich our communities with refreshing beverages and spreading happiness, as bubbles always make an occasion. To sum up, we foresee future trends and examine the behavior of the consumer and offer our 24/7 portfolio at any moment around the clock.

Q: As a VP of AmCham and Chair of the Fast Moving Consumer Goods Committee how do you evaluate the committee efforts in the Sustainable Waste Management project and what are the challenges you face?

A: Fast Moving Consumer Goods Committee’s (FMCG) mission is to provide opportunities for networking, internal information activities, consultations and cooperation with industry associations, governments and international organizations based on the relevant topics that single out the voice of the industry. About the Sustainable Waste Management Working Group, I may say that the committed group efforts for the last two years have brought considerable results in the direction of waste management development.

Armenia is in the nascent stage of the system set up, and listening to the voice of the business community is one of the main prerequisites for success. To that extent, we are closely working with the Ministry of Environmental protection and the Ministry of Territorial Administration to assure the participation and input of the private sector in the whole process of implementation of infrastructure. Extended Producers Responsibility has to be the driving agenda in this regard. For sure, we still have many challenges to face and overcome, from the low awareness level of the business

community on the importance of the waste management and responsible business commitment to financial ones in relation to the infrastructure and taxation, and many more. However, I strongly believe that the expertise and commitment within the Waste Management Working Group have provided a very solid base for efficient implementation of the system from both legal and infrastructure perspectives.

Q: Ms. Markaryan, what will be the biggest challenge for the next generation of female leaders?

A: First of all, I will not single out female leaders only, the challenges are mostly the same for the whole world. I would like to cite one of my favorite authors: “We think we have seen the worst of this world: the violation of human rights, terrorism and killings here and there. Sadly, it is going to get worse, because the future is not “bright”. We also think we (humans) rule the world and nothing can ever change that, but if we do nothing, the environment and technology will unseat us. Also, we are so engrossed in other seemingly important things except for the things that can save us”, Yuval Noah Harari.

To all women, I would advise never to lose self-confidence - if you don’t believe in yourself, hardly anyone will. Be diligent and persistent – hard work always pays off. Never give up – sometimes we can learn more from our mistakes, than from our success, we just have to believe in ourselves and move forward. Last but not least - think out of the box and dream big.

Q: Ms. Markaryan what have you most excited about the future and what is your advice to AmCham Community?

A: Life is so much more than simply satisfying basic needs—a meaningful life is also about finding connection, purpose, and joy, is even about survival as we encounter in 2020, and even under these challenging circumstances, we look ahead to 2021 and see that we stick to our values and principles that make us who we are, and that are driving us toward the future. To conclude, one thing has never been more clear to me: to change the trajectory for the better we have to work together, support each other in building a brighter, safer country, more just future we can all share, and this is the responsibility of every Armenian; this is what I am excited about with belief for the brighter future for all of us and the next generation to come.

For the AmCham community, I wish stronger representation and once single voice, that will set the stage for a better investment climate, doing business and overall, for a constructive environment to flourish. AmCham’s mission is to represent the voice of businesses in Armenia and to create value for its members by providing advocacy, business insights, and connections, and this will become even more powerful if we forge strong bonds within our business community as well as government to continue to nurture its growth.

Ms. Irina Seylanyan

Chief Executive Officer HSBC Armenia



To be successful you need to believe in yourself, not be afraid of taking risks, continuously work on your development, be genuine and value what you have.

EDITOR'S NOTE

Ms. Irina Seylanyan has been working with HSBC since 1997 and was appointed to the position of Chief Executive Officer of HSBC Bank Armenia cjsc in March 2020. She has held various managerial positions at HSBC Armenia and other HSBC Group member companies. Irina re-joined HSBC Armenia after working for HSBC in the UK and Malta for 7 years. She graduated from the Armenian State Engineering University, as well as completed a full course of studies at the Association of Chartered Certified Accountants (ACCA) and is an ACCA fellow. Irina is also a Board member of several non-profit organisations, including AmCham in Armenia.

COMPANY'S BRIEF

HSBK Armenia is one of the country's leading international banks. The bank was established as a closed joint stock company under the name Midland Armenia Bank J.S.C. in 1996 and was renamed HSBC Bank Armenia cjsc in 1999. HSBC Armenia is a member of HSBC Group, one of the largest banking and financial services organisations in the world. With 8 offices in Yerevan and around 350 employees, we serve around 30,000 customers through three Global Businesses: Wealth and Personal Banking, Wholesale Banking and Global Markets.

Q: Ms. Seylanyan, please tell us about your career path. What personal sacrifices have you made throughout your career?

A: I'm an IT engineer and a chartered accountant, having graduated from the Armenian State Engineering University and later on completed a full course of studies at ACCA. Most of my career has been with HSBC, which I joined over 20 years ago. Throughout my career, I worked in different areas of the bank, in three countries, Armenia, UK and Malta – a unique opportunity that only very few employers in Armenia can offer.

Sacrifice has a different meaning to different people – I like to call them choices. Nothing worthwhile comes the easy way. Life is all about choices. Being clear about what you really want, what you are prepared to do to achieve your goals and how you will share that with your loved ones is the key to finding balance. Making choices for success is inevitable. However, we should be careful not to lose the things that matter and make us happy along the way.

Q: Why have you decided to return to Armenia after spending many years abroad?

A: I never planned to live abroad forever, my intention was to broaden my horizon and network, gain international experience, expertise from different markets and bring

it back to Armenia. I thoroughly enjoyed my years abroad, but Armenia is my home. I believe I have a lot to contribute here and I hope that many Armenians who left for work or study abroad will return to Armenia in the near future to help our country thrive.

Q: What is it like to be the first Armenian leader of HSBC Armenia and the only woman CEO in the Armenian banking sector?

A: HSBC Armenia is part of HSBC Group – one of the biggest global financial services companies. This is one of our biggest advantages in the local market. For the last 25 years, we always had international CEOs, and the reason for that was to use their knowledge, experience and network from working in different markets for the benefit of our customers in Armenia. My experience of working abroad for 7 years, coupled with my knowledge of the Armenian market allowed me to become the first Armenian CEO of the bank. It is an honour but also a big responsibility to be there for our clients and colleagues. I also think it gives my colleagues inspiration and belief that they can progress to the top of the organisation through hard work, dedication and continuous development. I feel very comfortable within the banking community and have excellent working relationships with my peer CEOs. I believe, however, that our financial sector would benefit from having more female leaders.

Q: What’s a leadership lesson that you’ve learned that’s unique to being a female leader? What female leader figure has inspired you the most?

A: I would like to mention three of them. Disregard stereotypes – being a female leader is no different from being a male leader. Women bring a lot to the table, they need to believe in their abilities, know their value and the value they create for the organisation. Get comfortable with failure – the fear of failure can be one of the biggest obstacles to making an impact. Do not sacrifice your other roles as a woman for work.

Regarding female leader, I think I will not be the only one to say that my mum inspired me the most. She used to be a very successful professional (now retired), an engineer in construction, which is traditionally a male dominated business, always having worked full time. At the same time, she was always there for my brother and me, giving us lots of care and love, but also demanding in encouraging us to study and develop.

Q: What is your formula of success?

A: I think to be successful you need to believe in yourself, not be afraid of taking risks, continuously work on your development, be genuine and value what you have.

Q: What is your biggest takeaway from the COVID-19 pandemic and recent tensions in Armenia?

A: 2020 really was a very difficult year for our country and all of us – I would say an unprecedented year, which will have a lasting impact on our society and economy.

From a business perspective, our biggest takeaway is the importance of having robust business continuity plans in place. Obviously, nobody could plan for what happened last year, but having a robust operating framework and flexibility to adjust it quickly to the changing environment helped us overcome challenges. Banks have a unique role to play in ensuring stability and supporting customers in a challenging environment. Our main challenge was to continue providing uninterrupted and efficient service while ensuring the safety of our employees and customers. I’m very pleased with how we responded to the challenge – we maintained a high level of business continuity and were able to provide our customers with the support they need. I have been humbled by the dedication and commitment that our employees have shown in incredibly tough circumstances and thank them for all they have done and continue doing for our customers and each other, while managing their own, at times extremely difficult, situations at home.

Other aspects that I would like to mention as a takeaway is the importance of caring about the well-being of our employees, regular communication from the top of the organisation and focus on adaptability and resilience.

This crisis also created some opportunities. It forced us to pivot, innovate and adopt solutions that may otherwise have taken years to achieve. So, we should ensure the positive outcomes stay with us on a permanent basis and capitalise on those.

Q: How does HSBC Armenia contribute to the Armenian business environment and banking sector development in particular?

A: HSBC opened its doors for business in Armenia on 16 March 1996. During the past 25 years, we have witnessed essential changes in Armenia’s banking sector, with HSBC Armenia playing an important role in contributing to its development by bringing the best international banking practices at the early stages of the development of the modern banking system in Armenia and promotion of the standards of corporate governance, customer service and conduct.

We have pioneered many products and services to customers in Armenia. For example, we can’t imagine our lives today without bank cards, but not many people will remember that HSBC Armenia was the first bank to introduce cards and ATMs in Armenia in 1996, and the first bank to install an off-site ATM. In 2016 our Contact Centre was amongst the first in Armenia’s banking sector to operate in 24/7 mode and we were among the first to introduce Face ID and Touch ID Authentication for customers and Contactless ATMs in 2018.

We have also utilised HSBC’s worldwide network and expertise for the benefit of our customers and our country. HSBC was honoured to play a leading role in the Republic of Armenia’s debut Eurobond issue in 2013 and thereafter.

Q: Can you tell us about the CSR projects of HSBC Armenia?

A: Sustainability underpins our strategic priorities and enables us to fulfill our purpose as an international bank, which is to help businesses thrive and contribute to the health and growth of the communities where we operate. We believe that we do not exist in isolation and that giving back to society is as important as the business we do.

A significant portion of our community support is directed towards helping people develop the employability and financial skills they need to thrive. Advancements in digital technology and events such as COVID-19 are rapidly changing how we work and live, and affecting people’s finances and livelihoods. That’s why we are committed to building future skills – for our customers, employees and people in the communities we serve. We are also committed to providing financial and other help in response to unforeseen and sudden challenges including natural disasters, humanitarian crises and pandemics such as COVID-19.

Finally, we encourage our employees to volunteer their time and expertise to a range of causes. Volunteering makes our colleagues feel part of the projects we support and adds a huge amount of ownership and connection. This makes us stronger as a team and connects us even more closely to our customers and communities.

Q: What would you like to wish AmCham and its members?

A: HSBC is one of the founding members of AmCham and we’ve always valued its role in the development of a favourable business climate in the country. AmCham is a great business community and it is great to see it growing year on year.

I would like to wish AmCham members and all businesses operating in Armenia ongoing success, peace and prosperity.



Mr. Varoujan Avedikian

Director, Managing Partner

TK & Partners



We should pamper the investor

EDITOR'S NOTE

Varoujan Avedikian joined TK & Partners in 2018 as Managing Partner. Before joining the team, he was the General Counsel of the Central Bank of Armenia for 12 years. He has more than two decades of experience under his belt in banking, capital markets, and insurance law, as well as financial regulation and public policy. At the Central Bank, he spearheaded an impressive number of far-reaching and established reforms within Armenia's financial sector (inter alia authorization and enforcement, corporate governance, consumer protection, deposit insurance, pension reform, investment banking services, insolvency, secured transactions, derivatives). During his relatively long career, Varoujan has authored and co-authored more than a dozen laws that have significantly raised the quality of both financial regulation and private transactions in Armenia's financial markets. Varoujan's practice areas are Corporate, Commercial, and Financial Transactions, Corporate Restructuring, M&A, Business and Financial Regulation, Venture and Private Equity Financing. In 2020 Varoujan has been recognized as a highly regarded lawyer by IFLR1000. Varoujan is an adjunct professor both at the American University of Armenia (AUA) and French University in Armenia and teaches transactional, business, and financial law. He is extremely proud of his about 1000-member strong former students' cohort, many of whom have become his colleagues and prominent members of Armenia's legal community. In addition to teaching law, he also teaches Adaptive Leadership at AUA's MBA program. Varoujan is a graduate of Harvard Kennedy School (MPA), Boston University (LL.M.), University of Leicester (LL.M.), and University of Nicosia (BA). Varoujan is an avid swimmer and constantly practices yoga. He loves to read, especially fiction and geopolitical studies.

COMPANY'S BRIEF

TK & Partners is a local law firm with a proven track record for innovation and providing work of the highest quality to meet the needs of Armenian and international clients. TK & Partners is built to serve clients quickly, efficiently, and with genuine knowledge of both local and international considerations. The firm is built on the achievements of its members, on the ambition to be the best, and on a shared vision of a truly integrated local law firm. Built on a foundation of long-term dedication to forging strong client relationships, TK & Partners represent interests across a broad spectrum of industries in corporate & transactional law, financial services, antitrust, and real estate matters. Cs range from international to local players with a diversity of needs. The firm strives for offering a tailor-made approach to every client, which will mostly comply with its expectations. The firm represents leading corporations, growth, and middle-market companies, financial industry participants, and businesses from a variety of industries, philanthropic organizations, and NGOs.

Q: Mr. Avedikian, please tell us about yourself, your education and work experience, and how did you decide to become a legal professional?

