

Independent mid-term evaluation

ARMENIA

**Productive work for youth in Armenia –
supporting young entrepreneurs**

Project number: 120455



UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION

UNIDO OFFICE FOR INDEPENDENT EVALUATION

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Abbreviations and acronyms

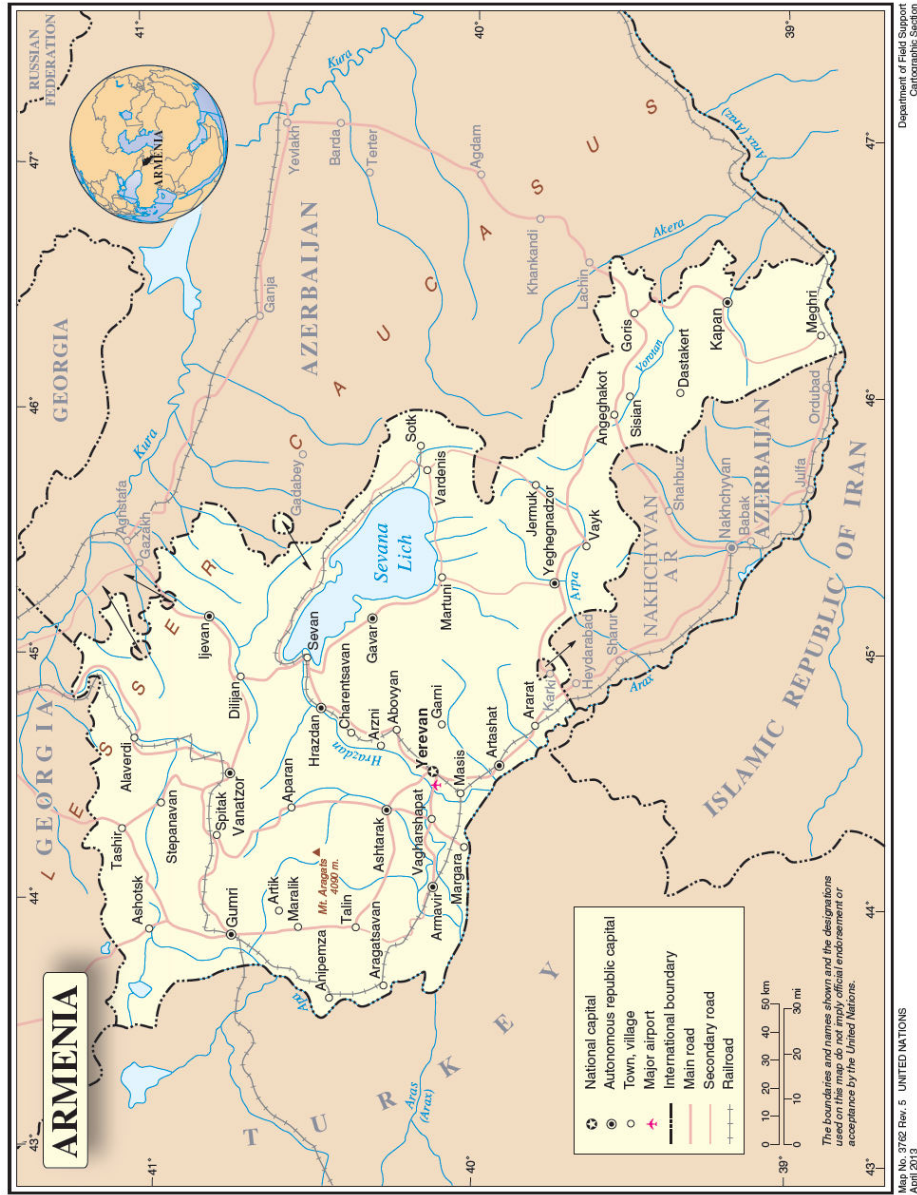
ADB	Asia Development Bank
AMD	Armenian Dram (currency)
CEFE	Competency-based Economies through Formation of Enterprise
EGM	Expert Group Meeting
EUR	Euro
FGD	Focus Group Discussion
FO	Field Office
GCIP	Global Cleantech Innovation Programme
GEF	Global Environment Facility
GoA	Government of Republic of Armenia
HQ	Headquarters
MAF	Armenian MDG Acceleration Framework
MDG	Millennium Development Goals
M&E	Monitoring and Evaluation
MSME	Micro, Small and Medium-sized Enterprises
MTPF	Medium-Term Programme Framework (UNIDO)
NTL	National Team Leader
ODG/EVA	UNIDO Office for Independent Evaluation
PSC	Project Steering Committee
PRP	Prosperity for Rural Development (project)
R&D	Research and Development
SMART	Specific – Measurable – Achievable – Relevant – Time-bound
SME	Small and Medium-sized Enterprises
SME DNC	Small and Medium Entrepreneurship Development National Center
TA	Technical Assistance
ToC	Theory of Change
ToR	Terms of Reference
UNCT	United Nations Country Team
UNIDO	United Nations Industrial Development Organization
USAID	US Agency for International Development

