



Completion Report

Project Number: 45230-001
Technical Assistance Number: 8200
June 2017

Armenia: Capacity Building for Women's Entrepreneurship Support

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TA Number, Country, and Name:			Amount Approved: \$600,000.00	
TA 8200-ARM: Capacity Building for Women's Entrepreneurship Support			Revised Amount: N/A	
Executing Agency: Ministry of Finance		Source of Funding: TASF-IV	Amount Undisbursed: \$18,562.29	Amount Utilized: \$581,437.71
TA Approval Date: 25 October 2012	TA Signing Date: 29 November 2012	Fielding of First Consultants: 1 March 2013	TA Completion Date Original: 31 December 2015	Actual: 31 December 2016
			Account Closing Date Original: 31 December 2015	Actual: 29 March 2017
Description On October 2012, ADB approved the Women's Entrepreneurship Support Sector Development Program (WESSDP) ¹ which included (i) a \$20 million policy-based loan linked to policy reforms and budget expenditures to strengthen the business environment and the Small and Medium Entrepreneurship Development National Center (SME DNC) of Armenia in its support for women's micro, small and medium-sized enterprises (MSME) and (ii) a \$20 million financial intermediation loan to fund MSME loans of participating financial institutions (PFI), of which at least 50% should be for women's MSMEs. The capacity development technical assistance (TA) supported the delivery of the program's outputs: (i) improved institutional framework supports women entrepreneurs and MSMEs, (ii) improved capacity of women entrepreneurs and MSMEs, (iii) improved access to finance by women entrepreneurs and MSMEs, and (iv) improved business environment supports MSMEs.				
Expected Impact, Outcome, and Outputs The overall program's intended impact was to help women benefit from increased economic opportunities in Armenia. The expected outcome was an improved enabling environment for women entrepreneurs in Armenia. The TA's specific outputs focused on (i) increasing the capacity of the SME DNC, the project management unit of the German-Armenian Fund (PMU GAF) and the PFIs to support women entrepreneurs, and (ii) raising the awareness and technical capabilities of existing or potential women entrepreneurs and business support organizations working with women. The design was <i>highly relevant</i> given the strong buy-in from the Armenian Government to support women entrepreneurship development and that the components of the TA were directly aligned to the barriers identified during project processing. The TA design focused on building the capacity both of the service providers (financial and non-financial support) and of the women entrepreneurs, and it was well timed with the implementation of policy reforms and the complementary credit line.				
Delivery of Inputs and Conduct of Activities The TA became effective on 29 November 2012 and the consulting firm was mobilized in March 2013. The original TA envisaged 4 international consultants and 7 national consultants for a total of 9.5 person-months and 64 person-months respectively. The final TA inputs were 8.4 person-months and 77.4 person-months of international and national consultants respectively. The TA completion date was extended from 31 December 2015 to 31 December 2016 to allow completion of new activities that were added to the scope of the TA as described in the outputs section.				
The overall performance of the consulting firm and its consultants is rated <i>satisfactory</i> . ² Their inputs were effective in achieving the TA objectives and went beyond the original activities showing a high degree of initiative and flexibility. The inputs, however, focused mostly in working with women's MSMEs, SME DNC and other business support organizations, and were less successful in building links with the PFIs to broaden the TA impact, as described in the lessons section. The TA is assessed as <i>efficient</i> in the use of inputs to produce the outputs listed in the following section.				
SME DNC's performance (executing agency of the TA) was considered <i>highly satisfactory</i> . SME DNC's team was highly committed to the TA and provided new ideas and all required in-kind support (including funding TV and radio air space). ADB's performance was <i>highly satisfactory</i> , with active involvement with the consultants and client, responsive to client's requests and frequent review missions combined with missions for the two loans under the program.				

¹ ADB. 2012. *Report and Recommendation of the President to the Board of Directors: Proposed Loan to the Republic of Armenia for the Women's Entrepreneurship Support Sector Development Program*. Manila.

² Two consultants were rated Excellent.

Evaluation of Outputs and Achievement of Outcome

The two TA outputs were fully achieved and the TA was instrumental in facilitating the implementation of the policy actions required for the second tranche of the program loan. Under the first output, the following activities were completed: (i) collection of MSME sex-disaggregated data related to SME DNC clients (development of a new database of around 10,000 entries); (ii) review of the Strategy for Women's Entrepreneurship Promotion³ and development of annual operation plans; (iii) designed and implemented new business support programs for women entrepreneurs, including value-chain assessments and pilot activities in the agriculture and tourism sectors and trainings on ICT literacy and usage, and financial literacy for women; (iv) reviewed the effectiveness of SME DNC loan guarantee scheme, provided recommendations to improve its coverage and impact; (v) strengthened SME DNC's credit risk management system, including development and testing of new risk scoring methodologies; (vi) trained SME DNC staff and business development services providers catering women entrepreneurs, and carried out need-assessments and awareness raising events, and (vii) carried out awareness training with PFIs and PMU GAF staff on women's MSMEs constraints in accessing finance and organized events with SME DNC and other organizations supporting women entrepreneurs.

