Armenia: Public Efficiency and Financial Markets Program (Subprograms 1 and 2)

Reference Number: PVR-851
Program Numbers: 51060-002 and 51060-003
Loan Numbers: 3584 and 3735
NOTE

In this report, “$” refers to United States dollars.

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### PROGRAM BASIC DATA

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**Program name**

Public Efficiency and Financial Markets Program (Subprograms 1 and 2)

**Sector and subsector**

- Finance
- Public sector management
- Finance sector development
- Money and capital markets
- Public expenditure and fiscal management

**Strategic agenda**

Inclusive economic growth

**Safeguard categories**

- Environment: C
- Involuntary resettlement: C
- Indigenous peoples: C

**Country**

Armenia

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**Approval dates**

| 3584 | 24 Oct 2017 | 3584 | 25 Jan 2018 | 3 Dec 2017 |
| 3735 | 9 Nov 2018 | 3735 | 7 Feb 2019 | 3 Dec 2018 |

**Signing dates**

| 3584 | 27 Oct 2017 | 3584 | 31 Dec 2017 | 30 Dec 2017 |
| 3735 | 9 Nov 2018 | 3735 | 31 Dec 2018 | 30 Dec 2018 |

**Loan closing dates**

| 3584 | 30 Dec 2017 |
| 3735 | 30 Dec 2018 |

**Financial closing dates**

| 3584 | 30 Dec 2017 |
| 3735 | 30 Dec 2018 |

**Program officers**

- T. Niazi
- J. Fernandes

**Location**

- ADB headquarters
- ADB headquarters

**IED review**

- Director: J. Asquith, IETC
- Team leader: H. Hong, IETC

**IST**

- From Jan 2017
- To Dec 2017

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**ADB** = Asian Development Bank, **ADF** = Asian Development Fund, **IED** = Independent Evaluation Department, **IETC** = Thematic and Country Division, **OCR** = ordinary capital resources, **PCR** = program completion report.

* Team members: H. Hettige (quality reviewer), A. Morales (Senior Evaluation Officer), P. Holden (consultant).

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### I. PROGRAM DESCRIPTION

**A. Rationale**

1. ADB approved the Armenia Public Efficiency and Financial Markets Program in October 2017. In 2018, Armenia was reclassified by the World Bank from a lower middle-income to an upper middle-income country. Its economic performance in the period leading up to the program had been characterized by significant growth, which led to a decline in the poverty rate and improved living conditions. The poverty rate declined from 15% in 2011 to 10.8% in 2018.¹

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¹ International Monetary Fund (IMF). 2019, *Article IV Consultation and Request for a Stand-by Arrangement*. Washington, DC.
2. The country’s gross domestic product grew at an annual average rate of nearly 7% during 2017–2019 as declines in agricultural output were more than offset by robust growth in both industry and services. In 2017, with the help of International Monetary Fund’s (IMF) technical assistance (TA), Armenia changed its fiscal rule to consider the need for discretionary countercyclical policy to balance fiscal discipline, against the need for macroeconomic policy interventions. Nevertheless, challenges remained, particularly with respect to governance, which the World Bank Armenia Systematic Country Diagnostic report had identified as one of the binding constraints holding back the country’s long-term economic development. Poor governance manifested itself in widespread corruption at all levels of government, lack of competition, and the dominance of oligarchs in key sectors of the economy. Other major constraints were poor business environment and lack of financial market development (footnote 2).

3. The Armenia Public Efficiency and Financial Markets Program was a two subprogram series aimed at strengthening the management of public debt and fiscal risk, increasing money market liquidity and transparency in financial markets. It also sought to increase corporate transparency to encourage the development of corporate debt and equity markets, by developing the legislative framework for new financial instruments. Subprogram 1 was approved in October 2017, and subprogram 2 was approved in November 2018.

4. In the first half of 2018, substantial political changes occurred in what came to be known as the "Velvet Revolution." It had been preceded by the transition of Armenia from a presidential political system to a parliamentary system. Substantial dissatisfaction with Armenia’s political and judicial institutions and the perception of pervasive corruption led to protests in early 2018 that became increasingly widespread. This led to the overthrowing of the incumbent government and ousting of the prime minister in May 2018. A new Prime Minister was appointed and was confirmed to the position at the end of the 2018 elections. The new government had a strong mandate for reform.