Glossary of evaluation related terms

Term	Definition
Conclusions	Conclusions point out the factors of success and failure of the evaluated intervention, with special attention paid to the intended and unintended results and impacts, and more generally to any other strength or weakness. A conclusion draws on data collection and analyses undertaken, through a transparent chain of arguments.
Effectiveness	The extent to which the development intervention's objectives were achieved, or are expected to be achieved, taking into account their relative importance.
Efficiency	A measure of how economically resources/inputs (funds, expertise, time, etc.) are converted to results.
Impacts	Positive and negative, primary and secondary long-term effects produced by a development intervention, directly or indirectly, intended or unintended.
Indicator	Quantitative or qualitative factor or variable that provides a simple and reliable means to measure achievement, to reflect the changes connected to an intervention, or to help assess the performance of a development actor.
Institutional development impact	The extent to which an intervention improves or weakens the ability of a country or region to make more efficient, equitable, and sustainable use of its human, financial, and natural resources, for example through: (a) better definition, stability, transparency, enforceability and predictability of institutional arrangements and/or (b) better alignment of the mission and capacity of an organization with its mandate, which derives from these institutional arrangements. Such impacts can include intended and unintended effects of an action.
Lessons learned	Generalizations based on evaluation experiences with projects, programs, or policies that abstract from the specific circumstances to broader situations. Frequently, lessons highlight strengths or weaknesses in preparation, design, and implementation that affect performance, outcome, and impact.

Term	Definition
Logframe	Management tool used to improve the design of interventions, most often at the project level. It involves identifying strategic elements (inputs, outputs, outcomes, impact) and their causal relationships, indicators, and the assumptions or risks that may influence success and failure. It thus facilitates planning, execution and evaluation of a development intervention. Related term: results based management.
Outcome	The likely or achieved short-term and medium-term effects of an intervention's outputs. Related terms: result, outputs, impacts, effect.
Outputs	The products, capital goods and services which result from a development intervention; may also include changes resulting from the intervention which are relevant to the achievement of outcomes.
Recommendations	Proposals aimed at enhancing the effectiveness, quality, or efficiency of a development intervention; at redesigning the objectives; and/or at the reallocation of resources. Recommendations should be linked to conclusions.
Relevance	The extent to which the objectives of a development intervention are consistent with beneficiaries' requirements, country needs global priorities and partners' and donors' policies. Note: Retrospectively, the question of relevance often becomes a question as to whether the objectives of an intervention or its design are still appropriate given changed circumstances.
Results	The output, outcome or impact (intended or unintended, positive and/or negative) of a development intervention. Related terms: outcome, effect, impacts.
Sustainability	The continuation of benefits from a development intervention after major development assistance has been completed. The probability of continued long term benefits. The resilience to risk of the net benefit flows over time.

Map of Armenia



Executive summary

Introduction and background

This is an independent mid-term evaluation of the UNIDO project Productive work for youth in Armenia – supporting young entrepreneurs. The mid-term evaluation concerns the first 26 months of the project. The overriding objective was to create transparency and dialogue between project stakeholders to drive learning for the further development of the project, for its replicability and scaling-up of results.

The project was designed at the request from the Government of Armenia (GoA) for technical cooperation to develop a youth employment project with focus on sustainable development of the regions (marzes). Youth entrepreneurship is seen by the GoA as a viable option to create employment. The GoA appointed the SME Development National Center (SME DNC) as its executing agency.

Methodology

The mid-term evaluation has looked into the functioning of the project structures and processes and assessed to which degree project targets and results were achieved or are likely to be achieved in the future, based on the project's relevance and acceptance amongst stakeholders, effectiveness, efficiency as well as potential impact and sustainability. Information gathered from different sources and through different methods has been triangulated, including desk review of project documentation, interviews with UNIDO project management and staff in HQ and in the project field office, discussions with SME DNC staff, and beneficiary focus group discussions and on-site visits.

Project design

The project strategy is flexible in not limiting young entrepreneurs to a specific sector. Focus is on entrepreneurship and business potential, combining financial and non-financial support and services. Through an entrepreneurship training the young entrepreneurs are supported to develop a good business plan as a basis for applying for a loan from the youth revolving fund which has been established as part of the project. The loans are granted on favorable terms in the Armenian context, and continued coaching and support over a period up to 12 months is key to ensure that the loans are used for intended purposes and that loans are repaid. The project further offers technical assistance on a needs basis to support growth of the established businesses.

The intervention logic in the logframe captures the project narrative well. The indicators at outcome and output levels are commendably SMART. The few weaknesses relate to the objectively verifiable indicators at impact level and limitations in assumptions.

Relevance and ownership

The overall assessment is that there is a strong sense of national ownership with the project being integrated into GoA institutions. The objectives of the project remain consistent in particular with the inclusive dimension of UNIDO's 'Inclusive and Sustainable Industrial Development' (ISID) policy, as well as with policies and priorities of GoA, most recently confirmed in the 'Millennium Development Goals (MDG) Acceleration Framework: Youth Employment in Armenia'. To maintain relevance, it is recommended to keep the current age span from 18 to 35 years and to keep the target of a 50/50 share for men and women respectively. If a sector focus is to be considered it is recommended to also analyze this from a gender perspective; women tend to be more engaged in some sectors than in others.

Efficiency

The efficiency in use of funds is good. The distribution of released budget overall follows the tentative budget in the project document. By 26 months into the project, 61% of the total budget had been used, leaving an appropriate budget share (39%) for the remaining 18 months. The project further received additional funding from the 'UNIDO trust fund for youth employment' which has been set up by UNIDO member states (out of which 70% remain for use).

The administrative support from UNIDO HQ to the project field office has been adequate and timely and the transfer of funds to the field office has functioned well. In the project field office, it is vital that field-based project staff is given flexibility in use of the project car for performing beneficiary support and monitoring work. Efficiency has increased since a formal agreement has been reached with the UNIDO desk office about implementing priority of the project in use of the shared project care. The project inputs from the national executing partner have also largely been provided in an adequate and timely manner.