A: I have studied at an Armenian boarding school in Cyprus. At the school, we had a Classical Armenian and History teacher who was known as the "Iron Lady". She had been the Director of the school some time ago, her nickname suited her character, and no one dared to argue with her. One day in class she said something about a particular issue regarding Christian theology. I raised my hand and voiced my disagreement with her, citing Yeznik Koghbatsy. The whole

class went silent in fear of "retribution". My heart sunk. After class when we were all heading out of the classroom, she turned to me, looked me under her glasses, and said: "Son, go become an attorney". That's how I decided to become a lawyer.

I returned to Armenia in 1998 after my studies abroad in various universities started looking for a job (which was difficult to get) and got hired by the Central Bank. From 1998 to 2008 I was lucky to be able to sneak out of Armenia twice and get two additional master's degrees in law from the Boston University and in public policy from the Harvard University.

Q: Mr. Avedikian how is the legal and advisory services sector changing and how do you see TK & Partners adapting to those changes?

A: For the past couple of years, the legal services landscape has been significantly changing due to both various legislative amendments and state interventions. Higher demand for services regarding disputes, administrative and criminal investigations, and procedures and insolvencies are coming into play. Law firms I believe should adapt and learn more about protecting their clients in administrative, criminal, and judicial proceedings to better meet their current needs.

Q: What are the main goals of TK & Partners as a company, and what are the main values of the company?

A: We plan on becoming the largest law firm in the region and we are steadily heading in that direction. Signing a collaboration agreement with Andersen Global last fall was a step towards that goal.

There are three important values that we strive to upkeep and those are:

1. Finding innovative solutions to sophisticated issues
2. Making investments in future generations
3. Giving all-around services to our clients. When needed, strong handholding is the norm with the firm.

Q: What do you think are the biggest opportunities of growth areas for investors, specifically foreign investors, and what are the primary challenges faced by investors when entering into the Armenian market?

A: Fortunately, for the past number of years new investment opportunities became realities in Armenia. Particularly, renewable

energy, healthcare, defense, and other related industries, textile, financial services, and real estate development.

I think the biggest challenge in the investment landscape in Armenia is the lack of genuine support and care from all government and municipal agencies. For some reason still incomprehensible to me, our country does not treasure the investor. This should change. As we say in Armenian we should “աչքի լույսի պէտք պահելը”, which roughly translates into “we should pamper the investor”.

Q: Mr. Avedikian, please tell us a little bit about the 1000plus foundation. What are you doing or what have you done to make the foundation more transparent and sustainable?

A: I guess this question begs for another full interview 😊, but if I try to be very brief:

1. By the end of April, the foundation will be serving (compensating) for about 4,200 cases of fallen, disabled and missing soldiers
2. During the past 6 months, we were able to raise about USD 16 million from all over the world, which is solely being used to make compensations to the foundation’s beneficiaries.
3. The foundation has now recruited full-time staff who works tirelessly to achieve the foundation’s main goal of making full and sustainable compensations for those who have lost a father, a son, or a husband.

Q: What are some of the key strengths and advantages that Armenia can offer to foreign investors?

A: Right now, we are working on an initiative that will allow Armenians abroad to set up online commerce business in Armenia but transact all over the world. We have already

rolled out a full-service product, where our clients can remotely and seamlessly register the company, set up their commercial platform, and open a bank account. Many of our clients have already started recruiting staff, leasing offices, and paying taxes in Armenia. Armenian businesses and government agencies should focus on similar initiatives and welcome local and foreign investors into the business.

Q: What are the challenges in the sector that you as a practicing attorney may see?

A: Throughout the past 30 years, we have seen our laws and regulations become more complicated, detailed, and sometimes even sophisticated. This is natural. Our economy is growing, and society is developing. This change certainly begs for more specialization within the legal profession to able to prudently advise clients. Unfortunately, the rate of specialization within the legal community is still slow, this obviously affects the quality of the legal advice.

Q: If you could start all over again, would you change your profession in any way? Why?

A: Don’t get me wrong, I do love my job and profession. It certainly is fulfilling and rewarding in many respects, but if I’m given a second chance, I believe I would prefer to work in the film or theater industry. Why? Just because I would love to use the second chance which I highly doubt will be given.

Q: Mr. Avedikian, what do you wish to the AmCham legal community in the changing new reality?

A: AmCham has a respectful and representative legal community and I wish my colleagues in the legal industry: fewer disputes and more deals, fewer investigations and more investment projects.



Ms. Narine Beglaryan

Partner

Concern Dialog Law Firm



Fight for justice and win for the fight

EDITOR'S NOTE

Narine Beglaryan is currently a partner with Concern Dialog Law Firm. She joined the firm in September 2013. She specializes in Civil Law, Banking Law, Contract Law, and Corporate Law as well as in court representation of administrative and civil cases. At present, she specializes in the spheres of Combat against Money Laundering and Financing of Terrorism. Prior to joining Concern Dialog Law Firm, she worked at Armentel CJSC as a legal representative of the department of legal support to the business and at BTA Bank CJSC as the chief lawyer of the legal office of the bank. Narine Beglaryan graduated from the Moscow New Juridical Institute and is qualified as a Certified Specialist in Civil Law. Narine has been the Attorney of the Chamber of Advocates of RA since 2012.

COMPANY'S BRIEF

Concern Dialog Law Firm a Yerevan-based full-service law firm with a focus on Business law established in 1998. The firm provides services in litigation, representation, and legal advising. Since its establishment, the firm offers services both to individuals and corporate clients. The firm has 60 employees, 16 of which are licensed, attorneys. Concern Dialog providing services in all areas of Armenian laws, with more profound expertise in specific areas. The firm is well known for representation in complex litigation cases (this includes representation not only in Civil-law matters, but also Constitutional and Human rights-related cases, complex criminal cases, and administrative disputes), international arbitration. Furthermore, it provides comprehensive services and has long-standing experience in legal counseling with regards to M&A, Mining and Energy projects, Real Estate, Employment law, as well as services to the Financial sector.

Q: How did you choose the legal career, and what was the motivation behind it?

A: My primary motivation was to choose a career that would allow me to practice what I love to, i.e. enjoy the process of working. I still believe that the work should be a source of joy. I guess I made the right choice because by being in the profession for over 15 years, the feeling is that my occupation suits me more than any other career choice might. The things that still attract me in the legal career are the diversity of issues subject to solving and the possibility of working with people by serving to protect human rights and freedoms. Indeed, the most exciting part of the job is assisting with the solutions to complicated issues and the most rewarding part is fighting for justice and winning for the fight.

Q: As a female leader, what has been the most significant barrier in your career?

A: It is a rather complicated question. I have never thought that any failure in my life or career was because of me being a woman, or, at least, I have never acted as it was because of that, i.e., never acting like a victim. Any obstacle, barrier, fiasco,

or hardship in my life I reflect as an issue subject to a solution without a link to my gender. Therefore, I overcome those hardships without using or referring to my gender as an excuse or cause. We may say that it is a matter of my attitude.

However, I need to highlight that it is incredibly challenging for the woman to get her occupation as an advocate (attorney). In my view, it is primarily a natural continuation of the attitude and complexes we have today in our society. Needless to say that we have positive tendencies in recent years. Nonetheless, there is a lot to be accomplished yet for reaching full equality of gender in the profession.

Q: How did you get to the Partner position at Concern Dialog law firm?

A: I joined Concern Dialog law firm back in September 2013 as a Senior Associate. I sent my CV to Concern Dialog in the Spring of 2013 and was invited to job interview. In that time the company was small and despite there were two candidates considered for the position only one received the offer to join the company. And that was not me. However, around

6-months passed since my interview, the Managing Partner of Concern Dialog Mr. Sedrak Asatryan called me and convinced to join Concern Dialog's team.

Indeed, I do not think I became the Partner only because of me being diligent on performing my job which I certainly did and continue to do in bone fide, timely and dedicated manner. I believe, the key is my abilities and capacities both personal and professional which have allowed me to get promoted and be in the firm.

Q: What are the competitive practices that Concern Dialog creates in Armenia and what's your contribution to that?

A: Concern Dialog is a unique law firm in Armenia amongst other reasons also because of its governance and internal management policies both formal and informal, its size and history, experience and a great team.

The firm is fully employee-owned (that is, all the partners are also employees, and there are no external participants in the management or revenue sharing). At the same time, the partners have an active role in the company day-to-day and long term strategic management. So the firm is not governed by the General Director only, with partners being listed nominally. On the other hand, despite the size, to the best of my knowledge, we are the largest law firm in Armenia, we still manage to provide tailor-made services to practically all the clients, paying particular attention to the client satisfaction and quality of the services.

It is worth mentioning that Concern Dialog is a law firm with broadly using digital technologies with a very high-level approach to the matter.

Q: What was the most important case that you have accomplished during your career?

A: My primary practice areas are Corporate Law, Data protection and Banking and Finance. Because of the matter with which I have to deal, my practice is highly privileged and confidential. Although, as an attorney, I am engaged in dispute resolution and litigation (area or practice which is technically public / non-confidential), I still prefer not to publicise the cases of my clients or highlight my participation. Higher confidentiality is, by the way, a principle adopted company-wide. Also, I try to treat all my clients equally, I value them all, and all their cases are essential to me. It is also worth mentioning that I believe my role is to provide legal services and assists the client, and the client's case should not be a source of my PR. Concern Dialog's team goes to the public when the client requests it. Publicity related to the case is part of the services provided by the firm.

My professional approach is that the transactional and consultancy support is also of high importance. There are a lot of successfully closed important transaction including due diligence, drafting, and

executing investment document (in mining, banking, telecom, construction, etc).

Q: What was your strategy for overcoming challenges during the pandemic, and how did it impact Concern Dialog operations?

A: Not only COVID-19 but also the war had their impact on the firm's activities. Some of the critical team members draughted after registering as a volunteer, while the others were assisting during the war in organisational matters. We don't think this is something to be advertised, as we did what we did for the homeland, rather than for advertisement purposes, so won't give further details here.

The most severe shock was the passaway of Mr. Sedrak Asatryan, Vo-founder and Managing Partner of Concern Dialog law firm, who managed the firm since 2003. Mr. Asatryan passed away on 9 April 2021 due to COVID-19.

We believe that we have managed to overcome the past crises and are trying to prepare ourselves to the extent possible, by increasing our antifragility for the potential coming ones. We will continue to grow the company with the memory of our beloved mentor Mr. Asatryan in our hearts and for the development of Armenia.

Q: What do you think about the investment climate in Armenia?

It is hardly any ground to call Armenia's investment climate attractive for both Armenian and foreign investors for the past several years. The investors like a predictable environment which is not the case for Armenia, unfortunately.

The following may be named as an example of negative factors for the investment climate in Armenia (the list is not exhaustive): drafting or adoptions of laws under which fundamental human rights and freedom are limited or formalise the intervention of governmental authorities to the judiciary system; multiple instances of proven interference in the activities of judiciary, without further proper investigation in those cases; the adoption of the Law of Armenia on Levying of the Property of Illegal origin and a package of laws related to it; as well as "re-starting" the practice of arresting the businessmen of the tax-related crimes, a thing which we would not recall in the preceding 8-10 years, Article 205 of the Criminal Code of Armenia.

Meantime, it should be mentioned that the legislation in Armenia, in general, is very liberal and developed.

Q: How do you balance work and life responsibilities?

A: I do understand how important the work-life balance is. Meanwhile, one cannot be a lawyer and an attorney, only part of its lifetime called a job, i.e. the best ones of us never switch off being a lawyer at 6 pm and switch it on at 9 am 5 times a week. Being a lawyer is a way of thinking and being and feeling. Thus, no matter how boring it may seem for

others, the work-life balance in the case of an attorney (in-house counsels certainly have more chance to follow their plans than the attorneys are) is all about planning and controlling, and also being ready to change the plan any time when the urgent cases require their involvement. The secret is to treat both work and life responsibilities as equal duties and manage to fulfill them both and not sacrifice any of them for the other. Also, it is essential to enjoy both and try to have fun while doing your job and living your life.

Q: What was your personal feeling after you received the title of the Best Speaker of the National Phase? In general, how do you manage your emotions?

A: I received the titles of the Best Speaker of the National Phase of Philip C. Jessup International Law Moot Court Competition in 2003 or 2004. As you may see, it was so long time ago that it is hard to recall, especially memories of personal feelings. It ceased to have any personal importance since graduation from the university and become just part of my curriculum vita.

Q: What would be your strategy to make the world a better place to live?

A: Today, the vast issue is that everybody is talking endlessly, but only a few are listening. I believe humankind needs to commence, or if you believe we ever had such an ability, restart to listening. The next is we need to accept all types and kinds of diversities amongst ourselves, mainly we need to respect each other's opinion and not treat others as fools in case of counter opinions. We need to learn not to hate and cease to use hate speech while addressing controversial opinions. We need to be educated not by just knowing by heart some data from school or university books. We need to be educated emotionally, including collecting and analysing data ourselves and thinking in our way. All this, I believe, will help to make the world a better place to live.

Q: What advice would you give to the next generation of female leaders entering a male-dominated profession and to the AmCham community in general?

A: If you ever want to be a woman in leading, not allowing yourself to be or thinking that you are secondary to other sex, serve for purposes, if you are a lawyer, work for the protection of rights and freedom. Respect yourself as a person and love the profession, and find yourself in the profession. You have a voice and do not be afraid to speak up and to be loud. Be brave, intelligent, optimistic, and strong and altogether be the believer of your destiny and path. It will help to overcome all obstacles in your way to success! No one knows you better than you do and no one wants better for you than you do, hence be the creator of your destiny!