5. ADB provided strong support to the new government, with policy dialogue centered on promoting reform. The Armenian authorities were strongly committed to the objectives of the program, which they incorporated in government strategy documents as priorities. In early 2019, the government launched a 5-year program and long-term development strategy focusing on reform that included the subprogram objectives. Furthermore, ADB approved an additional policy-based loan (PBL) focusing on similar reform areas in November 2019.

6. The development challenges that the program aimed to address were described as “root problem areas” in the program completion report (PCR), including (i) weak public debt and fiscal risk management; (ii) illiquid government securities and money markets; and (iii) incomplete legal frameworks for financial instruments, participants in financial markets, and corporate transparency. A further issue was a significantly underdeveloped financial market that failed to

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finance investment and entrepreneurship. These shortcomings led to much of the economy being dollarized and vulnerable to external shocks and reduced competitiveness because of stability in the nominal exchange rate.

7. The specific policy actions in addressing the first challenge were directed at improving government debt management through strengthening its legal framework; building up the analytical capacity of the Public Debt Management Department (PDMD); ameliorating systemic risks; improving the PDMD’s internal procedures, operations, and decisions regarding debt issuance; making debt management objectives more transparent; and introducing a risk management framework. The policy actions in addressing the second challenge were directed at increasing the feasibility of local currency financing. This applied to both financing the budget deficit and developing local currency financing for financial markets more generally. The third reform area, broadening the base of financial instruments and enhancing corporate transparency, was directed at increasing the mobilization of private investments.

8. There were 25 policy actions embodied in subprogram 1 that covered the three reform output areas. In reform output area 1, the policy actions focused on strengthening procedures and regulations related to securities issuance, including Eurobonds and treasury bills; ensuring that the debt sustainability analysis was undertaken; strengthening risk management; and developing a policy framework for public–private partnerships (PPPs). In reform output area 2, improving the infrastructure for the money market and the government securities market, the policy actions focused on developing a plan and road map to promote capital market development, strengthening the legal framework and operating procedures for the issuance of different types of money market instruments, and putting in place steering committees and working groups that would promote the evolution of Armenia's money markets. In reform output area 3, enhancing corporate transparency and broadening the foundation for money market instruments and investors, policy actions focused on strengthening the legal basis for mortgage bonds, undertaking regulatory changes to promote private equity and investment funds, incorporating and strengthening the role of the Armenian private sector in audit processes, and ensuring that audit processes complied with international best practices.

9. There were 26 policy actions embodied in subprogram 2. In reform output area 1, the policy actions focused on developing a framework for PDMD’s risk management; developing business plans, operational frameworks, and the institutional foundation for managing budget processes, risk assessments, and budgetary lending operations; and strengthening the PPP framework by submitting a draft PPP law to Parliament as well as developing PPP methodologies and processes. Under reform output area 2, policy actions focused on developing financial and debt markets through strengthening processes, increasing transparency through greater availability of data, reviewing developments in sales and purchases of money market instruments, strengthening the regulatory framework that will enhance money-market liquidity, and deepening the analysis of money market development. In reform output area 3, policy actions focused on passing a new Residential Mortgage Lending Law, strengthening the legal basis for asset securitization and asset-backed securities, strengthening the legal framework related to corporate law, introducing mandatory audits, and strengthening the framework for audits through implementing a new accounting and auditing framework. An important part of subprogram 2 was the expansion of the scope of fiscal risk management

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6 World Bank. Domestic credit to private sector (% of GDP) - Armenia, Upper middle income | Data (worldbank.org). In 2019, Armenia had a ratio of private sector credit to gross domestic product in excess of 70%, compared with an average ratio of 140% for upper middle- income countries
10. The PCR justifies the use of a PBL divided into two subprograms on the grounds that it enabled setting realistic policy actions and allowed a sequenced approach with other development partners. The PCR also states that it enabled the full connection of the technical staff of the implementing agencies throughout the process.

B. Expected Impact, Outcome, and Outputs

11. The program impact as stated in the design and monitoring framework for subprogram 1 was that fiscal sustainability and resilience in the finance sector increased (measured by the Financial Sector Development Index) by 2020. In subprogram 2, the Financial Sector Development Index was dropped from the impact statement. The expected outcome was that the depth of financial markets would be increased.

12. Subprograms 1 and 2 had the same three outputs. First, public debt and fiscal risk management policies strengthened. Second, the government’s securities market and money market infrastructure improved. Third, the base of instruments and investors would be broadened, and corporate transparency would be enhanced.