Effectiveness

In light of progress by mid-term, expected outcomes are likely to be achieved by end of project. The combination of financial and non-financial technical support is no doubt vital to achievement of outcomes, even though not sufficient on its own. Risks have in general increased due to recent regional geo-political external shocks.

Business performance varies from one youth entrepreneur to another, but has generally slowed down for all beneficiaries during the first quarter of 2015. The established businesses are however functioning and loans are being paid back in line with expectations. Some of the consulted young entrepreneurs claimed increases in income, an issue to be validated as part of the end-of-project evaluation. Jobs have been created in some of the established youth-led businesses, but it remains to be ascertained to what extent the jobs created are

full-time jobs. A particularly positive finding is that there are signs of broader than expected outcomes in terms of backward linkages being created.

As for outputs and activities, the project is very well on track with all outputs being delivered as planned. The project is even over-performing in terms of granted youth fund loans. The project is limited from achieving higher targets as regards youth entrepreneurs accessing loans and non-financial services only by the size of capital contributed to the youth revolving fund. Available fund capital is expected to be depleted by October 2015, while the project ends only in November 2016.

The effectiveness of the project would most likely be even further enhanced through a revision of the laws and regulations for accessing start-up capital from the youth revolving fund. The constraints posed by the current one-time start-up loans, and low maximum level of loan, are recognized by both SME DNC and UNIDO. A revised approach would however require GoA to revise laws and regulations.

Each approved youth entrepreneur can receive a start-up loan of maximum AMD 5 Million (around USD 9 069). Virtually all established businesses are micro businesses. With the current rules, a young entrepreneur can access start-up capital only once, regardless of amount granted. Allowing accession to small start-up loans in multiple steps up to the maximum amount would allow many of these micro businesses to exploit smaller-scale, but yet sound, expansion and growth potential. It would also be helpful for many of the micro businesses to double the maximum start-up loan amount. A few of the established businesses showing particularly quick and strong growth potential can turn to other sources for additional funding.

There is a strict and mandatory requirement for beneficiaries' active participation in a 35 days entrepreneurship training in order to be considered for a loan from the youth revolving fund. One important purpose of the mandatory entrepreneurship training is to support each young entrepreneur to translate her/his business idea into a solid business plan. The commendably high quality of the developed business plans deserves to be mentioned.

The project initially hired external well-established trainers with experience from previous similar trainings. Recently, SME DNC has procured training companies to conduct the training. The training methodology is the SME DNC generally applied methodology, with UNIDO efforts to support further improvements of the financial assessment module through introducing COMFAR Online methodology. Given the new set-up with training companies, there is a need to closely monitor and assess how well the new training set-up functions and whether there are any negative implications for the beneficiaries.

By mid-term, 13 rounds of training have been completed. It is noteworthy that the share of women among trainees exceeds the share of women among applicants for training (36% and 32% respectively). The project's experience is that female beneficiaries are more disciplined when it comes to finalizing the required paper work to get loans granted. Further, there has been a history of more men than women refusing to accept the loans once granted. The overall share of female

beneficiaries, calculated across loans granted and loans in progress, does however not yet exceed one third.

Following the entrepreneurship training and the granting of loans, the project continues to support each beneficiary with coaching and counseling during 6-12 months at no cost. This continued coaching and counseling is a key factor in ensuring successful repayment of loans. Technical assistance is needs-based and demand-driven, and was consequently not specified in the project document. While the procured training companies are conducting the coaching and counseling, the provision of technical assistance is under the direct mandate of UNIDO.

Sustainability

There are several factors and emerging signs which point to prospects for reasonable sustainability of the project results. It has been agreed that the revolving fund will be operated according to the terms agreed between GoA and UNIDO for at least 15 years after the project ends, which caters for good prospects for sustainability of the project model. SME DNC has a history of institutionalizing good results from development cooperation – one being the institutionalization of the CEFÉ training methodology developed in cooperation with GiZ.

Impacts

It is at this mid-term point in time premature to objectively assess project impacts. An assessment of impacts at mid-term would be no more than an extrapolation of outcomes at mid-term.

Management

The project is managed in a standard UNIDO fashion – with a project manager based in UNIDO HQ and a field office in Armenia, manned by a national team leader and a project assistant. The processes and coordination between UNIDO HQ and the project field office, as well as between UNIDO and SME DNC, have worked well. The project management is highly professional and has shown a high degree of flexibility in adapting to emerging opportunities and challenges. The national team leader interacts continuously with SME DNC and travels to support and monitor loan beneficiaries jointly with SME DNC staff. The monitoring of beneficiaries is solid with data bases to monitor both loan performance as well as business performance and project outcomes.

Procurement issues

The project has not experienced any procurement complications. The few items procured have been procured locally with required consultation with the procurement expertise in UNIDO HQ.

Gender mainstreaming

The project is doing comparatively well when it comes to gender balance among beneficiaries and does show some degree of gender awareness in implementation. A potential concern is that project implementing stakeholders emphasize that the project is implemented in a 'gender-neutral' fashion. There

seems to be some misunderstandings as to what 'gender' and 'gender-neutral' means in practice. Gender seems to be misinterpreted as 'women' as opposed to 'women and men'. Gender-neutral seems to be misinterpreted as providing equal opportunities for women and men, whereas in practice gender-neutral by definition implies that any current structures in society are supported. A gender-neutral approach will thus in effect contribute to hampering (or even preventing) change to take place – change which may be required in order to empower women to get equal access to opportunities. In this respect, it is important that the project foremost refers back to the GoA gender strategy and action plan, which in turn build on the GoA international commitments to CEDAW, MDGs and the Beijing Platform for gender equality.

