



## Armenia: Strengthening the Banking Sector for Financial Inclusion

Project Name	Strengthening the Banking Sector for Financial Inclusion			
Project Number	51184-001			
Borrower/Company	Ameriabank CJSC			
Country	Armenia			
Location	Nation-wide			
Approval Number	7521/3575, 7521			
Type of ADB Assistance / Amount	3575	Ordinary capital resources	USD 30.00 million	Approved
	7521	Ordinary capital resources	USD 30.00 million	Approved
Strategic Agendas	Inclusive economic growth			
Drivers of Change	Gender Equity and Mainstreaming Private sector development			
Sector / Subsector	<b>Finance</b> - Finance sector development - Small and medium enterprise finance and leasing			
Gender Equity and Mainstreaming	Some gender elements			
Responsible ADB Department	Private Sector Operations Department			
Responsible ADB Division	Private Sector Financial Institutions Division			
Responsible ADB Officer	Cheema, Asif			
Project Sponsor(s)				
Description	The proposed ADB assistance consists of (i) a proposed loan of up to \$30,000,000 or the dram equivalent to Ameriabank CJSC (AMB) and (ii) a proposed equity investment of up to the dram equivalent of \$30,000,000 in AMB both for the Strengthening the Banking Sector for Financial Inclusion in Armenia.			
Objectives and Scope	ADB will support AMB in providing funding to this important customer segment and expanding new product offerings, thus supporting overall economic growth, job creation, and diversification.			
Linkage to Country/Regional Strategy	Linkage to Country Strategy: Under ADB's Midterm Review of Strategy 2020, ADB aims to strengthen its support for the finance sector by assisting the development of financial infrastructure, institutions, and products and services; and by promoting inclusive growth. AMB's emphasis on lending to segments with high potential for employment and income generation will support inclusive growth. ADB funds will help AMB provide loans to SMEs to meet their investment needs and support overall growth. This is consistent with the government's efforts to promote growth and economic diversification, and with ADB's country partnership strategy for Armenia, 2014 2018. Linkage to Sector Strategy: The loan to and equity investment in AMB will continue ADB's efforts to develop Armenia's financial market and support SMEs. These efforts also complement sovereign programs in the finance sector, such as the Women's Entrepreneurship Support Sector Development Program (2012).			

### Safeguard Categories

Environment	FI
Involuntary Resettlement	FI
Indigenous Peoples	FI-C

### Summary of Environmental and Social Aspects

Environmental Aspects	The review of AMB's ESMS for the proposed loan and equity investment confirms that the existing ESMS includes provisions adequate to identify, screen, assess and address environmental and social impacts arising out of its existing and future portfolio. While AMB's policy, resources and capacity have been deemed adequate, due diligence found that AMB is unable to meet ADB's disclosure requirement for Category A subprojects. Therefore, no category A subprojects will be financed using ADB loan and equity proceeds.
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Involuntary Resettlement	The involuntary resettlement related elements of AMB's ESMS were assessed in 2011 in compliance with ADB's SPS. AMB's ESMS screening and categorization form specifically tests for involuntary displacement impacts on subprojects. The ESMS includes procedures for ensuring involuntary displacement impacts are mitigated and managed by subborrowers in compliance with ADB's SPS and requirements of other lenders such as EBRD and the International Finance Corporation. AMB is an existing ADB client, has met past reporting requirements, and will continue to report annually on its ESMS and SPS compliance. No category A subprojects will be financed using ADB funds.
Indigenous Peoples	The project is not expected to generate any impacts on indigenous peoples.
Stakeholder Communication, Participation, and Consultation	AMB's market analysis involves interactions with current and prospective clients to understand their needs and to develop products and outreach activities that will ensure these needs are met. The technical assistance that will be provided separately seeks to enhance this capacity to more effectively meet stakeholder needs. For borrower subprojects with environmental and social risks and impacts, AMB ensures through its environmental and social management system (ESMS) that its subborrowers implement mitigation and management measures developed through meaningful stakeholder consultation.

#### Timetable for assistance design, processing and implementation

Concept Clearance	20 Jun 2017
Due Diligence	
Credit Committee Meeting	17 Aug 2017 to 17 Aug 2017
Approval	27 Sep 2017
Last PDS Update	18 Sep 2018

Project Page	<a href="https://www.adb.org/projects/51184-001/main">https://www.adb.org/projects/51184-001/main</a>
Request for Information	<a href="http://www.adb.org/forms/request-information-form?subject=51184-001">http://www.adb.org/forms/request-information-form?subject=51184-001</a>
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