C. Provision of Inputs

13. Subprogram 1 was approved by the ADB Board in October 2017, became effective in December 2017, and closed at the end of December 2017. Subprogram 2 was approved by the ADB Board in November 2018, became effective in February 2019, and closed as scheduled in December 2018. The subprogram 1 loan was for $40 million, and the subprogram 2 loan was for $50 million. The program was supported by a transaction TA that was approved with the program’s concept paper (footnote 5). The TA supported ADB mission’s policy dialogue and the implementation of subprogram 2.8 The PCR (para. 30) notes that “of critical importance also was the support of regional TA initiatives to the work in Armenia”. There was no procurement activity under consulting services for the subprograms.

D. Implementation Arrangements

14. The Ministry of Finance (MOF) was the executing agency. The Central Bank of Armenia, the MOF, and the Ministry of Economic Development and Investments were the implementing agencies for the reforms involving their respective jurisdictions. There was no project management unit established for the subprograms, although the PCR (para. 29) notes that this was not necessary because of the active involvement of the mission team. The PCR also notes that it was necessary to promote working-level and technical-level dialogue between the agencies, which was part of the policy actions developed for the program.

15. All loan covenants were complied with, and the borrower did not request any amendments to the covenants nor waivers to the loan conditions. Close consultation between ADB and the borrower along with frequent consultation and review missions as well as ongoing policy dialogue ensured prompt compliance with the loan covenants.

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7 According to additional information provided by the project team during the interdepartmental review process, the index was dropped since the team learned from IMF that going forward, the index database would likely not be updated regularly.

8 Eleven international experts for a total of 19 person-months were engaged, together with four national experts for a total of 20 person-months.
The main risks identified for subprogram 1 in the report and recommendation of the President’s (RRP’s) Risks and Mitigating Measures section were that external shocks would trigger financial instability and result in increased dollarization of the finance sector and that fiscal instability, and the burden of foreign currency debt servicing would negatively impact the domestic debt issuance program (footnote 3). These risks would be mitigated by projected increased economic growth, the rebound of the Russian economy, the government’s reform efforts, and the reduction in public sector expenditures that would reduce the fiscal deficit. Subprogram 2 envisaged similar risks that would be mitigated by a reduction in foreign currency-denominated borrowing and efforts to reduce the fiscal deficit.

II. EVALUATION OF PERFORMANCE AND RATINGS

A. Relevance of Design and Formulation

17. The PCR rated the two subprograms relevant both at appraisal and at completion. The PCR states (para. 34) "it is difficult to overestimate the potential financial and systemic economic benefits of the reform agendas." It points out that financial market development was vital for Armenia to realize its long-term growth potential, as well as important in promoting financial and macroeconomic stability. As stated in the PCR, the reforms were directed at expanding the government’s capacity to finance budget deficits while reducing its exposure to foreign currency financing, which made it vulnerable to exchange rate fluctuations and other external shocks. The reforms were also important for the development of local capital markets, by establishing a functioning market for government securities. The PCR also claims that the reforms would make capital allocation more efficient because of better intermediation between investors and borrowers, particularly through improved audit functions that would make transactions more transparent. It further states that these objectives were transformative. The analytical justification for the reforms was drawn from the more general analysis on the importance of financial market development for long-term growth and for macroeconomic stability. The RRP’s Appendix calculated the reform benefits from the subprograms. The reforms were consistent with the ADB country strategy (2014–2018) with respect to economic growth and fiscal management and with Armenia’s reform priorities.

18. The priorities of the subprograms were consistent with the goals of the Government of Armenia, although somewhat indirectly. The Armenia Development Strategy (ADS) 2014–2025 had four priorities: (i) growth of employment, (ii) development of human capital, (iii) improvement of social protection, and (iv) institutional modernization of the public administration and governance.9 The ADS states (para. 44) “Employment increases will be the measurable outcome of the implementation of the sustainable growth policy.” This in turn will be “complemented by financial, credit, and monetary tools geared to the increase of jobs and reduction of unemployment” (para. 45). It also states (para. 46) “in monetary policy, these tools will be aimed at increasing accessibility and affordability of borrowings.” Since growth depends on the efficient functioning of financial markets, the subprograms’ goals advanced the attainment of the ADS.