Cross-cutting issues

There are no immediate environmental concerns in the project, but such concerns may develop over time as the established businesses grow. The cooperation with the UNIDO 'Cleantech project' is important in this respect.

Recommendations

The recommendations follow from the analysis in this mid-term evaluation alone. There may be valid issues and/or circumstances which did not come out of this project mid-term evaluation and which are thus not considered in the below recommendations.

Recommendations to UNIDO

- Continue dialogue with the Austrian Government (the donor) and the Government of the Republic of Armenia for them to jointly contribute additional capital to the youth revolving fund.
- Continue dialogue with the Government of the Republic of Armenia around the possibility to revise regulations for accessing loans from the youth revolving fund to allow loans in a step-wise fashion as opposed to once in a time and to increase the maximum size of start-up loans.
- Address the various technical issues highlighted in the mid-term evaluation report. Ensure that the forthcoming end-of-project evaluation includes a validation of outcomes in terms of decent employment generation and beneficiary income.
- Continue to put emphasis on gender equality perspectives in implementation. If adequately pursued, gender mainstreaming in practice is a good means to 'break' rhetorical resistance. In addition, UNIDO should consider how to systematically raise awareness among project staff and counterparts of *why* and *how* the so called 'gender neutrality' is in effect working against women in male-dominated structures.

Recommendations to the Government of the Republic of Armenia

- Reconsider the possibility to contribute additional capital to the youth revolving fund within the project's current lifetime.
- Consider contributing capital and counterpart financing to a second phase of the project to further consolidate the promising results.
- Reconsider the possibility to revise regulations to allow youth entrepreneurs to access start-up capital in a step-wise fashion in order to enable expansion and growth of micro businesses without increasing risk-taking behavior of youth entrepreneurs.

Recommendations to the Austrian Government

- Reconsider the possibility to contribute additional capital to the youth revolving fund within the project's current lifetime.
- Consider funding a second phase of the project to further consolidate the promising results.

1. Introduction and background

1.1 Introduction

This is an independent mid-term evaluation of the project '*Productive work for youth in Armenia – supporting young entrepreneurs*'. The mid-term evaluation is not mandatory according to UNIDO guidelines, but was decided by the project management with a formative and forward-looking perspective.

The evaluation was conducted during May-June 2015 by Henny Andersen, independent international evaluator.

1.2 Background

Details about project structure, objectives and funding are seen from the below summary project fact sheet.

Project fact sheet	
Project number: 120455 Executing agency: UNIDO UNIDO project management: Project Manager: UNIDO HQ Vienna National Team Leader: UNIDO project office Yerevan	Government coordinating agency: Ministry of Economy of Armenia Government Executing Agency: SME Development National Center
Start date: March 2013	Project duration: 44 months Original end date: November 2016 Revised end date: -
Budget revision	None
Project value: Austrian Government/UNIDO EUR 768,000 Government of the Republic of Armenia Contribution (matching revolving fund) EUR 200,000 Total EUR 968,000	Project Location: Armenia: Gergharqunik, Lori Shirak, Tavush and Yerevan
Development objective	
Poverty reduction through supporting youth-led enterprise creation and expansion.	
Immediate objective	
The selected young entrepreneurs create and/or expand businesses successfully and are able to pay back their loans.	
Outputs	
1. Provision of non-financial and financial services to youth start-up entrepreneurs (individuals aged between 18 and 35 years with realistic business ideas, or with state registration up to 3 year) with special attention to young women and young families. 2. Advice to political decision-makers on municipal, marz and national level on conducive business environment particularly for young entrepreneurs, incl. young women and families. 3. Project management 4. End of project evaluation	

The project was designed at the request from the Government of Armenia (GoA) for technical cooperation to develop a youth employment project with special focus on sustainable development of the regions (marzes). Given the limited absorptive capacity of the public sector and the formal labor markets in Armenia, youth entrepreneurship is seen by the GoA as a viable option to create employment. The target group are young entrepreneurs aged between 18 and 35 in four regions (marzes): Shirak, Lori, Tavush and Gergharqunik, with special attention to women and young families.

Following the identification of the major bottleneck being insufficient access to funding for business start-up and expansion, the project adopted a comprehensive approach to demonstrate that youth are credit-worthy and capable of turning loans into profitable businesses. The project strategy is to provide non-financial and financial services and support beyond the start-up phase, and to also promote a more conducive environment particularly for youth-led businesses.

Through the project a youth revolving fund with a total capital of EUR 400,000 has been established with a focus on loans to innovative, growth-oriented business ideas to avoid crowding out. The project technical services and management is funded by the Austrian Government. The two Governments of Austria and the Republic of Armenia contributed equal shares of capital to the youth revolving (EUR 200,000 each).

The executing agency is UNIDO, and the SME Development National Center (SME DNC) was appointed by the GoA to be the national executing agency. The project implementation is institutionalized into the structures of SME DNC and in this respect works in synergy with other private sector development projects within SME DNC to the extent possible.

2. Evaluation purpose, scope and methodology

2.1 Purpose

As per the Terms of Reference, the independent mid-term evaluation shall be mainly formative, however, also with summative elements with the **purpose** to assist project steering through feedback of lessons learned.

The **overriding objective** is to create transparency and dialogue between project stakeholders to drive learning for the further development of the project as well as for its replicability and scaling-up of results. To reach this overriding objective, **ancillary objectives** are to gain insights on the functioning of the project structures and processes, as well as to control if project milestones were achieved and to which degree, if targets and results are likely to be achieved in the future based on the project's relevance and acceptance amongst stakeholders, effectiveness, efficiency, as well as potential impact and sustainability. In addition, the independent mid-term evaluation should also advise on the design of the M&E framework with a view to attribution of results to the project and an impact assessment at the end-of-project evaluation.¹

Evaluation findings will be of direct interest to project manager and project team, the executing counterpart (SME Development National Center (SME DNC)), the government coordinating agency (Ministry of Economy of Armenia), the donor (Government of Austria), as well as the Governorates of Gegharqunik, Lori, Shirak and Tavoush marzes.