Mr. AHARON LEVONYAN

HEAD OF FINANCE

FL Consulting

CHIEF FINANCIAL OFFICER

Seraphim Consulting



SERAPHIM CONSULTING

DOLLAR VOTING OR CAPITAL MARKET CHALLENGES IN ARMENIA

In 20 years, the number of people who understand how the financial system works might be exactly zero. It will be so complicated, so fast, so dominated by these increasingly sophisticated algorithms that no human being will be able to understand what's happening in the financial markets.

Yuval Noah Harari

Dollar Voting

Dollar voting is an economic term that defines consumers' right to choose which producer will stay in the market by making purchases (spending money). The company from which the consumers will not make purchases will go bankrupt and will leave the market.

If the logic of dollar voting works in consumer markets, it can be applied in other markets as well, for example in the capital market.

The Advantages of a Developed Capital Market

The developed capital market allows the country to direct its savings through investments and loans to those sectors of the economy that need investments. From this point of view, it's important how efficiently operates the country's financial system to move the savings to other sectors through the capital market. Savings are converted into financial assets - bank deposits, private and government debt documents - bonds, direct investments into equity capital of companies - shares, etc.

The high level of development of the capital market has a positive effect on the economic growth index of a country. The liquidity of the stock market allows the placement of capital between different sectors at relatively low costs. Developed

capital markets provide opportunities to find the resources needed for long-term investments.

Obstacles to Capital Market Development

Bank deposits and accounts make up the majority of financial assets in Armenia. The existence of such a structure indicates problems in the chain of investments and savings. Most of the problems are related to objective circumstances and there are no quick solutions. Among them are:

- Low level of domestic savings
- The small size of the market
- High market risks
- Isolation from external financial sources
- Lack of long-term funds
- Scarcity of investment directions and projects, etc.

In developing countries, including Armenia, some factors are essential for the development of the capital market, the transformation or improvement of which can be expected to change the situation. Among them are the following factors:

- Capital market infrastructure
- Financial literacy of market participants
- Availability and convenience of securities trading tools
- Information and transactions transparency, etc.

The inactivity of the country's internal savings or the additional liquidity of the banks proves that there is a jam in the pipes connecting the savings and investments in the capital market. Financial intermediaries are one of the junctions of the above-mentioned pipeline. These specialized institutional structures,

banks and investment companies carry out the "lion's share" of transactions in the RA bond market. The share of retailers is significantly lower. There are many reasons here, from which we can single out:

- a) **Low Level of Awareness:** banks do not publish daily quotations of bonds, availability of which will allow private individual investors to quickly orient and to invest in more profitable assets.
- b) **Operational Difficulties:** the number and variety of documents required for the purchase and sale of a bond, the long lead time required to conclude a transaction, the lack of online tools create additional difficulties for an average statistical investor who avoids investing in those financial assets, preferring less sophisticated banking products, like time deposits.
- c) **Lack of Sectoral Knowledge:** low level of professional knowledge for a large part of the population. Lack of educational and consulting services significantly reduces the potential demand for these financial assets.

Who Makes the Decision?

From the savings placement tools, the RA commercial banks offer time deposits, savings accounts with different repayment terms and different conditions. In the case of those instruments, the owners of savings, which can be legal entities or individuals, do not participate in the process of allocating those savings, turning them into investments. The intermediary, the bank, decides where to place it, to whom to lend, that is, how to make that investment.

Another tool for placing savings is the bond when the buyer of the bond decides for himself which company to buy the bond from. Thus, the owner of the

savings decides independently, directing the investment to the industry or to the company that is preferable for him. This is a very important circumstance from the **behavioral finance** point of view.

According to the **theory of behavioral finance**, people's decisions to invest are not always conditioned by rational circumstances. Often financial decisions are based on emotions and cognitive bias. The practical impact of this theory can have a positive impact on the development of the Armenian capital market when people are given the opportunity to make their own decisions about the placement of savings. It can have an inclusive effect if the Armenian Diaspora becomes a participant in the capital market. A vivid example of the application of such a principle is the consumption of Armenian apricots in Moscow, when for political reasons Armenian apricots were left out of the markets belonging to the Azerbaijanis. Ensuring the access of the Armenian bonds and the stock market is also important in this context. The creation of technological capacities, the regulation of the legal field can be an incentive to secure investments for financing pan-Armenian projects from internal and external sources.

Recommendations

The implementation of certain concrete measures will contribute to overcoming the above-mentioned problems, ensuring the smooth turnover in the “savings-investments” pipeline, and activating the retail segment of the capital market, such as:

Daily Bond Quotes

Daily quotation of government and corporate bonds should be mandatory for all participants in the securities market, including banks and investment companies. As a result, the customer,

entering a bank or a specialized financial institution can get acquainted with the purchase and sale prices of bonds on a daily basis, make transactions on the mentioned conditions. This will ensure the transparency of pricing and the availability of securities.

Open Banking

The regulator's mandatory requirement for digital access to retail banking software programs in Armenia can be a stimulus for many IT and fintech companies to direct their resources to the banking sector and transform traditional banking services. From the point of view of the regulator, this event will stimulate innovation and competition in the banking system. As a result, online banking services will have qualitative and quantitative growth and will become more accessible to the customer. An example of the use of open banking is the PSD2 standard (the Second Payment Services Directive) used in the European Union, according to which open banking services are account information provision and payment initiation services.

Creating Investment Platforms as an Online Trading Market

The creation of online trading platforms, as a global trend, is taking place in a several areas, such as hospitality, logistics, transport, etc., intending to bypass the institutions of specialized intermediaries and make services more accessible to the customer. The existence of such a trend in the capital market is evidenced by the emergence of Robin Hood, Raisin Capital, Interactive brokers, and other platforms/programs, which have unprecedented growth in a short period of time. Robin Hood's mission is: “We're on a mission to democratize finance for all”.

Many developing countries, including Armenia, are left out of the opportunity

to participate in the retail trade of capital, to attract investments, without having such platforms. The development of local investment trading platforms will also facilitate integration with similar international platforms and ensure the representation of Armenian financial instruments.

Online Identification

Online identification challenges include the technological provision of centralized online solutions and the development of a legal framework. The purpose is to register a customer without visiting a bank or financial institution and giving an opportunity to a customer to use the banking services online. Given the size of the market, the creation of a single central system is much more preferable for all market participants from the point of view of economic efficiency and security. The direction is relatively new, but it is already available in many countries. The experience of Russia is interesting, where there is a Unified Biometric System (Единая биометрическая система - ЕБС), which provides online identification services not only to the banking system, but also to state institutions, to organizations in education, healthcare and other sectors.

The implementation of these steps will not only contribute to the removal of jams in the “savings and investments” pipeline, to the activation of the retail sector of the capital market, but will also increase the level of financial literacy of the population. Private investors will have the opportunity to invest their savings in more profitable assets, and businesses can attract relatively cheap resources.





Ms. GOHAR TOVMASYAN

LEGAL ASSOCIATE

TK & Partners

TK & Partners
Legal and Advisory

IS TREATY SHOPPING IN INTERNATIONAL INVESTMENT LAW A “LEGITIMATE NATIONALITY PLANNING” OR “TREATY ABUSE”?

From the perspective of International Investment and Trade, the world of today is more interconnected than ever before. Nowadays, nearly every country in the world has concluded International Investment Agreements (IIA), thereby committing themselves to observe particular principles on the treatment of foreign investments within their territory.

It is a very common characteristic of investment protection treaties to allow foreign investors to bring a claim before an international tribunal against the host state (**directly/not through their home state**). The opportunity to initiate arbitration against the State gives some kind of power or figurately saying “teeth”. States do not have obligation to grant equal treatment to all Investors. So, Investors’ legal stance relative to State can vary. Consequently, International Investment Law (IIL) witnesses a growing number of treaty shopping situations, where the Investors try to comply with the rules on **nationality of claims** by incorporating in countries of convenience. This “legal maneuver” allows gain the access to favorable IIA provisions and dispute settlement mechanisms, to which they would otherwise have no access.

So, what is Treaty shopping? Most authors seem to agree that treaty shopping presupposes a corporate structuring or restructuring decision of some sort to access favorable (or more favorable) IIA provisions with the host State.

There are two main possible scenarios of Treaty shopping. First, the investor’s nationality/home state might not have a BIT with the state he wants to invest in. Second, the investor’s nationality/home state might have a Bilateral International Treaty (BIT) with the state he wants to invest in, but its provisions may not be as favorable for him as the provisions of BIT between the third state and the host

state. By some corporate structuring maneuver, the investor will make a proper ground for being qualified as an investor from his preferred state. Accordingly, his investment will be protected by the BIT concluded between the third (his preferred) state and the host state. It is important to mention, that the treaty shopper, generally, has no real economic connection with the state due to which he has routed his investment. The intentional structuring of investments through states with which the investment has no business connection in any form overall describes the core nature of the Treaty shopping phenomenon.

Treaty shopping is a relatively new phenomenon in the IIL system. As such, it raises several questions. At first glance, it has some contradictions with the IIL system which we deem as being essentially bilateral and based on reciprocity. However, it should be noted, that Treaty shopping does not grant the investor (treaty-shopper) anything more than that which the system of investment protection is originally about: the possibility to resolve disputes through international investment arbitration and fair treatment. Hence, by looking at the concept of Treaty shopping from the viewpoint of the main rationale of the IIL system, we can conclude, that they do not stand in contradiction, but the opposite - in compliance. Correspondingly the practice of arbitral tribunals which

have dealt with the issue of Treaty shopping seems to be in harmony with the above-mentioned reasoning. In some cases, the Treaty shopping may lead to violation of fundamental principles, upon which access to International Investment Arbitration will be denied by tribunals. However, timely corporate restructuring/nationality planning generally has been viewed by tribunals as legitimate. It is not per se illegal for an Investor, of one nationality, who protects his business interests, to establish a new entity in a jurisdiction recognized to provide a beneficial regulatory and legal environment, (including the availability of a favorable/more favorable investment treaty). The decisive factor here is completing the process in advance and in a proper timely manner. Nowadays, the establishment of companies for the aim of obtaining benefits from the domestic legal system and treaties is becoming a common practice in international business relationships. Nationality planning has become an equivalent tool of business managing to tax planning.

Only time will demonstrate whether the benefits of this practice outweigh the downsides. Until then, Treaty shopping has its stable place/role in the system, not as an enemy, but as an – if at times slightly burdensome – ally.





MS. ARPI KARAPETYAN

FOUNDER AND CHAIRMAN
Armenian HR Association

FOUNDER AND GENERAL MANAGER
Cascade People & Business



ARMENIAN
HR ASSOCIATION

NEW MEANS, NEW GOALS FOR SOLDIERS AND EMPLOYERS

Armenian HR Association has brought together more than 400 professionals since 2010. Association aims to develop a professional workforce in the Republic of Armenia, which will contribute to the formation and development of sustainable personnel in the effective management of the country.

By organizing and developing various programs and projects, the Armenian HR Association aims to create a professional community in all regions of the country and support the labor market and businesses through supply and demand research and mapping, HR meetings, training and development programs, distribution and communication of key trends in the field, discussion of specific tools and projects.

We are currently implementing the **“Nor Ej”** Corporate Social Responsibility program, which will be presented in this article.

The **“Nor Ej”** social responsibility program was launched in December of 2020 and is aimed at supporting those who have participated in military actions, gained temporary or permanent physical disabilities and/or Post-Traumatic Stress Disorder(PTSD), and have been demobilized.

The goal of the program is to reduce the gap between the skills of the workforce and the needs of employers as a result of the overall crisis in Armenia. **“Nor Ej”** will support the target group beneficiaries to acquire clear skills and enter the labor market.

On the one hand, the program targets about 1,000 veterans aged 18-30, with whom professional interviews have been conducted on competencies and desires identification. On the other hand, the program intends to cooperate with around 500 organizations to measure their requirements in the workforce. Currently,

more than 200 employers have provided vacancies for the **“Nor Ej”** program participants.

The third component of the program is the collection of a substantial database of trainers and Technical and Vocational Education and Training (TVET) instructors, who will be willing and have the proper competencies to teach and cover the gap between the supply and demand according to the research results.

The overall methodology of the program and surveys for both the employers and the beneficiaries are already developed, meanwhile, the implementation is in process. More than 1,300 veterans have joined the project, with whom surveys were conducted to uncover their competencies and motivational desires. Simultaneously, surveys are filled in by the employers to provide the veterans with employment opportunities. Thus, based on the results of the surveys and interviews, data analysis is continuously being carried out to match the demand and supply in the labor market.

As per the veterans' survey results, they are young people living in all regions of Armenia, including Artsakh. 33% of soldiers live in Yerevan, followed by 12% living in Kotayk and 11% living in Shirak. The lowest number of participants is from Syunik, Artsakh, and Vayots Dzor 3%, 2%, and 2%, respectively. 59% of them have either higher or incomplete higher education, while 79% have some work experience. Considering their background, experience, and motivation, we can assume that after re-skilling and up-skilling, most of them will become more competitive in the labor market.