19. The priorities of the subprograms were also consistent with the analysis of the World Bank Systematic Country Diagnostic for Armenia (footnote 2), which notes the structural challenges that hindered financial deepening, including poorer corporate governance practices, unreliable

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financial statements, and limited domestic savings. It states that enhancing capital market development that complements commercial bank intermediation would be important to deepen and diversify access to finance and enlarge Armenia's small capital markets. It also flags the risks of currency mismatches for local borrowers who had taken foreign currency-denominated loans. The high degree of dollarization in the Armenian finance sector was the prime source of the vulnerabilities. It also notes that dollarization was a barrier to securities market development.

20. The causal chain underlying the reforms was that the institutional strengthening of the foundation of financial markets would lead to the desired results with respect to debt management and financial market development and eventually to the expected impact on increased fiscal sustainability and resilience in the finance sector. In particular, reducing the dependence on foreign currency-denominated financing would reduce financing risk, ameliorate the impact of external shocks, and increase the soundness of the financial system. The original outcome target of subprogram 1 was that by 2020, the percentage of domestic currency securities in the total public debt would be 30% compared with a baseline in 2016 of 20% and that the turnover ratio of government bonds would double relative to a 2016 baseline of 4.17%. However, the outcome target was modified in subprogram 2 with respect to the percentage of domestic securities in total public debt to the percentage of net domestic securities issued in total public debt increasing to 42% by 2020 compared with the baseline of 22% in 2016. The turnover ratio in government bonds indicator was unchanged in subprogram 2. It is questionable whether these two indicators measure effectively fiscal sustainability and resilience in the finance sector since these objectives involve substantially more than the composition of domestic securities. For example, fiscal sustainability encompasses public financial management, government spending, and tax collection, not just the composition of government debt. Moreover, given the 51 policy actions included in the program, it is difficult to understand how they worked together to deliver the outcome, which were significant, and what the result or outcome of each policy action was. For example, what the result or impact of the MOF issuing a decree that a debt sustainability analysis will be undertaken each year and published annually would be.

21. The outputs of subprograms 1 and 2 were the same (para. 12). There were six identical output indicators for both subprograms. There were two indicators for public debt and fiscal risk management policy strengthened. The first was that the MOF would establish procedures for issuing Eurobonds, contract external loans, and enact payments for domestic and external debts by December 2017. The second was that the government would approve a framework for preparing PPPs and managing unsolicited proposals, and that the operational performance of each PPP would be monitored based on guidelines developed by the end of 2017. For improving the government securities market and money market infrastructure, the indicators were that the number of government security auctions held by PDMD would increase from eight to ten per year by December 2017 and that the legal amendments for secured interbank lending would be approved by Parliament by December 2017. The indicators for the broadening of instruments and investors were that the Law for Residential Mortgage Lending and the amendments to the Covered Bonds Law would be submitted to the government for its consideration by December 2017 and that the legislative reforms making it mandatory for large firms to be externally audited would be submitted to Parliament by the end of December 2018.

22. These output indicators essentially measured inputs that were necessary to achieve the outputs rather than providing evidence that the outputs themselves were achieved. The exception was mandating the increase in the number of government securities auctions. Most of the output indicators amounted to the issuing of procedures, the approval of frameworks, issuing legal amendments, and submissions to Parliament. These were important first steps in reforms to increase the depth of financial markets and were consistent with the subprogram's policy actions.
Although the design and monitoring framework of the program was in line with relevant ADB guidelines, the lack of indicators to measure outputs makes it hard to figure out causality and assess how policy actions contributed to outcomes.

23. There is insufficient evidence that the reforms were transformational in nature. Undoubtedly these reforms were important, but their transformational effects were not clear. Besides, some policy actions were process-driven, only indicating intentions of the government, and there were 51 policy actions in total, too many to ensure efficient focus on those critical for removing or mitigating binding constraints and to effectively monitor implementation, given resource constraints. In addition, achieving the expected impact on increased fiscal sustainability and resilience in the finance sector involves substantially more than the institutional strengthening supported by this program. For example, fiscal sustainability encompasses public financial management, government spending, and tax collection, not just the composition of government debt. However, the reform objectives were relevant to Armenia’s debt management and the finance sector as were the policy actions in establishing the framework for realizing the program outcome. Based on these, this validation assesses the program’s policy content as relevant but its design as less than relevant. Overall, the program is relevant but on the low side.