2.2 Scope

The evaluation concerns the first 26 months of the project, i.e. from March 2013 until end of April 2015. The evaluation covers all project areas of geographical coverage, i.e. Gegharqunik, Lori, Shirak and Tavoush marzes. It considers all activities that are part of the project. Given the point of time in the project life cycle and given the above mentioned purpose and objectives, the independent mid-term evaluation will focus:

- within the results-chain on the links between inputs, activities, outputs and outcome;
- mainly on implementation and processes; and
- on the evaluation criteria relevance, effectiveness, efficiency, management and gender;
- while assessing the *potential* impact and sustainability of the project.

The focus of the evaluation is on the relevance of the project throughout its life cycle and on its effectiveness, i.e. is the project's model of support to young entrepreneurs already leading to the desired changes based on outputs delivered

¹ Terms of reference, section 2 (page 3)

and is it likely to do so in future or would a change in strategy lead to higher achievements of results on the outcome and impact level, as well as to higher sustainability in terms of business survival as well as institutionalization of the model.

In this regard, it is important to keep in mind that the project aims at demonstrating that young women and men – which are generally perceived as high-risk borrowers – are credit worthy and capable of turning loans into profitable businesses, which is intended to lead to a change in the behavior of (potential) young female and male entrepreneurs, local and national governments, banks, business service providers and other stakeholders as a result of the use, uptake and/or replication of the model set up by the project or its results.

In addition, the independent mid-term evaluation will focus on aspects of management such as observing processes and structures to identify and mitigate problems in implementation, including acceptance of the project amongst stakeholders, conflicts due to differing interests, sufficiency of qualified personnel, adequacy of communication and coordination amongst implementing partners and with target groups, and adequacy of project duration and funding.

For further details, please refer to the attached Terms of Reference (Annex A).

2.3 Methodology

The evaluation questions and sources of information and indicators employed are spelt out in the attached summary evaluation framework (see annex E). Information has been gathered from written sources and stakeholders have been consulted in Vienna and in the field as feasible. Collected information and findings have been triangulated into a consolidated overall assessment. When there is consensus among various relevant stakeholders this is stated, and likewise, whenever key disagreements in perceptions and/or views are found these are included followed by the evaluator's own concluding assessment.

Information from written documentation has been gathered through a desk assessment (see bibliography in annex C). The narrative in project documents has been assessed to validate the logic model such as presented in the project logical framework. Lessons and recommendations from previous evaluations have been fed into the assessment as relevant.

Inputs and perspectives of the Project Manager and other concerned stakeholders from UNIDO HQ and FO were gathered through Skype briefing discussions (20 May and 27 May 2015 respectively). During field mission by the evaluator (8-13 June 2015) additional views and experiences were gathered from UNIDO field-based project staff (see annex B).

Focus group discussions (FGD) and on-site-visits were conducted with project beneficiaries in Armenia. The evaluator selected the two marzes in which the

project was initiated for field visits, (i.e. Shirak and Lori). The evaluator also selected the respective beneficiaries who were to be invited to a FGD or to an on-site visit. The FGD methodology was chosen to allow discussion with as broad a range of beneficiary as possible, while allowing a more in-depth probing on issues. On-site individual visits were conducted with selected beneficiaries to properly understand the status of youth businesses supported by the project. It was aimed at having a reasonable gender balance among invited beneficiaries. The evaluator further met with other relevant stakeholders for personal interviews (for details of field stakeholder consultations, refer to annex B). The summary evaluation framework served to guide all discussions.

Field findings were validated in the field with the NTL before leaving the field and in a debriefing session in UNIDO HQ in Vienna. This is in line with a participatory approach while maintaining independence. Yet another opportunity was offered to stakeholders for providing responses, clarifications etc. during the draft evaluation report commenting process.

Gender has been mainstreamed into all sections of the evaluation assessments as relevant. The evaluators particularly aimed at moving beyond treating gender as a 'head count' issue. Examples of issues looked into from a gender perspective include distribution of provision of business technical support, outreach activities to communities to raise awareness of business support opportunities, the planning of events and their accessibility for both women and men in terms of timing and traveling, etc.. In addition to mainstreaming gender throughout the assessment (and primarily to the benefit of readers with limited experience of practical gender mainstreaming) main findings regarding gender are brought together/summarized under a separate section in this evaluation report.

2.4 Limitations of the evaluation

The field work was compressed in time – in total 4 full working days in Armenia, of which 1 day in each of two marzes (Shirak and Lori) with the longest experience from working with the project. The comparatively short time in the field is however not believed to have compromised the mid-term evaluation, since 56% of the beneficiaries with granted loans in these two marzes were nevertheless reached during consultations (either FGD or an on-site visit, see annex B).

Technical assistance on a broader scale is just recently being developed. As the project takes a needs-based approach to technical assistance it has been a natural step to start with an individual technical needs assessment per beneficiary, whenever needs have emerged. Therefore only few beneficiaries have so far received technical assistance. The mid-term evaluation thus relied on discussions with some of these beneficiaries together with information gathered in discussions with project staff and staff in the regional SME DNC offices.