According to the answers filled in by the employing organizations, the most demanded fields for the vacancies are: IT, Finance/Banking/Accounting, Legal,

Medicine, Pharmaceuticals, Clinical Coding, Medical Instruments Service, Linguistics, Engineering, Agriculture, Management, Marketing & Sales, Customer Service, Restaurant Service, Administration, Logistics & Delivery, Furniture & Wood Manufacturing, etc. Employers have provided positions for the next 6 months, within which more than 800 jobs will become available.

Most of the surveyed employers are located in Yerevan or have a branch in Yerevan (88%). Organizations from Kotayk, Syunik, Armavir, Ararat, Lori, Tavush, and Vayots Dzor regions are involved as well. 50% of partnering employers are ready to consider veterans with disabilities for the vacancies they provided, which is an essential part of this project.

Recently we have started the organization of various training and development activities, which are being offered to the participants with at least 5 new options to choose from every week. 10 opportunities have already been introduced to the participants.

Even though the main flow of the registrations is officially completed, our team has made a vital decision not to close the registration lines and keep the process ongoing until September 2021, as there is a growing and huge demand for the **“Nor Ej”** program from the veterans' and employers' side.

As a result of the program, local businesses will be supplied and enriched with re-skilled and up-skilled professionals. Besides, the veterans will get an opportunity to reintegrate into the labor market and society with a potential for further professional development.



Mr. ARTUR HOVHANNISYAN

PARTNER ASSOCIATE
Concern Dialog Law firm



PLEDGE AND SURETYSHIP AS MAIN TOOLS FOR ENSURING CREDIT OBLIGATIONS

Introduction

Although the capital markets show some signs of development in the Republic of Armenia, the funding for business establishment or expansion still heavily depends on credit financing by credit organisations (universal credit organisations and banks). As banks mainly provide business credits only by applying the security of the fulfillment of the obligation, mainly by applying pledge and suretyship or requesting a secured right, most often, the obstacles to business development were because the businesses could not get the necessary credit because of the lack of proprietary asset of appropriate value for a pledge. Banks often apply other security, such as suretyship, in addition to the pledge, so the absence of a pledge leads to credit rejection.

To promote the development of the business environment Armenia has provided a broad scope of the pledge. In addition, the recent legislative changes have improved the legal status of guarantors and other risks that have prevented many people from being engaged as guarantors.

What can be the Subject of the Pledge?

Based on Article 230(1) and Article 232 of the RA Civil Code, the following property may be separated as collateral¹:

- 1) any property, including monetary means, immovable and movable property, securities
- 2) property² rights, including the right to land development, right of use of property, right of servitude, including the rights to personal servitude, the



right to purchase immovable property in a building under construction, the right of the claim (for example, the right to claim money from another person may be pledged)

- 3) appurtenances of the pledged property that is the property designated for serving the pledged property and connected to it by a common purpose
- 4) fruits, products, income obtained as a result of the use of the pledged property, and the property and property rights to be acquired in the future by the pledgor, in case it is explicitly mentioned in the contract of pledge.

Here we want to draw the attention of economic entities, particularly to the collateral provided for in point 4 above, as it allows them to apply directly to the bank for the necessary amount of credit even if they don't have their property necessary at the time. Recently, the broad involvement of such credit funds has been particularly tangible in production and among economic entities engaged in construction. Moreover, the RA civil legislation envisages a comprehensive regulation for the pledge (mortgage) of the immovable property under construction. In particular, according to Article 271 (1) of the RA Civil Code, when granting credit

¹ except for the property removed from circulation, claims inherently and inseparably connected with the creditor, including claims for compensation of alimony, damage caused to life or health, those registered government (treasury) securities the conditions of the issuance of which will provide that the securities in question may not be pledged, and those rights the surrender of which to another person is proscribed by law.

² For example, for obtaining credit funds the economic entity engaged in the production of solar energy may pledge not only the solar electricity generating system but also the expected income obtained from electricity resulting from its operation (offtake).

for construction, reconstruction, repair, renovation of a residential house, building or structure, security of the obligation by the land parcel, uncompleted construction and materials and equipment acquired for construction belonging to the pledgor may be provided for by the contract of mortgage.

Is it Possible to Re-Pledge the Property that has already been Pledged?

The RA legislation provides for the possibility of the pledged property becoming collateral for another pledge (subsequent pledge). Moreover, if until July 2016 it was envisaged that the subsequent pledge was allowed, in case it was not prohibited by the previous contracts of pledge, as a result of the amendments to the Civil Code, it was envisaged that the agreement restricting the right of a pledgor to turn the pledged property into collateral for another pledge (subsequent pledge) is null and void. In other words, the subsequent pledge may be concluded without the consent of the main pledgee, which substantially increased the number of subsequent pledges concluded in Armenia.

What Changes are Envisaged in the Legislation Concerning the Suretyship?

Before the recent amendments, the legislation provided that the guarantor

bears joint and several liabilities for the debtor's obligation. The creditor independently decided from whom to demand the fulfillment of the obligation, from the debtor, from the guarantor, or both at the same time. From 1 January 2022, the guarantor, a natural person, will bear subsidiary liability for the debtor's obligations to the bank or credit organisation. That means that the guarantor may be required to fulfill the obligation instead of the debtor only if the debtor's property is not sufficient for the complete fulfillment of the obligations.

An exception to this rule is provided for when the contract of suretyship envisages the joint and several obligations of the guarantor, and at the same time:

- 1) the guarantor and the debtor are members of the same family. For the purposes of this paragraph, members of the same family are considered to be the spouse, the parents, the grandfather, the grandmother, the grandson over 18 years old, the child over 18 years old and his or her spouse, the sister, brother over 18 years old and their spouses and their children over 18 years old.
- 2) The guarantor is a member of the executive body of the debtor legal entity or a participant or shareholder of the debtor legal entity.

- 3) The guarantor is the real beneficiary of the debtor's legal entity or the sole proprietor.

The abovementioned means that if the guarantor (suretyship provider) is the shareholder or the beneficial owner of the business, they will not benefit from the new regulations. However, if the guarantor is a third-party individual, they shall have additional guarantees in case of non-fulfillment of the obligations by the creditor.

In addition, the bank or credit organisation shall be obliged to notify the guarantor that the debtor is unable to fulfill the obligation and only from that moment shall the guarantor have an obligation to pay instead of the debtor, which in its turn means that the guarantor shall no longer have an adverse credit history automatically from the moment the debtor fails to fulfill his or her obligation to the bank. The mentioned legislative amendments coming into force from the next year are undoubtedly a significant change to protect the guarantor's rights. We believe they will contribute to the involvement of individual guarantors (natural persons) and, hence, increase the number of credit funds received by the economic entities.





Ms. SATENIK SHAHBAZYAN

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THE ARMENIAN ELECTRICITY SYSTEM AND ITS IMPACT ON THE BUSINESS ENVIRONMENT

Infrastructure services (including electricity services) are a major concern for businesses around the world. Reliable electricity supply, a short period of obtaining electricity connection and reasonable tariffs are promoters to commercial activities. Reliable electricity supply favorably affects firm productivity and their investments' productive capacity.

The time required for a company to obtain a permanent electricity connection is of great importance for the development of the business environment. The procedure of obtaining a new electricity connection is regulated by Decision No 358-N of the Public Services Regulatory Commission of the Republic of Armenia, which provides for a maximum time of providing electricity to the business entities. That time depends on voltage levels. For instance, in the case of connection to the electricity network with 6 (10) kV, the maximum period for providing the company with electricity supply may not exceed 90 days.

Power outages severely hamper business activity as well as the economy overall. To solve this problem, Decision N 358-N of the Public Services Regulatory Commission of the Republic of Armenia gives an opportunity to provide the business entity with a backup power supply, which is carried out at the request of the company.

In some cases, the backup power supply is obligatory for some type of business entity. Such entities are called Class I electric receivers. According to the Decision No 1943-N of the Government of the Republic of Armenia of 21.12.2006, Class I electric receivers are organizations whose power outages can endanger people's lives, threaten the security of the state, cause significant material damage, disruption of complex technological processes, disruption of utilities and exceptionally important elements of telecommunication facilities. Class I

electric receivers in normal modes must be supplied with electricity from no less than two independent power sources.

A special group of electric receivers is separated from the Class I electric receivers, the constant work of which is necessary to ensure the life and safety of people, to prevent unauthorized emissions into the environment. For the power supply of special Class I electric receivers, an additional power supply should be provided from the third independent backup power supply.

As for the electricity tariff, it is defined by the Public Services Regulatory Commission and can be conditionally divided into the tariff of electricity producers and the tariff set for the enterprises that are considered as final consumers. In setting the tariff, the Public Services Regulatory Commission is governed by the law "On Energy" of RA, which defines the principles of tariff setting. The Commission defines the procedure for setting and reviewing those tariffs.

Final consumers' tariffs vary according to voltage levels, daytime electricity consumption. For example, for business

entities fed with 110 kV voltage, the daily tariff is 36.98 AMD / kWh, the night tariff is 32.98 AMD / kWh.

The tariff on electricity producers depends on the type of power plants (thermal power plants, nuclear power plants, large hydropower plants with a capacity of more than 30 MW, small hydropower plants, power plants using renewable energy resources). For instance, tariffs for electricity supplied from small hydropower plants are based on the principle of providing the necessary income, according to which the proceeds from the sale of electricity by the production company must meet the implementation of maintenance of costs necessary for reliable, safe production of electricity, compensation for the depreciation of fixed assets used for electricity generation, assurance of a reasonable profit on assets used for electricity generation (Decision No 275-N of Public Services Regulatory Commission of the Republic of Armenia "On Approving the Methodology for Calculating Tariffs for Electricity Supplied from Small Hydropower Plants").





Ms. SUSANNA NERSISYAN

GENERAL DIRECTOR

ARMAUTHOR Non Governmental Collective
Management Organisation of Copyright and Related Rights



WHAT IS A COPYRIGHT?

What is a Copyright?

A copyright is a legislative safety given to the authors, that provides the right to protect their own intellectual property. The law on copyright is based on the conviction that the author of the work deserves to receive reasonable compensation and have the right to monitor the external usage of their own creation. In Armenia, the law on copyright and related its complementary rights was passed by the National Assembly on 15 June 2006. The civil code of the Republic of Armenia also contains provisions on copyright in section 10, articles 1100-1143.

In particular, the second article in the law on the rights cohesive to copyright establishes that the legislation regarding the copyright and related rights consists of the Armenian Constitution, civil code, the legislation on copyright, other laws and juridical acts and the international agreements of the Republic of Armenia.

Are the Ideas Preserved by the Copyright?

Copyright shall not cover scientific discoveries, ideas, principles, methods, procedures, viewpoints, systems, ceremonies, scientific theories, mathematical formulas, statistical diagrams, rules of games, even if they are expressed, described, disclosed, commented in works.

How does the Copyright Originate and is there a need for any Formality?

The principle adopted all around the world is that the copyright automatically emerges from the only fact that the work has been created and doesn't depend on any other kind of formality. In this sense, the copyright fundamentally differs from the other rights concerning intellectual property, such as inventions and trademarks. According to the Bern convention, the copyright cannot be determined by any formality, such as

registration or the submission of copies.

Who is the Author?

An author is a physical person who creates the work, and for that reason owns the distinct rights related to that creation.

What are the Rights of the Author?

There are two types of rights: a/Copyright is the exclusive moral non-economic, b/ exclusive economic rights of the author to his work.

The Period of Validity of the Copyright

The author's economic rights shall run for the whole life of the author and for 70 years after his death.

The economic rights in a work created by co-authorship shall run for the life of the co-authors and for 70 years after the death of the last surviving author.

In the case of anonymous or pseudonymous works the economic rights of the author emanate from the date the work is lawfully made available to the public and shall run for 70 years. If, during the mentioned period, the identity of the author of the work made public anonymously or under a pseudonym is disclosed, the terms mentioned in paragraph (1) of this Article shall apply.

The period of validity for audiovisual works is 70 years after the death of the last individual from the followings - the principal director, the author of the screenplay, the author of the dialogue, the composer of music specifically created for the audiovisual works and the cameraman.

Which are the Objects of the Copyright?

The provision of the copyright extends to a wide range of creations. The works differ in their expression, way of usage, degree of independence. The classification of copyright objects originates primarily from the Bern Convention. However, every state

has the right to regulate the list of copyright objects. Due to the improvements in living standards and economic growth, the scope of creations is gradually widening. We have already noted, that the copyright protects the following literary, scientific and artistic works:

- Literary works
- Musical works
- Computer programs
- Scientific works
- Drama or scenic artworks
- Audiovisual
- Works of applied decorative art and stage graphics;
- Painting, graphical or other fine art works, maps
- Architectural, civil engineering and gardening art
- Photography and other artworks

Usually, the list of objects established by the copyright law is not exhaustive. If the new result of the creative work is not noted in the object list but corresponds with all the legal requirements, it is accepted as creation and benefits from the same protection that was intended for the copyright objects fixed by the law.

Copyright and Related Rights in the Republic of Armenia, the Civil Code, its Practical Application

In the Republic of Armenia, the norms for copyright and all other related rights are regulated by the following normative acts:

- By the Constitution of the Republic of Armenia
- By the Civil Code of the Republic of Armenia, the Criminal Code of the Republic of Armenia, the Customs Code of the Republic of Armenia, with

“On copyright and related rights” law / entered into force in 20 July 2006.