B. Effectiveness in Achieving Program Outcome and Outputs

24. The PCR rated the program highly effective. The justification was that outcome target indicators were achieved by 2019 rather than by the expected year 2020 for domestic debt issuance, which had a target of increasing the percentage of domestic securities in the total outstanding public debt from the 2016 baseline of 20% to 30%. This target was modified in subprogram 2 to the percentage of net domestic securities issued in total public debt increasing to 42% by 2020 from the baseline of 22% in 2016. The second outcome target was that the turnover ratio in government bonds would double by 2020 compared with a 2016 baseline of 4.17%. This target was unchanged in subprogram 2.

25. The PCR (para. 37) notes as evidence of outcome achievement that during the macroeconomic crisis of 2020 and despite the negative fiscal and exchange rate shocks, the largest gross financing needs of the government were met by local debt issuance that amounted to 85%, more than double the original MOF’s estimate of 42%. This was evidence of the structural improvements in the institutions associated with the issuing of local debt and its trading. A further result of this was that currency risk exposure declined significantly.

26. The policy actions ( paras. 8 and 9) relating to strengthening public debt and fiscal risk management and improving government securities market and money market clearly had effect on the actual ability to deal with local currency-denominated financing of the fiscal deficit through sales of securities as demonstrated by the increase in local currency financing. While sufficient information is not available on output achievement, as the output indicators measured inputs into the institutional strengthening of the local financial market, the policy actions clearly provided a foundation for domestic currency financing, with the increase in local currency financing in 2020 confirming their effectiveness.

ADB’s Central West and Asia Department expressed disagreement with this assessment and maintained that a large number of policy actions does not necessarily dilute the focus on implementing key reform processes as small policy actions can be clustered into large ones.
27. The program’s PPP component helped improve the government’s capacity to manage fiscal risks in PPPs. A framework for PPPs has been established to help promote PPP projects that are fiscally sustainable and financially viable.

28. However, there is no information or evidence on how effective the policy actions have been in enhancing corporate transparency and broadening the foundation for money market instruments and investments, although relevant laws and legislations were submitted to Parliament for consideration as planned. On balance, this validation assesses the program effective.

C. Efficiency of Resource Use

29. The PCR rated the program efficient. The subprograms were approved on schedule. Loan proceeds were disbursed before the dates in the loan agreement, and the loan closing dates were on or before schedule. This validation assesses the program efficient.

D. Preliminary Assessment of Sustainability

30. The PCR rated the program likely sustainable because the reform momentum continued after the program period and on the basis of strong reform commitment. ADB approved a further standalone PBL in 2019 to strengthen the management of public debt, improve interbank liquidity, and promote the development of capital markets that continued the reforms undertaken in the subprograms. The PCR notes the difficulties of transitioning from a highly dollarized financial system to one based on local currency financing that has the depth to effectively finance investment and entrepreneurship, and that sustainability rests on the continued growth of local currency financing. It also notes (PCR, para. 40) that few countries have managed this transition. Nevertheless, this validation notes the successful financing of fiscal deficits in local currency terms that occurred in 2020. In 2021, the share of domestic currency securities in total public debt increased further. The program is therefore assessed likely sustainable.

III. OTHER PERFORMANCE ASSESSMENTS

A. Preliminary Assessment of Development Impact

31. The intended impact of the subprograms was increased fiscal sustainability and resilience in the finance sector. The subprograms contributed to this through increasing local currency financing and reducing currency risk exposure by improving institutions associated with the local debt issuing and trading. The PCR rated the program’s development impact satisfactory because macroeconomic stability and robust private sector development, which the subprograms built on, are a necessary condition for growth and sustained poverty reduction. It cited the government’s commitment to continue the reform momentum as evidenced by its 2019–2023 program that will in turn promote longer term growth by continuing the reforms embodied in the subprograms. Government policies complemented IMF’s support through its ongoing standby program, which has been strengthened by ADB coordination with the IMF as well as other development partners to assist with reform implementation. This would also mean the impacts cannot be totally attributed to the ADB-led program. Overall, this validation assesses the development impact satisfactory.

B. Performance of the Borrower and Executing Agency

32. The PCR rated both the performance of the government and the MOF satisfactory. It also rated the performance of the implementing agencies satisfactory. It noted that there was no delay in complying with the policy conditions although the challenges from the silo mentality of some of the agencies made it difficult to coordinate policy actions at the working and technical levels. But the strong reform commitment of the leadership within these agencies contributed to overcoming the problem. This commitment was reinforced following the change of government in 2018. This validation assesses the performance of the borrower and the executing agencies satisfactory.