3. Project context

3.1 Overall situation and trends²

Armenia is a developing country with a high Human Development Index (HDI) equaling 0.716, which makes Armenia 86th among 187 countries (UN 2011). Since 2002 Armenia started to be classified as a lower middle income country.³ Armenia currently faces numerous negative trends as a result of the global financial crisis, alongside challenges caused by the transformation of the Armenian economy to an open and more competitive market.

The global financial crisis seriously shattered Armenia's path towards maintaining the robust economic growth and poverty reduction that the country enjoyed for much of the 2000s. As a result the GDP declined by 14.4% in 2009. In 2010, Armenia registered a rather modest growth of 2.1%, which picked up to 4.6% in 2011⁴ and a 4% growth was projected for 2012, which would still be insufficient to offset the socio-economic losses caused by the crisis. Rising unemployment and poverty accompanied the economic decline. The unemployment rate of youth (15-24 years old) had risen to a percentage of 38.8% in 2010. The youth employment to population ratio, which indicates the ability of an economy to create jobs in the country, was low at around 19%.

During recent years the GoA has implemented a number of reform measures to facilitate the business environment. There is further an energetic entrepreneurial spirit amongst the population and the Diaspora offers financial and human potential to step up investment. There are however considerable disparities between the 10 regions (marzes) and Yerevan city. A significant proportion of all business activity in Armenia takes place in Yerevan. In 2010, almost 50% of registered SMEs were located in Yerevan. The operating environment for SMEs in the marzes is challenging as there is limited access to credit and limited exposure to new trends and technology.

The conditions for entrepreneurship and SME development do also not yet sufficiently motivate the growth of youth entrepreneurship. The main concerns for new entrepreneurs relate to proper and fair treatment of business endeavors⁵, access to finance, bureaucratic system, cumbersome tax system and being unprotected from invasive tax inspections, and unfair competition.

3.2 Government strategies and policies

In its MDG declaration, the GoA has set a target of youth unemployment rate to be less than 30% by 2015 (MDG 1, Target 1B: to achieve productive employment

² This section draws on the contextual analysis in the project document.

³ World Bank: World Bank Analytical Classifications.

⁴ CIA World Fact Book, <https://www.cia.gov/library/publications/the-world-factbook/geos/am.html>.

⁵ In: 'Evaluation of SMEDNC/UNDP joint project Support to SME Development in Armenia' (Ackermann, Roderick, Evaluation Ltd.) (2010)

and decent work for all, including women and young people). The prevailing youth unemployment rate remains considerably higher (by at least 9%).

In 2012, the GoA in cooperation with UNIDO and UNDP applied the MAF⁶ methodology to analyze impediments to the achievement of youth employment targets set in the Government's MDG declaration (youth unemployment rate of less than 30% by 2015). One of the priority interventions identified was to create favorable business environment for young people in order to promote their entrepreneurship, and increase non-agricultural employment in rural areas. The provision of credit guarantees, marketing and training services to newly established and operational SMEs (including youth start-ups) was identified as a priority activity.

The SME DNC was established by the GoA in 2002 to provide non-financial and financial services to SMEs, including increasing efficiency and competitiveness, ensuring availability of business development services, expanding financial opportunities, promoting innovations and R&D activities, assisting for the establishment of new SMEs and supporting SME international expansion.⁷ SME DNC has offices in the regions (marzes).

The SME DNC 'Start-up Business Support Program' supports start-up entrepreneurs in the regions (marzes) in implementing their business ideas, involving components of training, professional consulting, provision of information and financial support. The objectives are to raise the level of entrepreneurial knowledge, develop business skills and capacity building, support identification and implementation of new ideas, provide comprehensive support to newly established enterprises, and assuring availability for financial support. Non-financial services such as entrepreneurship training, coaching and counseling are provided at no cost to the entrepreneurs. They are provided through certified "Competency-based Economies through Formation of Enterprise" (CEFE) trainers, combining entrepreneurship training such as business plan development and the basic knowledge required for business organization with mental principles of business thinking and behavior to equip entrepreneurs with the entrepreneurial skills and knowledge necessary for a successful start.

3.3 UN framework

The MAF Action Plan was developed in a joint effort between the GoA and UNDP and UNIDO and is published as a joint publication. The MAF thus represents the major UN framework in relation to development cooperation in support of youth employment in Armenia.

6 The Millennium Development Goal (MDG) Acceleration Framework (MAF) is methodology to analyze bottlenecks and identify solutions which is translated into an Action Plan.

7 Millennium Development Goal (MDG) Acceleration Framework: Youth Employment in Armenia (2012).

3.4 Initiatives of international cooperation partners

The UNIDO project is complementary and synergetic to the on-going UNDP SME support programme carried out together with the SME DNC. The programme does however not have specific focus on youth and does also not address an enabling environment.

UNIDO implements a Global Environment Facility (GEF) 'Global Cleantech Technology Innovation Programme for SMEs' (GCIP). The programme has established a Cleantech start-up/SMEs Accelerator within Gyumri Technology Centre (Shirak region (marz)) serving as a national platform for identifying innovative Cleantech business ideas and turning them into sustainable and successful businesses. It is expected that the Accelerator in cooperation with universities and R&D centres will trigger innovation in clean technologies and organize Cleantech and entrepreneurship trainings and educational programmes throughout Armenia.

The USAID-funded project 'Partnerships for Rural Prosperity' (PRP) is implemented through SME DNC and in partnership with Gegharkunik Chamber of Commerce and Industry of Armenia, EV Consulting CJSC, and Center for Agribusiness and Rural Development. The PRP project aims to empower rural communities with economic growth perspectives through: i) helping them identify economic value creation opportunities; ii) arming them with entrepreneurial skills to create sustainable and environmentally friendly business models; iii) improving access to finance and markets; iv) facilitating infrastructure upgrade; v) equipping them with appropriate skills and tools to protect environment and to mitigate man-made and natural risks; and vi) expanding employment prospects for women and youth.