- By the Republic of Armenia Government decision number 506 on 11 January 2007 “On the minimum wage provisions for some types of usage of literature and artwork”.

The Republic of Armenia is a member of the following conventions and agreements:

The Brussel Convention on the spread of program signals transmitted through satellites (1974, Brussel) since 13 December 1993.

The Bern Convention on the protection of literary and artistic works (1886, 1971, Paris acts of July 24th) – since 19 October 2000.

The Rome Convention on the protection of interests of the performers, recording creators and TV show personas (1961 Rome) – since 31 January 2003.

The Geneva Convention on the protection of the interests of the producers of recordings from low-quality recordings’ reproduction (1971 Geneva) – since 31 January 2003.

The Center for Civilization and Cultural Studies (CCCS) agreement on copyright (1996, Geneva) – since 6 March 2005.

The CCCS agreement on performances and recordings (1996, Geneva) – since 6 March 2005.

Organizations dealing with copyright and the related rights:

In the Republic of Armenia, the following organizations are dealing with copyright and its cohesive rights.

The State Intellectual Property Agency has a separate section for copyright and the related rights within the organization. The state agency bears the function of guaranteeing the protection of copyright and related rights in Armenia, the creation

and modification of the legislative base in the selected fields, joining international agreements and conventions, and some other functions regarding the conduction of state policies.

The ArmAuthor copyright and related rights collective manager organization – non-government and non-commercial public organization, that was created by the artistic community, to actualize and protect its rights.

The main operations of ArmAuthor are:

- The property rights management of the authors on a collective basis (their legal successors), in case the practical implementation is hard for them to accomplish individually. For instance, the public performance, including the reproduction through radio, TV and mechanical record and others
- Representing the legal interests of its members in the court, government, non-government and social organizations, in the scope of the jurisdictions allocated to them
- Sealing of allowances and agreements with those organizations that in accordance with the requirements for creative work usage
- Collection, distribution and payment of the authorship remunerations in accordance with the allowance agreements
- The registration and accounting of the authors and the creative works they use
- The conduct of negotiations with foreign organizations and sealing of agreements on cooperation within the scope of their jurisdiction.

In December 2001, ArmAuthor became a member of the CISAC international confederations (Paris) of authors and composers.

3. Different legal companies.

The Practical Implementation

Vast steps have been made in Armenia in refining the juridical basis of copyright and related rights, and practically implementing it in joining international agreements and conventions. Nevertheless, the urgent need to protect the rights of the authors and performers brings those norms into action and recover their rights are unsettled by lawsuits and are still vivid. The lack of staff in the juridical field is also a gap, as well as the critical need to intensify the interpretative works with the general population. Many users are engaging in criminal activities concerning intellectual property without the intentions or deliberately, without having the consent of the person with the rights on the work, due to the incentive to get rich, salvage the results of others original work and avoid taxes. The illegal usage of the protected objects impacts the country’s economy, hence, leading to the weakening of the country and a collapse of authorship on the international level.

Coming from all these points, we can conclude that there has been much achieved in Armenia in the sphere of copyright and related rights. Albeit, there still much progress to be made.

All around the globe, the 23rd and 26th of April are connected with intellectual property. By the proposition of UNESCO, nearly in every country on April 23rd, the international day of books and authorship rights is celebrated. The general assembly of the World Intellectual Property Organization (WIPO) decided to celebrate on the 26th of April, the international day of intellectual property. On the same day, the convention came into force that founded the organization designated to facilitate the protection and development of intellectual property all around the world.





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In our days, the usage of unlicensed software is no longer an option, nevertheless, some professionals in Armenia prefer to obtain their software from illegal sources. They think they can save money by avoiding payments for the software, but they are not aware of the dangerous consequences of the unlicensed software.

The main objectives of using licensed software are to improve project performance and to generate better results. It allows professionals from various disciplines to collaborate effectively for optimal performance.

Safety and reduction of risks, time and money-saving, technical support, Improvement of productivity, being updated about the latest trends among the users are the priorities, which make the reason to choose the licensed software.

ArDesk, being a member of **ICN Group** in the Netherlands and the official Armenian representative of Autodesk, allows being a part of this expanding global market without limiting your growth providing:

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When you effectively manage your software licenses, it decreases the chances of having nonvalid software which is more likely to contain malware. Nonvalid software also may have been manipulated by “hackers” or “pirates” thereby compromising your work. Effective software asset management programs ensure you do not download nonvalid software from unauthorized sources.

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And on the whole, the right investments as buying licensed software allows you to get one step ahead of your competitors.





ARMENIA MARRIOTT YEREVAN

Meeting Point Gastro Café & Terrace



New **Meeting Point** opening on the Republic Square at the Armenia Marriott Yerevan: Chef from Sheraton Grand Tbilisi Metechi Palace to open Gastro Café & Terrace with all-day a la carte and weekend brunches.

Meeting Point Gastro Café & Terrace, the cafe at the Armenia Marriott Yerevan, is opening on the 21st of May, at the same place but renewed

and rebranded. Working daily from early morning to late night and on weekends late morning to late night, guests will have an all-day café experience with vitrine activations of great variety. Breakfast culture with its best traditions will be on point every day. The extensive vitrine will be showcasing freshly baked pastry and cakes waiting there to be chosen while the barista makes the best in the city coffee to wake you up. We know what you want to experience in the morning, perfectly made omelet, artisanal breakfast sandwiched accompanied with freshly squeezed juice. On the weekends when you don't have to take away your coffee with a pie rushing to work Meeting Point suggests coming for a late lazy breakfast or brunch with your family and friends and make your Sunday start perfectly.

In addition, to breakfast and brunches, Marriott's top Director of Food and Beverage Thijs van Rhoon and Executive Sous Chef

Kakhaber Elbakidze coming over from Tbilisi will make your lunches and dinners remarkable presenting classic European cuisine with fresh and natural Armenian ingredients and flavors. Meanwhile, the classic cocktails executed flawlessly by our bartenders will make the ambiance even more relaxed and careless. Prepare yourself for the most enjoyable summer evenings watching dancing fountains on one side and the weekend barmen show on the other side.

We know you have been missing those easy cafes on the squares of every little and big European city you traveled to. Meeting Point is going to be that only outdoor cafe and terrace in the most amazing location of Yerevan, the Republic Square, where you can sit for an Aperol and a sandwich to watch the busy movement or make a gathering with friends to remember your trips together and have the same pleasant experience you had in Europe here in Yerevan.





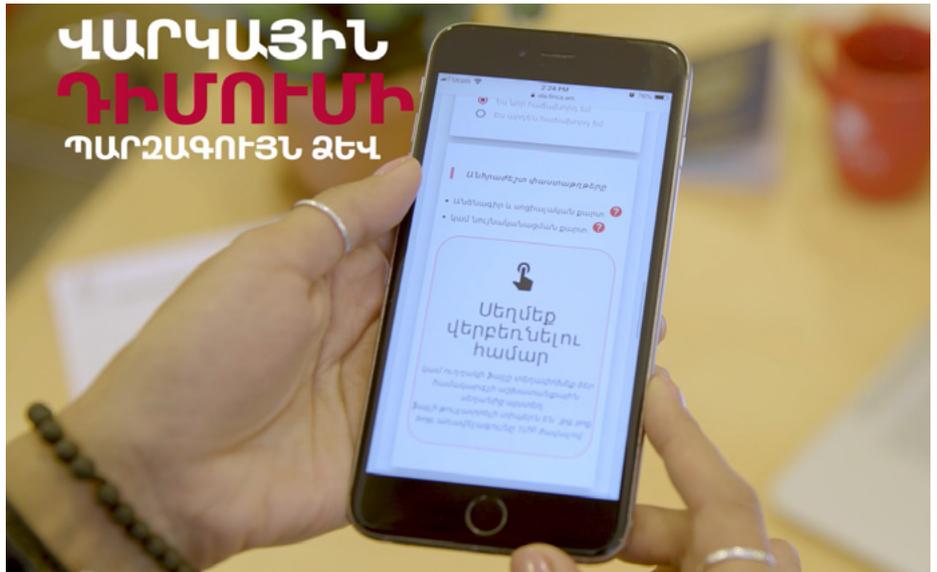
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FINCA Armenia's Road to Digital Transformation

In the current reality and age of fast-paced technological advances, digitalization has become a must in the day-to-day operations of millions of businesses in various fields and sectors all around the world. Moreover, in 2020, the worldwide pandemic acted as an accelerator for the demand for digital services, thus making the switch to digital a more urgent priority.

We, at **FINCA Armenia**, have been working on digitalization and automation for a while now. What we've dubbed as **FINCA 2.0** entails full digital transformation, that is, digitalization of almost all services and automation of processes, and is currently our core priority. On our journey towards digitalization, we introduced **ola.am** – our **Online Loan Application** platform. However, since a large part of our target market is from the rural areas of Armenia and is not as technically savvy as the general public, we always had the worry and challenge that providing digital services might not work out as expected. But, due to the pandemic and all the physical limitations and safety concerns, even the most traditional segments demanded and had to switch to digital services. As a result, we feel that today our clients

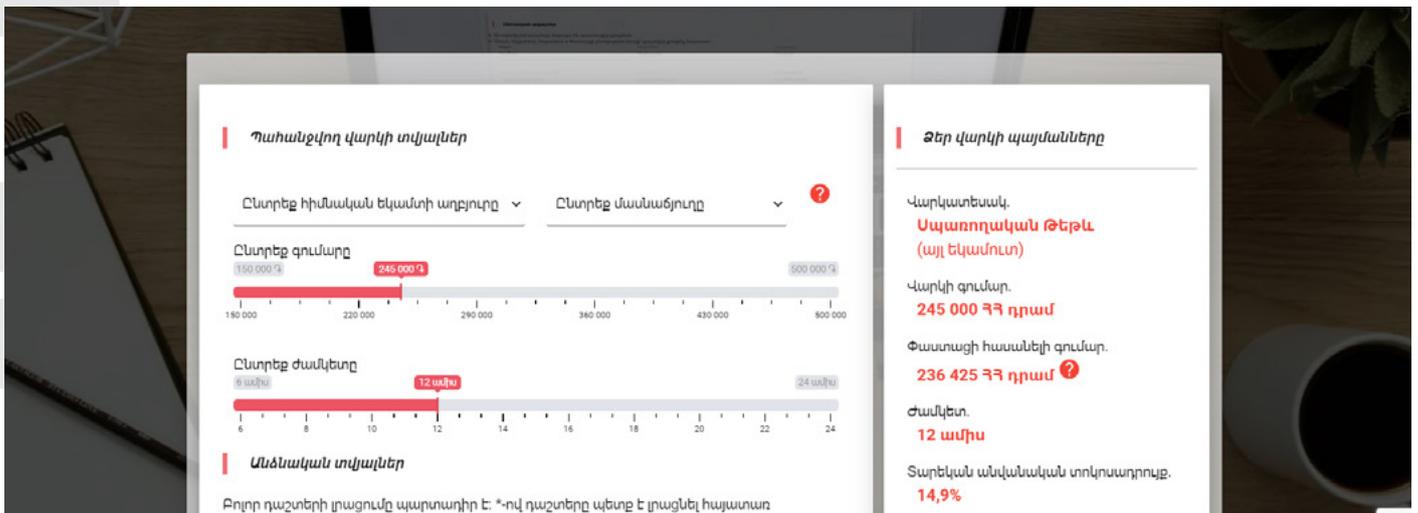


are readier for and even looking forward to our digital transformation.

Throughout its operation, all approaches, programs and projects at **FINCA** have been built on the principle of putting the customer's interest first. Therefore, to make their switch to digital smoother and help them level-up, we are taking steps from simply being a loan provider towards becoming a strategic partner for our clients, which will provide a package of services including trainings, capacity building, advice and more. We have focused all our potential

towards offering our customers more innovative technological solutions, the tangible results of which will be visible to them soon.

Our next big step towards digitalization is introducing a fully automated **24-hour Online Loan Application** platform with the possibility to disburse loans within minutes. Aimed at providing speed and comfort to our customers, this new platform will also serve as a personal account for them to keep track of their loans, payments and more.





GAZELLE FINANCE

Partnering for Business Growth

Gazelle Finance (GF) is an international investment fund (represented in Armenia as Gazelle Finance UCO LLC - **GFAR**), that finances high-growth, small and medium-sized enterprises in the Eurasia Region. In March 2017, GF launched an investment fund with \$42M in committed capital, opening its first office in Tbilisi and after in 2018 in Yerevan. GF seeks to identify gaps and barriers in frontier capital markets and provide combined financing and business advisory solution to ambitious entrepreneurs. By investing and partnering with these entrepreneurs, GF helps local markets and economies to expand, while generating commercial returns for its investors. Our target clients are “gazelles”, SME’s that have the potential to grow rapidly over a sustained period. What makes us different from other financial

institutions - is an investment model that combines debt, equity, and other financial instruments to align the interests of investors and entrepreneurs. It is a business of trust, as we do not seek 100% collateral coverage. Besides, our team works with clients to identify expertise gaps and provide technical assistance that will further enhance the overall financing offering, boosting the client’s attractiveness in the market.

Recently, GF committed an investment of \$1,000,000 in Smart Energy Technologies, a leading regional solar power development company based in Gyumri, Armenia. This investment positions Smart Energy to launch 3 megawatts of solar power generation. Distributed power project development companies, like Smart Energy, are well-positioned

to rapidly grow the largely untapped solar power market. GFAR and SET (Smart Energy Technologies) believe that this cooperation will take solar power generation to the next level in Armenia.