C. Performance of the Asian Development Bank and Cofinanciers

33. The PCR rated ADB’s performance satisfactory based on ADB’s effective decision-making during loan negotiations, flexibility shown in adapting subprogram 2 by expanding the scope of fiscal risk, and the ability to transition negotiations from one government to the next (para. 4). While there was some difficulty in ensuring internal coordination, this was resolved during loan negotiations. During implementation, the ADB team interacted frequently with implementing agencies, regularly engaged in policy dialogue, and closely monitored implementation progress. This validation assesses ADB performance satisfactory.

IV. OVERALL ASSESSMENT, LESSONS, AND RECOMMENDATIONS

A. Overall Assessment and Ratings

34. The PCR rated the program relevant, highly effective, efficient, likely sustainable, and overall successful based on all the policy actions being implemented and on the achievement of nearly all of the output indicators.

35. This validation assesses the program as relevant, effective, efficient, likely sustainable, and overall successful. These were based on the implementation of policy actions and the achievement of the output indicators, although with a caveat that many of the outputs were in fact inputs, but these were important steps in establishing a foundation for effective financial intermediation.

Overall Ratings

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B. Lessons

36. The PCR contains two lessons, which the validation supports. The first points out that the type of reforms targeted in the program takes time to come to fruition and requires ongoing efforts by the government and development partners if these reforms are to be sustainable in the long term. The PCR states that commitment to the reforms embodied in the program is not clearly articulated in the latest country partnership strategy (CPS) for Armenia over the 2019–2023 period, which potentially negates the need for long-term assistance with the reforms embodied in the two subprograms. Even though reform areas continue to evolve and produce benefits, the PCR states (para. 45) that it was not possible "to continue with the programmatic assistance modality that had produced so many benefits up until 2019." The second lesson suggests that the medium-term programmatic approach had been successful, and it should have been continued as it addresses key reform areas that remained relevant to the new government, and which were articulated in its 2019–2023 CPS. The PCR states that the country programming exercise of 2019 led to serious disruption to ADB’s engagement with the government because of the need to continue to assist with the reforms embodied in the two subprograms.

37. This validation adds two lessons. First, when programs embody reforms that are directed at strengthening the institutional framework for the operation of key markets, such as those underlying financial markets, clearly articulating them in the program documents clarifies objectives. By not doing so, it risks the results of the program not being fully apparent due to the lengthy period for the reforms to come to fruition. By setting as outcome objectives what the improved framework will lead to places the outcome outside the time frame of the program. Second, the government that came to office in 2018 was strongly reform-minded. Even though Armenia suffered two exogenous shocks in the form of the coronavirus disease (COVID-19) and conflict with a neighboring country, reform commitment did not waver. This contributed strongly to the ultimate outcome of this program, with the lesson that development partners should both support and take advantage of opportunities that arise when governments are committed to reform, which should also be recognized in their country programming.

C. Recommendations for Follow-Up

38. It is important that follow-up reform is built on what has already been accomplished, including lessons identified, and that the successes of this program in establishing a foundation for financial market development be used to implement further reforms. The suggestions for follow-up contained in the PCR are relevant, in particular the need to build on the reform momentum established through the two subprograms.

V. OTHER CONSIDERATIONS AND FOLLOW-UP

A. Monitoring and Reporting

39. All program covenants were complied with. Program implementation was sufficiently flexible and was able to adapt, in 2018, to the new government’s reform priorities. Policy actions were complied with. The indicators included a set of baseline data against which to assess the achievements of the program. ADB conducted five missions at various stages of the two subprograms, including identification, consultation, reconnaissance, and fact-finding. The missions utilized 36 person-days. ADB’s country office provided inputs and assistance in program preparation and implementation.
B. Comments on Program Completion Report Quality

40. The PCR provides an adequate description of the lead-up to the program, the issues that the reforms addressed, and the link between outcome objectives and outputs. It also notes the importance of continuing successful work that had commenced. The PCR could have articulated more clearly the analytical work that underlay the program. The lessons were more statements of disappointment with respect to the consistency of follow-up to the program with ADB’s CPS for 2019–2023, and they could have been generalized in this regard to make them more useful. Nevertheless, overall, the PCR quality is assessed satisfactory.

C. Data Sources for Validation

41. The data sources for this validation were mainly the RRP’s and attached documents, mission review reports, the CPS and ADS 2014–2025, the loan agreement, and the PCR.

D. Recommendation for Independent Evaluation Department Follow-Up

42. A separate program performance evaluation is not required.