The ADB-funded project 'Women Entrepreneurship Support Sector Development Program' comprises an integrated approach to enable women entrepreneurs and micro, small and medium-sized enterprises (MSMEs) to play a greater role in economic development. The program was designed against the background that limited business skills and experience are key constraints to the development of women entrepreneurship in Armenia, together with informal cultural factors such as a perception of entrepreneurship as a male activity and social attitudes towards women's role in society. The program has two components: i) a policy-based loan to help fund budget allocations to strengthen the business environment and SME DNC and its support for women entrepreneurs and MSMEs; and ii) a financial intermediation loan to enable participating financial institutions to provide local currency loans to MSMEs, of which at least 50% are women MSMEs.

4. Assessment

4.1 Design

Project strategy

The project strategy is flexible in not limiting young entrepreneurs to a specific sector. Instead the project focuses on entrepreneurship and business potential with a good business plan as a basis for applying for a loan from the youth revolving fund, which is being established as part of the project.

The loans from the youth revolving fund are granted on favorable terms in the Armenian context and may thus be expected to be 'popular'. In this context, the project strategy to combine financial and non-financial services is highly adequate to reach the set objectives. Through the non-financial services the selected loan beneficiaries are provided with entrepreneurship training to develop business plans, which provide the basis for granting loans, and are then coached and counseled over a period up to 12 months to ensure that the business plans are implemented as intended. In this sense, the non-financial services thus become key to ensuring that loans are used for intended purposes and that loans are repaid.

The project is commendably flexible in allowing a demand-driven approach to technical assistance. Thereby the project allows the funded beneficiaries time to first get their business established in order to see for themselves which technical support may be needed. This flexible approach is in the interest of the funded entrepreneurs, while requiring highly skilled project management.

Intervention structure and logframe

The intervention logic in the logframe captures the project narrative well. The few weaknesses relate to the objectively verifiable indicators at impact level and the limitations in assumptions.

The indicators at output and outcome levels are all commendably SMART.⁸ However the indicators at goal/impact level are not SMART and also not entirely adequate. It is unfortunate that the indicators at goal/impact level are limited to a repetition of the indicators at the outcome level, but without the clear and measurable targets. Given that the development goal relates to poverty reduction, it does not seem sufficient to repeat outcome level indicators, which all relate directly to the uptake of project's outputs. Poverty reduction is a higher (impact) objective and the impact indicators should capture effects beyond the effects on direct beneficiaries. An additional aspect is that given the small size of the project, there would most likely be an attribution problem in trying to 'prove' the project's contributions to poverty reduction.

8 SMART: Specific – Measurable – Achievable – Relevant – Time-bound

In discussions, it has been proposed by the project management that a more realistic and logic impact would be to relate impact to the business environment itself. The evaluator shares this view. The project aims to demonstrate that young women and men are credit-worthy and capable of starting and running businesses, which is then hoped to lead to a systemic change. A possible goal to monitor the expected systemic change would then have been: 'Business environment conducive to young men and women entrepreneurship' with indicators to monitor such as the extent to which government puts in place required conducive policies or whether financial institutions open up to the segment of young female and male entrepreneurs. It is **recommended** to look into the possibility to revise the logframe accordingly, i.e. to reformulate the impact with indicators and sources of verification, which should then be approved by the PSC. In case of a project extension or a next phase this is highly recommended.

Assumptions do not include assumptions/risks related to the business environment of the youth entrepreneurs. It is **recommended** to include assumptions to explicitly capture and monitor changes in business environment in a potential next phase, in order to emphasize the limitations of what a project can achieve without a conducive environment. Proper assumptions might increase awareness of the importance of business environment and geo-political interdependence. This in turn would provide an indication of required active involvement of government agencies beyond the executing agency, and ideally constitute a basis for reflection and discussions with relevant government agencies around how to mitigate.

4.2 Relevance and ownership

The overall assessment is that there is a strong sense of national ownership. The project is integrated into GoA institutions through the SME DNC which is assigned by the GoA to implement the Government's strategy to develop small and medium-sized enterprises. The project is thus implemented strictly in line with GoA strategies, and following GoA regulations. Based on findings from visits to two of four project marzes it is further assessed that beneficiaries perceive the project as a 'joint venture' between the GoA and UNIDO.

UNIDO policies and strategies

The objectives of the project are consistent with UNIDO policies and strategies, and in particular with the inclusive dimension of the 'Inclusive and Sustainable Industrial Development' (ISID) policy. The project targets youth entrepreneurs who are facing difficulties in accessing small-scale financial services as well as non-financial technical services. The project makes particular efforts to include women and young families. Through the project it is hoped to prove that young entrepreneurs are credit-worthy, once given the opportunity.

GoA policies and priorities

The project objectives are highly relevant and consistent with policies and priorities of GoA, most recently confirmed in the 'Millennium Development Goals (MDG) Acceleration Framework: Youth Employment in Armenia'. The project provides a combination of financial and non-financial support to youth entrepreneurs in the four regions (marzes) of Shirak, Lori, Tavush and Gergharqunik, from which labor migration is high. No other project is targeting youth in these four regions and this project thus provides access to services, which were not before accessible to the young entrepreneurs.

