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SOCIAL ENTREPRENEURSHIP DEVELOPMENT MODELS IN ARMENIA

“B2S Armenian Social Entrepreneurship Association”

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This note has been developed by the Association of Social Enterprises of Armenia (ASEA) within the “Social Entrepreneurship as a Model of a Dynamically Integrated Economy and Social Dialogue” activity. The note aims to present the existing and successful social entrepreneurship development models in Armenia. Social entrepreneurship model is defined as a structure, design or framework that a social business follows in order to bring about a positive change while maintaining healthy financial returns¹. Through analyzing the existing social businesses in Armenia, four general social business models were identified labeled as “The Market Intermediary Model”, “The Employment and Apprenticeship Model”, “Local Tourism Development Model” and “The Organizational Support Model”. Under each model, examples of successful SEs operating in Armenia is presented including “Sareri Barik”, “Goris Crochet”, “TimeLand”, TUK” and other social enterprises.

1. THE MARKET INTERMEDIARY MODEL

Providing local people access to markets: Through this model, social entrepreneurs play a role of a link between local people and markets. With this model, social enterprises help local people to get involved in different activities, e.g. agriculture, handcrafting, etc. by marketing, collecting, and selling their products or services for them. In this case, the local population benefits from the cooperation through improved access to larger markets. On the other hand, social enterprises benefit through the greater quantity of products and services they can sell as wholesale products in larger markets.

There are several Social Enterprises in Armenia working through this business model, among them “Sareri Barik” Social Enterprise is a remarkable one worth mentioning. “Sareri Barik” SE

¹ Source: <https://changecreator.com/9-business-model-examples-social-enterprises/>

is established in Vardenik community in Gegharkunik Region in 2016. In this case, a social entrepreneur is a middleman between community residents collecting wild greenery and factories, cafeterias, and exporting companies. SE mobilizes local people-collectors from different regions around the collection and refrigeration point located in Vardenik. Through SE, the local poor population, women, and youth are involved in herbs and greenery collection from mountains and can earn income.

To make this model succeed the following components are critical and should be in place: 1) Personal relationships and trust towards social entrepreneur; 2) Ability to introduce material benefits to the local population through involvement in SE business cycle; 3) Educational component through which local population learns what to collect and what cultivate in the future. This model of social entrepreneurship assumes a high level of integration with residents and a high level of cooperation between social enterprise and the local population.

2. THE EMPLOYMENT AND APPRENTICESHIP MODEL

Providing employment opportunities and job training to local population and then sell their products or services on the open market: Through this model social entrepreneurs provide job and training opportunities to the people who are disadvantaged in the local labor markets and lack job experience, professional skills and knowledge. Thanks to this model women, people with disabilities, poor people, youth and other socially disadvantaged groups are enrolled in job opportunities while SEs are able to cover expenses related to the production or service provision and pay salaries to employees through generated revenue from the sales. “Employment and Apprenticeship Model” enables SEs to engage with local disadvantaged people and empower them, improve their professional skills and competitiveness in the labor

market. In addition, employees are somewhat empowered through the opportunity to receive income.

This model is adopted mostly by the organizations dealing with women issues and people with disabilities. A successful example of the Employment and Apprenticeship Model is "[Goris Crochet](#)" SE, located in Goris, Syunik region. The SE is established by "Goris Women Resource Center" and started its operation in 2011. The SE employs disadvantaged women from the Goris area and nearby communities through reviving the wool thread production in the region and making organic certified handmade toys. Being engaged in the SE, local women developed their handicraft capacities and were empowered through employment opportunities that enable them to receive income. In addition, produced wool, carpets and organic handmade toys are products that are attractive to the tourists visiting the region, accordingly, the SE adds another credit to the touristic attractiveness of the region. Through this model certain capacities of product development, marketing and sales are developed among SE employees and local partners.

Another example of this model is "[EREO style](#)" SE run by "Equal Rights, Equal Opportunities" NGO. The SE employs people with disabilities who are involved in production of handmade toys. Through this employment opportunity, people with disabilities have opportunity to integrate into social life, earn income and meet their financial needs.

3. LOCAL TOURISM DEVELOPMENT MODEL

Community development through tourism development: Through this model, social entrepreneurs promote the touristic attractiveness of local communities. Local residents (often rural, poor, and economically marginalized) gain the opportunity to host tourists in communities with the provision of overnight accommodation. At the very beginning, social entrepreneurs act as boosters for development after which the community itself initiates and

drives the development. This model promotes social justice as all community members have the opportunity to be engaged in the development process. It empowers local residents to provide services and gain income. As a result, local community residents develop their sense of ownership towards the tourism sector and start to drive development on their own.

One of the remarkable examples of successful employment of this model is [TimeLand SE](#) located in Kalavan, Gegharkunik region. The SE managed to transform the very remote Kalavan community into an attractive place for tourists. At the very beginning, the community lacked any economic activity, infrastructure, shops, B&Bs, etc. No major activities happened in the community. Through his own experience, the social entrepreneur managed to introduce local people to the benefits they have through engagement in tourism activities. Afterward, local people transformed their houses into B&Bs and started to host tourists and solo travelers. Currently, more than 5000 visitors per year go to Kalavan and stop at the guesthouses of the local people. “Qarapur” hotel and restaurant is one of the SEs established in Kalavan community recently and offers hospitality services to the tourists visiting the community.

[“TUC” \(Tourism Unique Center\)](#) is another example of successful enrollment of this model established by NGO Center in Dsegh community, Lori region. It is a camping base that offers various touristic services to the visitors that include but is not limited to camping, bicycling, hiking tours, night events, food service, etc. The local community benefits from the SE through job opportunities, provision of other types of paid services to the tourist, sale of their agricultural products for food services, etc.

4. THE ORGANIZATIONAL SUPPORT MODEL

Sells products or services to fund social programs: In this case social entrepreneurs mostly use income generated through sales of products or services to fund social programs. The production process does not necessarily assume involvement of people with disabilities or other socially disadvantaged groups. However, production or service provision is

complemented with additional positive side effects such as involvement of youth, provision of platform for self-expression, etc.

Bohem Art Studio-Café is one of the remarkable examples of this model. It has been established in 2017 in - Sevan, Gegharkunik region. The café has been established to support young artists to present their talent and network with each other. It provides a space for artists and young people to interact with each other, carry out joint project and be involved in cultural life. Young people living in Sevan town have high sense of ownership towards the café as they used to support café in case of need or work there. The Café also attracts tourists to Sevan town. The young artists also produce handmade souvenirs to present them in the café to visiting tourists.