Under the second output, the following activities were completed: (i) implemented information awareness campaigns on the potential and opportunities of women entrepreneurship and sponsored annual Best Woman Entrepreneurs awards; (ii) designed and implemented a mentorship scheme for women entrepreneurs and implemented the new support programs designed under output 1; (iii) increased the capacity of business development providers through training of trainers; and (iv) delivered 20 start-up training programs with formal training sessions and individual coaching activities, in which 51% of the participants were women entrepreneurs. All relevant reports are disclosed on ADB's website.⁴

The above activities had been completed by the end of 2015. The TA completion date was extended by 12 months to (i) pilot an international women-mentoring program provided by the Cherie Blair Foundation for Women and (ii) conduct additional activities to strengthen the link between the women entrepreneurs' capacity building initiatives and the funding provided by the PFIs under the credit line of the program.

Overall the TA outcome was achieved. The TA activities contributed to improving the environment for women entrepreneurs in Armenia. The TA is rated as *highly effective*. Though there is no available gender disaggregated data on the number of new women businesses registered (DMF indicator, using the Business Registry) Armenia has improved in other proxy indicators (female participation in firms' ownership increased from 11.5% in 2005 to 25.3% in 2013 and the percentage of firms with female top managers increased from 13.5% in 2009 to 19.1% in 2013).⁵ Armenia also now tops the ranking of Eastern European countries in its support to women entrepreneurs.⁶ The TA also helped achieve the policy actions required for the disbursement of the second tranche (see Progress Report on Tranche Release) and deliver two of the outputs of the overall program Design and Monitoring Framework. Under output 1 of the program ("Improved institutional framework supports women entrepreneurs and MSMEs"), the TA assisted the Ministry of Economy define action plans linked to the national strategy for SME development targeted at women entrepreneurs and MSMEs. Under Output 2 ("Improved capacity of women entrepreneurs and MSMEs"): (i) the target of 3,500 women to receive training and business development services from SME DNC was achieved by the end of 2016 (4,584); and (ii) 51% of the participants in SME DNC start up programs were women and presented a business plan to a financial institution and 54% of them obtained funding (above the 30% target in the DMF).

Overall Assessment and Rating

The TA is rated as *successful*. The TA exceeded its objectives and activities and is *likely to be sustainable* as the policy and operational changes triggered with the TA support are all being implemented. The Armenian government is now recognized for the attention it gives to support women entrepreneurship and some of the initiatives supported by the TA (e.g. annual need assessment survey to ensure quality of services provided, and new mentoring and coaching schemes) have been recognized by the OECD as good examples to be replicated in other countries in the region.⁷ Additionally several Armenian business support organizations are now using the tools and methodologies piloted by SME DNC with the support of the TA.

The TA largely supported the policy-based loan in achieving the policy conditions necessary for the release of the loan's second tranche.

³ Part of the SME State Support Strategy.

⁴ The reports are available in <https://www.adb.org/projects/45230-001/main#project-documents>.

⁵ World Bank. *Enterprise Surveys*. Data is the latest available and previous data point.

⁶ OECD. 2016. *SME policy index: Eastern Partner Countries*.

⁷ Ibid.

Major Lessons

Mentorship schemes and networking activities are important tools to address issues of lack of confidence and lack of access to professional networks. They could also help address negative societal attitudes. These were all identified as specific barriers for women entrepreneurs in Armenia. The mentorship scheme between female entrepreneurs was highly valued both by women starting new businesses and those looking to grow their business.

Regular needs-assessment surveys are important tools to understand critical constraints and ensure that the content and the format of the services provided by business support organizations match those needs.

Though the overall objective of the TA was achieved, the link with the credit line component of the program could have been stronger, despite PFIs' participation in awareness raising campaigns and business plan contests. This was because most of the TA activities focused on start-ups, which are not traditional clients of banks. The TA could have included an additional component to focus more specifically in supporting PFIs' outreach to women. In any case, the overall program results show that when financial institutions are incentivized to reach to women customers and understand the financial needs and behaviors of women, they realize the potential of this niche market for cross selling other financial services. This increases the sustainability of the intervention.

Reaching out to women requires dedicating resources to financial literacy. Survey results showed that women have less financial knowledge than men and are less confident in their financial skills. Specific support programs at key decision moments for women achieve better performance and results.

Recommendations and Follow-Up Actions

Although the Armenian Government prioritizes women entrepreneurship development and has specified quantitative targets, collecting data disaggregated by gender remains a challenge. Additional efforts are needed to collect and analyze data on businesses created and growth trends, contribution to GDP and employment in order to show achievements and fully understand the characteristics and trends of women entrepreneurs. The TA assisted establishing a database of SME DNC clients, but that is only a sub segment of all women businesses.

Future MSME support interventions could expand the target group and address the needs of more established growth-oriented women SMEs. For example, efforts could focus on supporting export promotion, to seize the larger trade opportunities triggered by Armenian access to the Eurasian Economic Union, or supporting innovation adoption in products and processes.

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