“GF has a recipe for success, which starts with identifying strong entrepreneurs. Our diversification strategy makes us sector agnostic, though we focus on the value and supply chains of sectors critical to the growth of the economy. We also look forward to financing the growing high-tech industry in our country”, - says Tigran Hovhannisyan, Ph.D., the Executive Director and the Chief Investment Officer of GFAR, who has over 25 years of experience working in the finance industry in EMEA, having held senior leadership positions in HSBC, VTB and Troika Dialog.

— NEW PARTNERSHIP —





INCOBANK

INCOBANK OFFERS A NEW APPROACH TO BANKING SERVICES

Inecobank has launched a new initiative, presenting a series of unique bank account packages, adhering to the principle of valuing the customers' time. Each customer will be able to find an option matching their lifestyle and financial management preferences.

The start, basic, plus, special – each of the new account packages includes the best products of the given class. These 4 packages combine all the necessary banking services and are designed for both the Bank's loyal and experienced customers, as well as all those who have just joined or are still going to join the Digital Bank, seeking to take advantage of all the innovative opportunities.

"When developing our new packages of enhanced banking services, we

were guided by the approach that each customer has a unique rhythm of life and demand linked to it. Therefore, we have created such individualized solutions that will satisfy customers with the most diverse needs, and most importantly, will save their time," says Levon Rubinyan, Inecobank Chief Retail Business Officer.

The package **start** provides confident access to innovative banking services for all those who are just going to join Inecobank and are interested in the most essential banking services.

Customers who choose the package **basic** can get the best banking services created for their basic financial needs.

The package **plus** with advanced features is more convenient for customers using different banking

services, who enjoy additional convenience and the opportunity to receive services on preferential terms.

More advanced banking facilities form the individualized package **special**, which will be of interest to customers with a high-paced life that features active financial transactions, leading to exclusive terms and special needs when it comes to the quality of service.

All four account packages form a new offer based on the Bank's previous successful experience, helping the current and future customers remain close to the innovative services of the Digital Bank and continue to grow in line with their financial needs.

The packages are available to customers both at the Bank's branches and online.





for a better business environment



www.amcham.am



AmCham Armenia



AmChamArmenia



AmChamArm





BDO ARMENIA

Introducing Investment Outlook Reports

2020 has considerably challenged the resilience of businesses and questioned their ability to adapt and steer through the changing business environment.

The professional team of BDO in Armenia, based on the accumulated professional experience, thorough research and thought leadership, has published a series of Investment Outlook Reports pursuing the idea of assisting businesses to identify their competitive edges and better navigate changes.

BDO is happy to inform you that the Reports on **Healthcare, Agriculture, Energy** and **ICT** sectors are already in the wings!

The goal of Investment Outlook Reports is to give insights regarding the sector to stakeholders and/or potential investors for better decision making.

The sectorial reports include but are not limited to:

- Competitive and strategic interaction of the sector
- Key challenges and risk factors
- Barriers to entry protecting sector's profit levels
- Specific industries/subsectors projects that are particularly attractive
- Financing options and exit routes

All crucial information for the research was obtained through **credible** sources, including databases of the local and international organization, market reports of reputable agencies and companies, and has been processed as a result of data collection, analysis and interpretation.

Upon request and necessity, the BDO team is ready to tailor the reports to the specific needs and requirements of a company.

Contact BDO in Armenia for your free synopsis of the reports and/or subscription request at bdo@bdoarmenia.am





BUSINESS SUPPORT CENTER BIZLIZ

The Project from Future



- Want to get all-in-one comprehensive solutions for effective and evaluable growth
- Got rejected by financial institutions because of their business concept, business idea, forecasts and uncertain future
- Want to make goal-oriented investments, understand the effectiveness of investing in a new production line and discover the possible alternatives
- Want to reveal the unrealized market potential and business opportunities.

The current constantly changing and evolving business environment and the negative impact of the COVID-19 pandemic, forces the businesses to be more flexible and solution-oriented to stay competitive and seize available opportunities in the market and the moment of success. Nowadays, the majority of businesses focus on partial and local solutions, ignoring some business factors which may have a crucial impact on their progress and long-term success. **BSC - Business Support Center** and **ALC - Armenian Leasing Company** have found the solution in the project **BizLiz**, which reveals the hidden potential and opportunities in the market, making them visible for others.

Especially now, our efforts and input contributing to the social and economic development of Armenia matter a lot. **BSC** has launched **#Projects12** as one of the strategic directions of the company in 2021 and **BizLiz** is the first project which aims to mitigate the negative impact of 2020 and create favorable conditions for the growth and development of businesses in Armenia. The Project will not only allow to develop a business mindset among entrepreneurs, but also will resolve the problems related to investments through leasing solutions. It is noteworthy that with this cooperation **BizLiz** wants to become an example for others, proving that competition is

not always the right path when there are possibilities of cooperation.

With its innovative and revolutionary approach, **BizLiz** is a project from the future based on the philosophy of **Cooperation instead of Competition**. Financial institutions evaluate the past, whereas consulting companies evaluate the future. **BizLiz** combines management consulting and leasing solutions, offering an all-in-one comprehensive solution for the businesses and guaranteeing their further growth and development. **BizLiz** puts an emphasis on an individual and systematic approach, taking into account all the specificities of the business and providing the best combination of solutions for each case.

BizLiz is the next to a business at any stage of the business life cycle: from idea generation to the development and expansion of an existing business. The key beneficiaries of the project are **Armenian producers, service providers and farmers** who:

Within the project **BizLiz**, **Mr. Samvel Gevorgyan, Director, BSC** and **Arsen Bazikyan, Director, ALC** are launching **one-hour consulting sessions** for entrepreneurs, during which they will assess the existing situation of the business, as well as reveal its hidden potential and growth strategies, combining management consulting and leasing solutions.

You can get your customized **BizLiz** solution by applying to both **ArmLeasing** and **Business Support Center**.

We strongly believe that together we can create more, do more and be more...

#NextToBusiness

#AlwaysForward

#GeneratingTheFuture





HABITAT FOR HUMANITY ARMENIA

When the Hard Work and Consistency Bring the Results



Habitat for Humanity Armenia (Habitat Armenia) has recorded the first success in its advocacy efforts towards reforming legislation on residential buildings management in Armenia. In December 2020, the Government of Armenia approved the “Decision on Bank Account Opening and Servicing Procedure” for the implementation of mandatory and other payments set by the RA “Law on Residential Buildings Management”. This means that each building will have a separate bank account for the management of its funds, which will increase the overall transparency of the fund management for each building. In addition to this, by the decision of the homeowners’ assembly, they can set up a separate reserve fund account for each building which will be used to cover the expenses related to the unforeseen renovation works in the building, as well as other expenses related with the maintenance and betterment of the building.

The recommendation proposed by **Habitat Armenia** had been advocated since 2015, accompanied by many side events and activities. **Habitat Armenia** developed and submitted a set of recommendations to the **State Development Urban Committee**, organized two roundtable discussions with the government representatives in Yerevan. The

Armenian case was also presented at the UN Energy Summit in Yerevan in 2015. Moreover, **Habitat Armenia** contributed to the REELIH regional conference organized by **Habitat for Humanity International and USAID** in Brussels in 2017. Additionally, **Habitat Armenia** participated in the three Working Group meetings set to develop the reform of the residential building management law.

With the change of the residential building, management law comes numerous benefits for the homeowners and homeowner associations. Among the main benefits are:

- Higher trust in maintenance funds of the buildings and the growing willingness of homeowners to contribute to these funds, even by monthly fees
- Growing financial stability of these funds
- Increasing possibilities for homeowner associations to access loans for major renovations.

This change will take some time to fully bring its benefits, especially considering the change in the payments system - it now requires homeowners to make non-cash payments directly to the bank account. Thanks to the policy change **Habitat Armenia** advocated for,

the homeowner associations are becoming more stable, self-sufficient and in the end, fully-fledged market players.

As part of its awareness-raising activities in 2019, **Habitat Armenia** has conducted training for homeowners on energy efficiency measures in the buildings. The post-training monitoring survey showed that 72% of respondents started saving energy in their apartments after participating in the training through using energy-efficient bulbs (49%), switching off the lights (38%) and doing thermal insulation of the apartment walls (8%).

Even though the law has passed, there is still remaining work to do. Under the current law, the homeowners of the buildings can create their funds and store them in a separate bank account which allows them to have control of their spending. However, this recommendation was accepted only as a voluntary action. **Habitat Armenia** plans to further advocate to make the creation of the saving fund mandatory to ensure even more financial stability for the multi-unit buildings, as well as advocate for setting more efficient enforcement mechanisms towards the collection of mandatory fees.





ID BANK

Buy Now, Pay Later Rocket line by Idram&IDBank

Idram&IDBank offer a joint digital installment service – Rocket line. A real alternative to standard installment loans, it allows you to buy goods and services anytime for up to 6 months - as you wish. Rocket line is a digital tool in contactless and online shopping field, which is a novelty in the Armenian market and can be called a revolutionary digital installment but more convenient and complete than we could imagine previously.

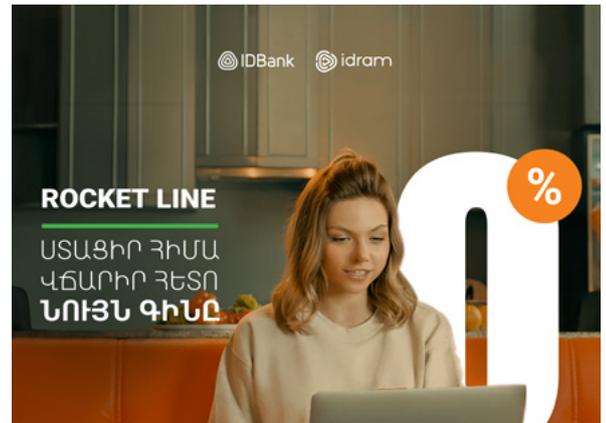
Rocket line works everywhere, where payments through Idram&IDBank digital platform are available: at **about 5000 points of sale (Idram QR), 570+ online shops** and 300+ services of the platform. Besides you can pay with Rocket line starting from AMD 3,000. Even your everyday shopping can be done by Rocket line, for such goods that could never be bought by credit before: paying the utilities, closing the bill at the café or shopping at supermarkets. You can see the amount to be paid later in the app, and as you choose the time period you are free

to pay whenever you want as repayment schedules aren't mandatory.

Rocket line is an unprecedented way to shop, especially when at **more than 500 online and offline points of sales** you can buy now, pay later with Rocket line at 0% interest rate. It means that after 1,2,3, or 6 months you will pay the same amount for the goods you've bought - and not a penny more. Too good to be true, right?

Rocket line is a reserve amount for the Bank and Idram clients, which can be used without visiting the Bank. Additional documents are not required: everything is online and fast.

Not an IDBank customer? Get the limit by passing a **remote identification** in the Idram&IDBank app and **becoming a Bank**



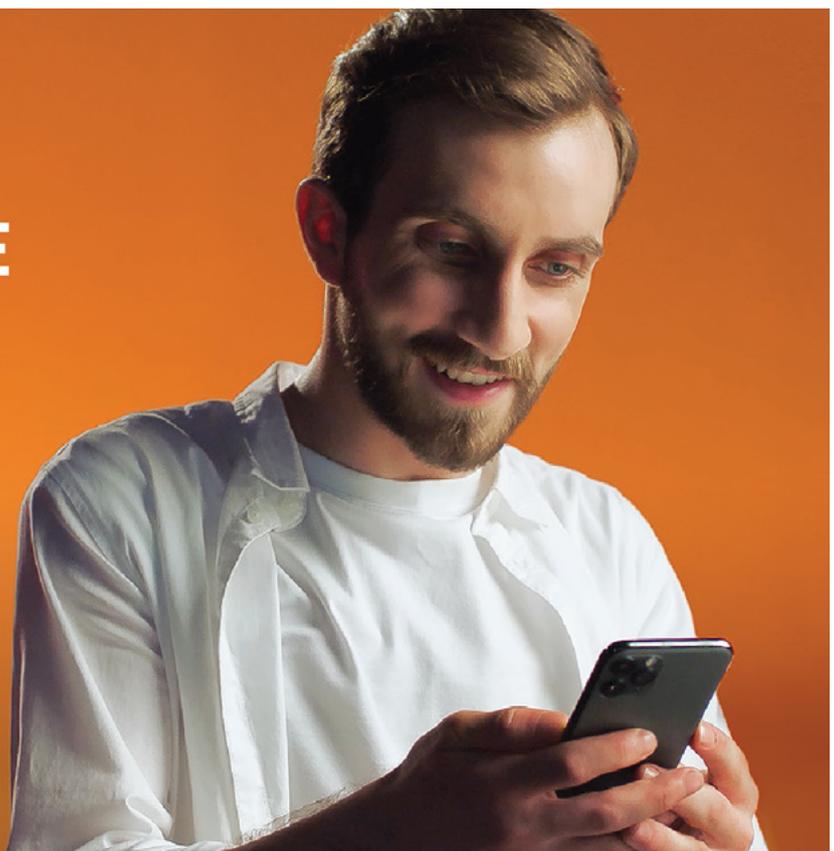
customer. You can also increase the limit: directly from the Idram&IDBank app or IDBanking.am platform press the button, apply to the Bank and get a personal limit of up to AMD 10 ml in a few seconds, per with your credit history and credibility.

