



Armenia: Inecobank (ARM: SME FINANCE PROGRAM)

Project Name	Inecobank (ARM: SME FINANCE PROGRAM)		
Project Number	45903-044		
Borrower/Company	INECOBANK CJSC		
Country	Armenia		
Location			
Approval Number	7346/2813		
Type of ADB Assistance / Amount	7346/2813	Loan	USD 10.00 million Approved
Strategic Agendas	Inclusive economic growth		
Drivers of Change			
Sector / Subsector	Finance - Banking systems and nonbank financial institutions - Small and medium enterprise finance and leasing		
Gender Equity and Mainstreaming			
Responsible ADB Department	Private Sector Operations Department		
Responsible ADB Division	Portfolio Management Division, PSOD		
Responsible ADB Officer	Hruschka, Stefan A.		
Project Sponsor(s)			
Description	ADB proposes to extend debt facilities totaling up to \$65 million to Armenian banks for on-lending to SMEs. ACBA Credit Agricole, Ameriabank, Ardshininvestbank, and Inecobank were selected to be the banks proposed to participate in the program based on their credit profiles, their willingness and ability to expand their SME portfolios, and ADB's potential to add value under and beyond the program.		
Objectives and Scope	The program increases the capacity of local banks to provide SMEs with longer-term financing to support SME growth and productivity. Supporting the growth of SMEs will increase the contributions made by SMEs to GDP, labor, and key economic sectors. SMEs are drivers of economic growth, private sector development, and economic diversification. They comprise a substantial proportion of private sector activities, particularly outside Yerevan where poverty rates are higher, and can be a source of building competitiveness. The promotion of SMEs leads to higher income levels for SME owners and employees, and aids in job creation, which facilitates poverty reduction and broad-based growth.		
Linkage to Country/Regional Strategy	Strategy 2020 identifies private sector development as one of the five drivers of change to alleviate poverty in the region. Financial sector development is noted as one of the five core specializations that will be undertaken in support of this agenda. The Armenian government's broad macroeconomic objectives repeatedly emphasize private sector operations as essential to Armenia's growth. ADB's Economic Report and Interim Operational Strategy, 2006 -2009 for Armenia cites that an underdeveloped finance sector, including lack of access to long-term financing, is a major bottleneck to private sector development. The Financial Sector Operational Plan calls for enhanced focus on the traditionally underserved (including SMEs) to achieve inclusive growth, one of the three strategic agendas of Strategy 2020. Finally, PSCM's Business Plan and Priorities, 2010 -2012, directs PSCM to assist private banks with loans, equity, and TA to encourage and support market participants at the forefront. The SME Finance Program supports both private and financial sector development, as directed by ADB's country and sector strategies, by increasing the capacity and ability of Armenian banks to expand lending to urban and non-urban SMEs, which comprise an important and underserved portion of Armenia's economy.		

Safeguard Categories

Environment	FI
Involuntary Resettlement	FI
Indigenous Peoples	FI

Summary of Environmental and Social Aspects

Environmental Aspects

Involuntary Resettlement

Indigenous Peoples

Stakeholder Communication, Participation, and Consultation

Timetable for assistance design, processing and implementation

Concept Clearance	04 Jul 2011
Due Diligence	30 Aug 2011
Credit Committee Meeting	19 Sep 2011 to 19 Sep 2011
Approval	22 Nov 2011
Last PDS Update	16 Sep 2014

Project Page	https://www.adb.org/projects/45903-044/main
Request for Information	http://www.adb.org/forms/request-information-form?subject=45903-044
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