



New simplified procedure for SMEs for changing functional significance of flats

Since its establishment in 2011 the Business Support Office (BSO) has been involved in the implementation of reforms for small and medium-sized enterprises (SMEs) in Armenia. With the purpose of discovering the main constraints hindering the activities of SMEs, the BSO regularly organises meetings with private sector representatives and any issues resulting are submitted to Development Council adjunct to the RA government to find and approve solutions. One of the issues raised by the SMEs is the procedure of changing the functional significance of any flat in a block of flats. This has been significantly simplified with the support of the Council.

The rental costs of business territories in Armenia are rather high, consequently SMEs prefer using flats as offices. However there were legislative burdens in this process as the entrepreneur had to go through a number of procedures with the municipality, via the State Committee of the Real Estate Cadastre and make payments for licence acquisition. This significantly increased the administrative burden, causing corruption risks.

In order to create favourable working conditions for the SME entrepreneurs and as a result of the activities undertaken by the SME Development Council's Secretariat, the RA government adopted two decisions on 19 April 2012.¹² As a result of discussions with the business community and the interested institutions and the legislative amendments that resulted, the procedure for changing the functional significance of flats has been simplified, clear grounds have been specified for any rejection of functional significance change, which altogether will contribute to the creation of stable and predictable procedures.



Discussions with the representatives of private sector and governmental institutions during the regular meeting of the SME Development Council.

Currently, monitoring is being carried out to identify the effectiveness of the new procedure and potential problems, as well as to clarify the direction for further reforms to be carried out.

¹ RA Government decision # 541-N on "Making changes and amendments in the RA Government decision # 88 from 27 December 2002 on "Approval of the procedure of change of functional significance of buildings, structures or any part of them".

² RA Government decision # 542-N on "Making changes and amendments in the RA Government decision # 1473-N from 29 August 2002 on "Approval of the procedure of giving an architectural-planning assignment".