Buy now, pay later with Rocket line with Idram&IDBank!



ROCKET LINE

GET NOW, PAY LATER





INGO ARMENIA

Digitizing Operations: Insurance with just a Few Clicks



While COVID-19 took the world by storm at the beginning of 2020 and forced all industries to re-evaluate their processes, on one's own initiative, **Ingo Armenia** launched its new and improved website to support its digitalization strategy, once again reinstating **Ingo Armenia's** regional leading position in innovation and entrepreneurship.

The website and the online platform <https://www.online.ingoarmenia.am> allows the **Ingo Armenia** clients to view results anywhere with an internet connection and to:

- Sign contracts
- Check claim status
- Book an online consultation with the doctor
- Use calculators
- Apply for insurance compensation
- Pay recurring payments
- Check the validity of the insurance contract

With the new website, the company implemented a shift to the digital age in just about a couple of days and pulled through the difficulties caused by the pandemic.

Furthermore, during 2020, **Ingo Armenia** joined the Agricultural Insurance Project, having more than 700 insured farmers, out of which more than 100 got compensation.

Ingo Armenia has been famous for its corporate insurance coverages for a long time; however, it made a transition towards the retail market during the past year, putting the customer first

and making a customer-centric way of doing business.

During the pandemic, the company launched two new products:

Car Ambulance, a package that provides the following services:

- Mobile vulcanization
- Fuel delivery
- Power supply regulations (battery charging)
- Towing services

Injuries insurance, a product that protects clients and their family members from life-threatening events worldwide - insured risks are:

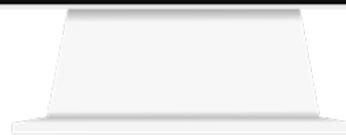
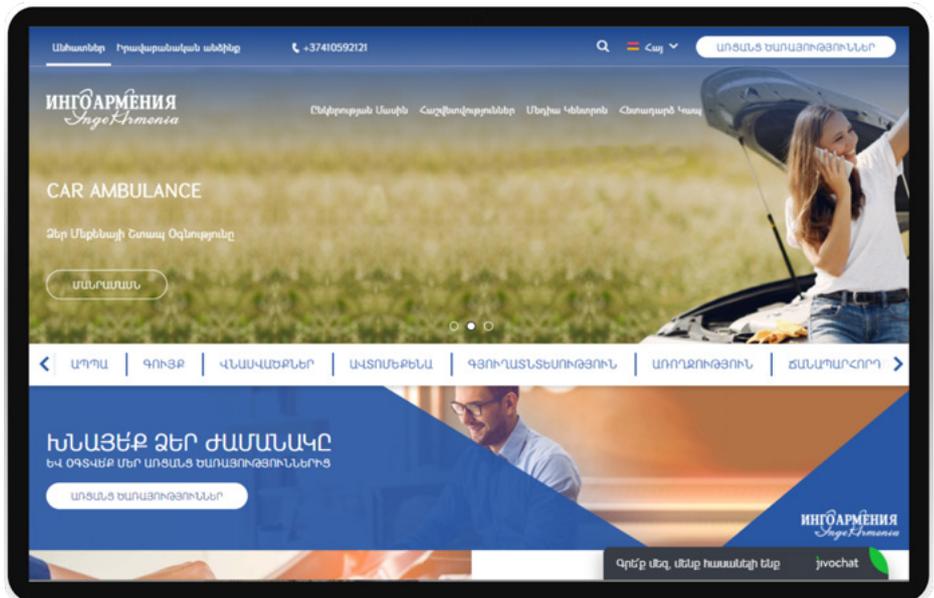
- Medical expenses incurred as a result of bodily injuries
- Temporal loss of workability

- Handicap
- Death

As Ingo Armenia plans to continue creating new digital working methods, in Spring 2021, the company plans to launch its innovative mobile app and add more online tools to better meet its customers' needs.

To protect employees and serve customers facing mobility restrictions due to the COVID-19 crisis **Ingo Armenia** continues working remotely. At the same time, all employees continue ensuring the uninterrupted flow of the processes.

Lastly, a piece of good news for all the pet lovers, in 2021, **Ingo Armenia** plans to launch a new product specifically for your paw friends.





WORLD VISION

“Navak” Day-Care Centers Coach Vulnerable Families’ Children in Armenia to Skilfully Sail through Life

In 2020, World Vision has established “Navak” Day-Care centers in 12 communities of Armenia for 6-15 y.o. children from vulnerable families to attend various classes and do their homework, gain important life skills with the help of skilled specialists. The centers are located in Alaverdi, Stepanavan, Talin, Aparan, Tchambarak, Gavar, Vardenis, Amasia, Noyemberyan, Ijevan, Sisian and Yerevan.

In “Navak” centers children have access to the services of a social worker, a psychologist, a speech therapist and other special educators. They also take a healthy lunch at the center.

The support by the specialists doesn’t only refer to the children as the World Vision’s social workers put significant efforts while working with the parents and caregivers of the children. Through positive parenting courses, classes on finance management and saving, regular dialogues and supportive home visits, the World

Vision social workers educate the families of vulnerable children to improve their parenting and living habits and help them out of extreme poverty and vulnerability.

It is already a year that the World Vision “Navak” centers provide services to 1,700 children in six marzes of Armenia and the capital Yerevan. Since September 2020, after the break of the Nagorno-Karabakh conflict, “Navak” centers also provide services to 600 children from Nagorno-Karabakh.

Currently, the operation of the “Navak” centers in 8 communities such as Ijevan, Talin, Sisian, Alaverdi, Aparan, Vardenis, Amasia and Noyemberyan is also supported by the Government of Armenia. The Ministry of Labor and Social Affairs is co-funding the provision of the services to some 120 children in each area.

The funding from the Government of Armenia is significant support to the operations of the center. While

providing the co-funding, Armenia’s Government ensures that every vulnerable child in the area has access to these necessary professional services.

Currently, World Vision Armenia is striving to ensure the sustainability of the centers, especially for those which are located in Stepanavan, Yerevan, Tchambarak and Gavar, and involve more funding so that the centers can enroll even more children.

If you would like to support our centers, please contact us via mail irena_balayan@wvi.org or call at **095 005 881**.

P.S. You probably wonder why “Navak”? Navak means a boat in Armenian and symbolises the “sailing” with World Vision as we take the sponsored children and their families and work with them on daily basis and teach them “to skilfully sail through life, through rough days and difficult times” to create prerequisites for success and dignified life in the future.





Ms. Lusine Shaljian

Member Relations and Communications Lead

Ms. Anush Hovsepyan

Marketing and Events Lead

WHY AMCHAM?

What benefits does the American Chamber of Commerce in Armenia (AmCham) offer to the business community, and how becoming an AmCham Member can contribute to the development of the Business Environment?

AmCham is a leading business association in Armenia with 130+ members from all business segments. AmCham has been operating in Armenia continuously since 2000. AmCham is also a proud member of the U.S. Chamber of Commerce and European Council of American Chambers of Commerce.

AmCham's mission is to promote the U.S., foreign, and local investments in Armenia and to work with the Armenian government and business leaders to foster a more favorable business climate through:

ADVOCACY

AmCham Committee Meetings

AmCham's main vision is to be the leading and most valued advocacy force in Armenia. AmCham Member companies can raise their issues through the AmCham 4 committees:

1. Fast Moving Consumer Goods (FMCG)

The FMCG Committee Membership is open to companies that are manufacturers of Food, Beverage, and Tobacco products and other related fields interested in responsible waste management practices and other issues related to the sector.

2. Digital Economy (DE)

AmCham Digital Economy Committee addresses topics relevant to the underlying technology, practices, regulatory, and policy issues affecting the Digital Economy itself and its intersection with other economic sectors.

3. Tax, customs and Fiscal Policy (TCuFP)

AmCham TCuFP Committee membership is open to AmCham companies that are interested in the development of tax, customs legislation, and improvement of fiscal policy in Armenia.

4. Legal including Intellectual Property Rights (IPR).

The committees' primary mission is to help AmCham Member companies solve their problems through the government and the committee working groups. It allows us to meet with key government officials on major business issues. Committee members are the representatives of member companies. With the help of our committees, AmCham is a trusted dialogue partner for Armenian policymakers, foreign and local investors.

AmCham Board Meetings

AmCham Board Meetings are held once a month with the participation of AmCham Board Members and Executive Team. The core responsibility of the Board of Directors is to develop and guide the Chamber's strategy and monitor its financial standing.

NETWORKING

AmCham Armenia runs over 70 top quality events and meetings yearly attended by senior representatives from 130+ Member companies. where our members have the opportunity to find a suitable partner, meet prominent leaders in business, government, and international financial organizations, as well as other businessmen from Armenia and abroad. These events are excellent networking opportunities that are focused on supporting our Members to grow their businesses in Armenia.

AmCham is organizing a different kind of events, like:

1. Be My Guest
2. Responsible Business Network (RBN)
3. Breakfast meetings

4. Friday nights, etc.

Annual General Meeting (AGM)

The Annual General Meeting (AGM) is one of the AmCham milestone events taking place every 2 years. During AGM AmCham Gold and Silver members have the right to stand for the election to the Board.

The Board is composed of 12 members: President, 1st Vice-President, 2nd Vice-President/Treasurer,

9 Directors, who are being elected for a 2 years' term during the AGM.

On 4 March 2021, AmCham held its regular AGM. All the information regarding the elections you can find here: vote.electionrunner.com/organization/vgps49UD.

AmCham Breakfast Meetings

On a monthly basis, AmCham organizes traditional General Managers' breakfast business meetings. The AmCham President, the AmCham Board Member representatives, and the Executive office is meeting with a small group of General Managers on a regular basis to informally discuss the business climate in Armenia and share the AmCham ongoing projects and upcoming plans.

The meetings are usually held at AmCham Member hotels' restaurants.

AmCham Be My Guest

One of the successful AmCham projects is the "Be My Guest" series which was launched in 2017.

"Be My Guest" is an AmCham Platform, where the AmCham Member companies give a visit to the AmCham Host Company. The Host has the opportunity to organize a tour and host the AmCham Members at its facilities, present its business, share information and showcase its specific products/services on the spot with a light refreshment for the visitors. It serves as an excellent informal networking platform for the AmCham community:

- To facilitate the exchange of experience and expertise among the AmCham membership
- To bring forth new networking opportunities
- To provide more visibility to AmCham Member companies and their products/ services
- To create a further partnership and cooperation opportunities.

How does it work?

The selection of the hosting companies is organized in January of each year by sending a call for an electronic registration where AmCham interested member company signs up as a host for a specific preferred month for hosting "Be My Guest" event. All the registrations are done on a first-come first-served basis.

AmCham Christmas/New Year Event

AmCham Armenia organizes annual Christmas/New Year Party which is one of the favorite events of AmCham Members. Participants enjoy the evening with a festive mood in a wonderful atmosphere finding new business connections and just celebrate the new and a fresh start!

AmCham Members' participation in events and overall satisfaction with activities organized by AmCham is 80.76%

MARKETING AND PROMOTION

AmCham Business Magazine and Newsletter

In terms of Marketing and Promotion, AmCham provides a chance to:

1. Place an article or an advertisement in **AmCham Business Magazine**, which is published twice a year. AmCham Business Magazine is about 60-80 color pages of news and analysis

about AmCham, its members, and the business environment in Armenia, which is distributed to targeted businesses, political and diplomatic decision-makers.

2. Place an article or an advertisement in digital **AmCham Monthly Newsletter**, which is a public newsletter, and is distributed online. It serves as a source of information on AmCham's monthly activities and achievements. As to the dissemination of the newsletter, we try to make it as wide as possible by distributing it both among AmCham members and external stakeholders, including the Armenian government, international organizations, financial structures, diplomatic missions operating in Armenia, business associations, embassies, etc. We also send the newsletters to our partners abroad.
3. Put an advertisement on our **Website** which will help to increase the visibility of your company.
4. Become the **Event Sponsor**, which is a win-win situation both for the company and for AmCham. When a company becomes an event sponsor, AmCham gives the chance to put the company's banners and logos during our events.

AmCham Member of the Month 2021

Member of the Month initiative is for AmCham Gold Members and is prioritized by membership type in alphabetical order on a monthly basis.

#MemberoftheMonth: What is it?

1. Introduction of the company and anyone from the company leadership team
2. Creation a sense of community
3. Increasing awareness and promote engagement

4. Showing the diversity within the AmCham community.

How does it work?

The AmCham Executive Team is visiting Member companies with a shooting team and what the companies need to do is just simply find a branded corner in the office. Then anyone from the leadership team will be shot while answering short and engaging interview questions in a serious and/or fun way.

Please find several videos on our [Facebook page](#):

Mr. David Sargsyan, Group of Companies America, Legal Director at Ameriabank and Director at Ameria Advisory

Ms. Karine Abrahamyan, ArchiDutch, Director

Ms. Mariam Yesayan, Aregak UCO, Director

AmCham Social Media

AmCham Armenia is also represented on AmCham Social Media where we regularly post AmCham events and meetings as well as promote our Member offers and raise companies' awareness.

You will find AmCham on:

- [Facebook](#)
- [Instagram](#)
- [LinkedIn](#)

AmCham Armenia is one of the leading, longest standing and most influential international business association in Armenia, which promotes to create the best business environment and engages its member companies in advocacy, networking and marketing/promotion.

We would like to thank all AmCham Members for their continuous support, trust and motivation.

Join, stay with us and enjoy your membership with AmCham!!!



for a better business environment



Ms. Yana Gevorgyan

Student, American University of Armenia

Intern, AmCham Armenia

BANKING OVERVIEW

Banking in some form began as far back as the 18th century BC in ancient Mesopotamia. It subsequently developed and expanded in ancient Greece, Rome, and medieval Italy.

Traditional divisions within banking have become blurred in recent decades. Retail banks have joined other types of institutions in raising funds in wholesale markets, and have moved away from purely direct lending to advising commercial clients on various financial matters.

Banking is the business conducted, or the services offered, by a bank. The word 'bank' comes from the Italian word *banco* meaning a bench or a table at which Italian money lenders used to conduct business in the Middle ages (approximately 1200-1500 AD). This Italian connection continues, as the oldest bank still in business today is Monte dei Paschi di Siena, founded in 1472.

When you hear or see the word 'bank', what does immediately come to mind? You may have thought about the word 'bank' in terms of being a building, a company, a business, or an

employer or perhaps you thought of it in terms of storing something for safekeeping or something completely different. Here is one dictionary definition of a bank: 'a bank is a financial establishment that uses money deposited by customers for investment, pays it out when required, makes loans at interest, and exchanges currency.' (Source: The Oxford English Dictionary) another definition is 'a bank is an organization which accepts deposits, makes loans, pays cheques, and performs related services.'

The universal bank model involves providing 'related' financial services of various kinds, including advisory services, in addition to deposit and lending services. Just think to yourself, what if banks and banking did not exist?

A bank's business may include different types of banking activities, such as those

within the spheres of:

- Commercial banking
- Investment banking
- Bancassurance

These activities have evolved due to the merging of different types of banks and other financial services organizations over the years.

BANKING IN ARMENIA

The formation of the banking system began after Armenia introduced a national currency, Armenian Dram, and passed laws on the central bank and banking back in April 1993. The Central Bank of Armenia conducted banking reforms aimed at improving and enlarging the banking system. The liquidation of pocket banks and the banks engaged in risky activity improved the quality of banking assets made banks more reliable, and generally strengthened the banking system in Armenia.

The banking system has reached a new level amid a drop in inflation and interest rates, economic growth, and a stable currency. The banks that exist today are transparent in terms of assets and liabilities and their activity is monitored by the Central Bank of Armenia. In recent years, the Armenian banking sector has benefitted from adjustments to its legislation and corporate governance, high liquidity of banking assets and favorable conditions for transferring investments to other markets. These are the sound bases for the rapid development of the economy and healthy the demand for financial products. Those efforts improved the quality and made banks more reliable.

However, Armenia's progress was derailed in 2020. It suffered a severe COVID-19 outbreak, with a new surge in the first quarter of 2021, ranking 33rd globally in recorded cases per million population. Before the COVID-19 pandemic, Armenia was making gradual improvements to its business environment and establishing a track record of prudent

macroeconomic policy management. Economic growth was strong, averaging 6.8 percent during 2017-19.

The country's conflict with Azerbaijan escalated to a heavy military confrontation in end-September 2020 also had a huge impact on Armenia's progress. These twin shocks led to a sharp economic contraction, increased poverty, and fiscal deterioration. Nevertheless, Armenia has maintained overall macroeconomic stability and healthy external buffers through the crisis.

The ongoing globalization and fierce competition made banks shift to a new business model – the digital bank model – enabling their clients to make transactions by using remote channels such as the Internet and Mobile devices. The Armenian banks recently began to introduce various channels of remote services, particularly online and mobile banking. However, banks have had little time to transform their activities to adapt to new realities and they face competition from other non-bank institutions, such as payment systems and telecommunication companies which have begun to provide financial services.

The Armenian banking system in the near future is going to pass through serious technological changes. Competition, demand for high tech solutions are pushing the Armenian banking system to take a vector of digital transformation, which for sure will make grand changes in the banking labor force market: many specialists will lose their relevance, however, the demand for qualified specialists in IT and finance will rise, balancing the changes.

Today Armenian banking system meets all international standards from the point of view of risk management and cybersecurity, based on the Armenian office of Microsoft representative report, which ensures the balanced and successful transformation of the banking system during upcoming years.

THANK YOU AMCHAM BOARD 2018-2021



AmCham Armenia Board of Directors 2018 - 2021 and Executive Team

Arthur Hovanesian
David Sargsyan
Irina Dumanyan

Anush Hovsepyan
Aharon Levonyan
Tigran Gasparyan

Kristina Sahakyan
Diana Gaziyan
Christopher Ellis

Ara Hovsepyan
Elina Markaryan
Karen Garaseferyan

Karine Sarkissian
Vanane Araraktsyan
Diana Ghazaryan

Hayk Aloyan
Lusine Shaljian
Ashot Ghazaryan

AMCHAM EVENTS

On 4 March 2021, the American Chamber of Commerce in Armenia (AmCham) held its regular Annual General Meeting (AGM), which is one of the AmCham milestone events taking place every 2 years. The meeting was chaired by the AmCham President, Mr. Ara Hovsepyan.

The AGM was attended by H.E. Ms. Lynne M. Tracy, U.S. Ambassador to Armenia, Extraordinary and Plenipotentiary. In her opening remarks, Ambassador Tracy addressed the AmCham community and stressed that the United States remains Armenia's steadfast partner as it continues its democratic and economic reform efforts that support a stronger and more secure Armenia in which rising generations can realize a more prosperous future. The Ambassador encouraged continued efforts on the part of AmCham to advance Armenia's democratic ambitions and forge a deeper trade and investment relationship with the United States.

During the AGM Ms. Karine Sarkissian, Executive Director, AmCham Armenia presented the AmCham Board of Director and the Executive team 2019-2021 strategy, activities, budget, and financial standing, as well as outlined organizational priorities and plans.

Before the Board of Directors election, the nominated candidates delivered short speeches on how they could contribute to the AmCham mission and goals for a better business environment in Armenia.

The AGM elected the Board of Directors, including its President, 2 Vice Presidents, and 9 Board Members for a term of two years for 2021-2023.

The General Meeting elected Mr. Ashot Hovanesian, Founder, and CEO, Synergy International Systems, as the President of the American Chamber of Commerce.

Ms. Elina Markaryan, Public Affairs and Communication Director, Coca-Cola Hellenic Bottling Company, and Mr. Gagik Gyulbudaghyan, Managing Partner, Grant Thornton Armenia were elected to serve as the First Vice President and Second Vice President/Treasurer, respectively.

The General Meeting also elected the 9 Directors, as follows:

- Ms. Irina Seylanyan, FCCA, CEO, HSBC Bank Armenia
- Mr. Tigran Jrbashyan, Partner, America Group of Companies
- Ms. Irina Dumanyan, Strategic Business Director/CEO, Mentor a Siemens Business
- Mr. Ara Hovsepyan, General Manager, Contour Global Hydro Cascade
- Mr. Mihael Solter, General Manager Armenia, Philip Morris Armenia
- Mr. Varoujan Avedikian, Managing Partner, TK & Partners Legal and Advisory
- Mr. Dagen Valentine, Country Director, American Councils for International Education
- Mr. Aharon Levonyan, Chief Financial Officer, Seraphim Consulting
- Mr. Gevorg Goyunyan, Chief Financial Officer, American University of Armenia

Find voting results in the Link:

<https://vote.electionrunner.com/organization/ygps49UD>

Annual General Meeting (AGM)



Annual General Meeting (AGM)



Annual General Meeting (AGM)



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Be My Guest with TK & Partners



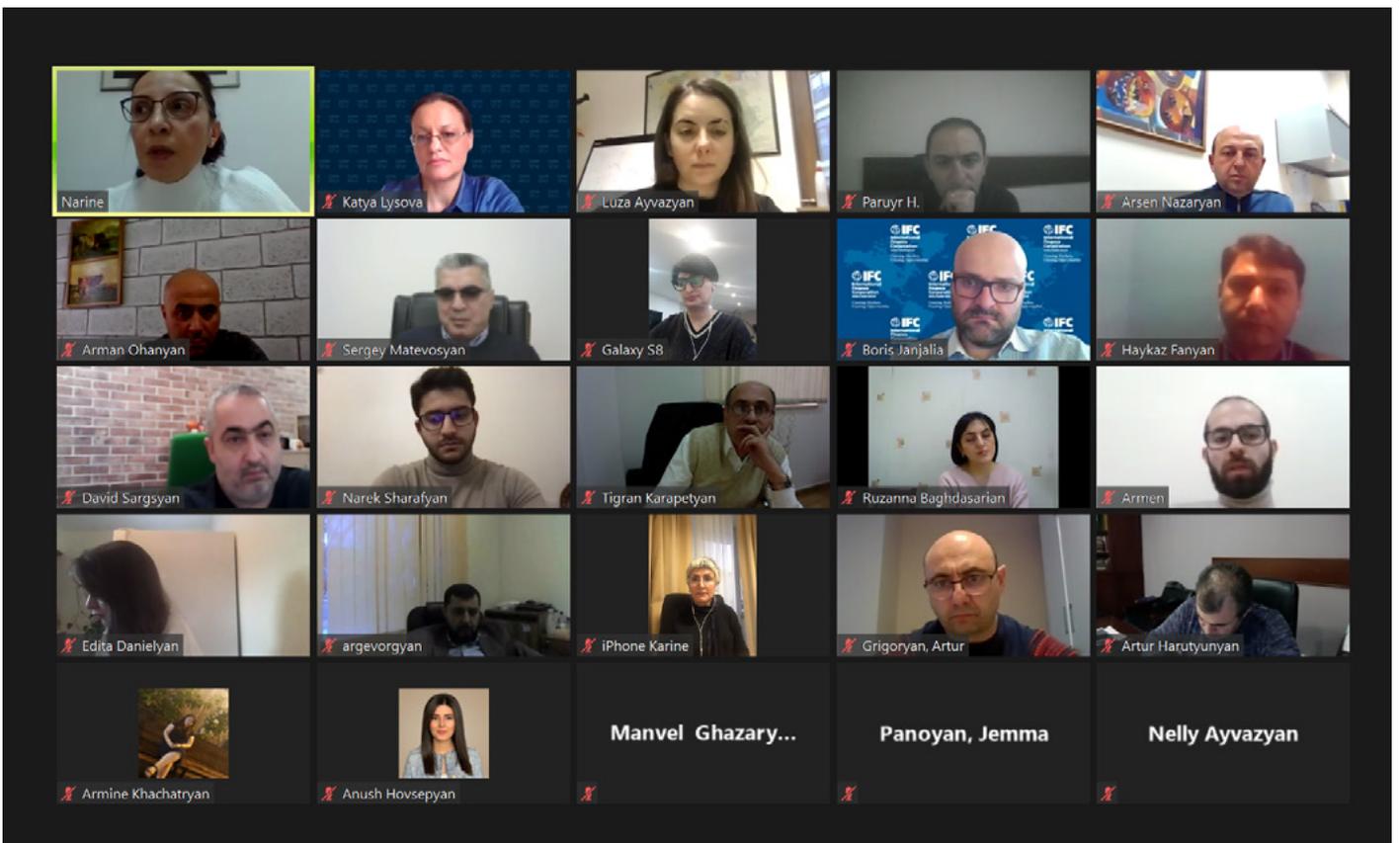
Fast Moving Consuming Goods (FMCG) Committee Meetings



First Board Meeting



First Business Integrity Club organized by the Center for International Private Enterprise (CIPE)



Interview with the Minister of Economy of Armenia Mr. Vahan Qerobyan



Legal Committee Meetings



Ministry of Economy and Trade and Investment Framework Agreement (TIFA) Working Group Discussion



Ministry of Economy TIFA Working Group Meeting



Responsible Business Network (RBN) Platform



Responsible Business Network (RBN) Platform



Tax, Customs and Fiscal Policy (TCuFP) Committee Meetings



Tax, Customs and Fiscal Policy (TCuFP) Committee Meetings



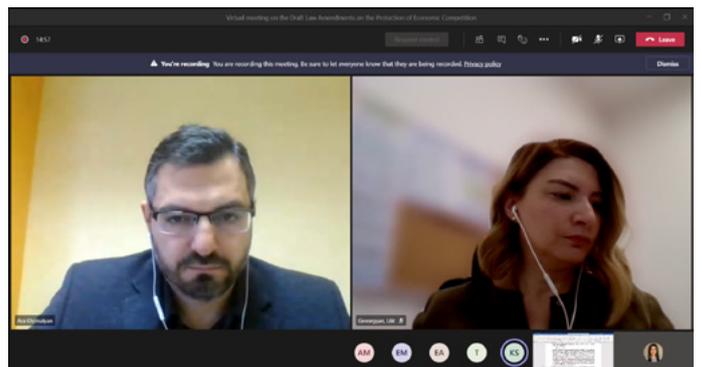
Responsible Business Network (RBN) Platform 2nd Event



AmCham Armenia and ArchiDutch Cooperation



Virtual Meeting on the Draft Law Amendments on the Protection of Economic Competition





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