Targeting young entrepreneurs

The project targets young entrepreneurs aged from 18 to 35 years. In consultative discussions during the mid-term evaluation it was proposed by representative from marz regional level administration to increase the upper age limit to 40 years, given the high demand from entrepreneurs for start-up support. An upper age limit of 35 years is however already comparatively high for a youth project (in most projects the upper age limit is 30 years of age). The demand for start-up support from the current age group is also currently higher than can be met by the project. It is therefore **recommended** to keep the current age span from 18 to 35 years also in the future.

Sense of entrepreneurship in focus

A 'sense of entrepreneurship' is a crucial aspect of the project when selecting beneficiaries, targeting innovative and/or growth-oriented businesses irrespective of sector. The project thus supports beneficiaries within a broad range of sectors. The approach to focus on businesses with potential for success and to contribute to fostering an entrepreneurial spirit is highly relevant in the Armenian context. The selection of beneficiaries has also been relevant in the sense that business ideas with good survival potential seem to have been selected, as confirmed by the satisfactory business performance at mid-term.

The PSC has however taken note that while there is a merit on focusing on businesses potential success and employment creation in the selection of beneficiaries, it does make sense to have a stronger orientation towards manufacturing and production, which is also happening.⁹ The justification for aiming at more manufacturing/production is the expectation that more employment opportunities will be created within these sectors, and which is then expected to further enhance the relevance of the project. A quick review of the overview of beneficiaries in the most recent progress report shows a distribution of 54% being established in manufacturing/production and 46% in services sectors (Table 1). For learning purposes it is **recommended** to closely follow in which sectors employment is actually generated before narrowing the sectoral focus.¹⁰ At the current point in time all youth entrepreneurs run micro businesses

⁹ Project Steering Committee Meeting, 14 February 2014 (Minutes, page 2).

¹⁰ Data about employment generation is included in the project data base which would allow a 'sector breakdown'.

with small-scale manufacturing/production, which will only generate employment at a larger scale when/if growing into at least small business. If a sector focus is to be considered it is recommended to also analyze this from a gender perspective; women tend to be more engaged in some sectors than in others.

Table 1: Distribution of youth fund beneficiaries across manufacturing/production and service

Status of loans	Number of loans	Manufacturing/production		Services		Sub-total beneficiaries	
		Male	Female	Male	Female	Male	Female
Granted	43	16	12	7	8	23	20
In progress	53	16	5	29	3	45	8
Refused	12	7	2	2	1	9	3
Denied	3	1	1	--	1	1	2
Total	111	40	20	38	13	78	33

Gender equality target

In its outreach to potential beneficiaries the project has made efforts to attract women as beneficiaries. The TV advertisements are seen as particularly likely to reach women. The share of female beneficiaries reaches 33% overall. As seen from Table 1, the share of women in already granted loans is however higher (46.5%), whereas the share of women in the 53 loans in progress is lower (reaching only 15%). An important explanatory factor for this difference is delays in applications by most of the male beneficiaries. In general, female beneficiaries are more disciplined when it comes to finalizing the required paper work. Further, there has been a history of more men than women refusing to accept the loans once granted (see table 1, above).

To maintain the relevance of the project it is **recommended** to keep the target of a 50/50 share for men and women respectively. Gender equality is globally recognized as a precondition for sustainable development and economic growth.¹¹ The first rounds of granted projects also clearly show that it is possible to reach a target comparatively close to 50% for women, and it should be *reasonably achievable over time*. It is also in line with the GoA's ambitions to strengthen gender equality.¹² The project should consider which strategic steps may be taken to overcome acknowledged obstacles in terms of informal cultural factors and social attitudes towards female entrepreneurship.¹³ It also deserves

11 See e.g., Empowering women – Empowering Humanity: UNIDO and the Beijing Platform for Action (UNIDO).

12 See e.g. the GoA's National Action Plan on Improving the Status of Women and Enhancing Their Role in Society.

13 As acknowledged in the design of the ADB-funded project 'Women Entrepreneurship Support Sector Development Program' (see section 3.4 above).

to be acknowledged that such cultural issues may influence attitudes within the predominantly male implementing structures as well.

4.3 Efficiency

Efficiency measures how economically resources/inputs (funds, expertise, time etc.) are converted to results.

The budget payments by mid-May and funds remaining for post mid-May are seen from table 2 below.

Table 2: Budget and expenditures (by mid-May 2015)

Budget Line	Description	Total budget		Payments made (EUR)	Remaining	
		Project document (EUR)	Released (EUR)		Obligations (EUR)	Available (EUR)
11	International Consultants	114,000	145,941	68,697	16,391	60,853
15	Project Travel	2,000	23,814	2,693	7,785	13,336
16	Staff Travel	8,000	11,839	6,761	1,511	3,567
17	National Consultants	171,400	147,825	77,423	28,933	41,469
21	Contractual Services (non-financial services and capital contribution to revolving fund (SME DNC))	297,500	297,500	234,000	63,500	0
30	Trainings/Fellowships /Study tours	21,000	6,680	988	0	5,692
45	Equipment (project car)	40,000	23,850	19,650	0	4,200
51	Other direct costs	25,746	22,197	4,445	0	17,752
Sub total		679,646	679,646	414,657	118,120	146,869
Funds remaining (mid-May 2015), including obligations and available)					264,989 (39% of released budget)	
Indirect cost (13%)		88,354	88,354			
Project total cost (in EUR)		768,000	768,000			

Overall, the distribution of the released budget follows the tentative budget in the project document acceptably. Released budget for international consultants, project and staff travel has been higher than initially budgeted, while released funds for national consultants, equipment and training/fellowships/study tours have been lower. These revisions are reasonable in light of difficulties to estimate actual costs with entire accuracy during the design phase.

Up to mid-May (26 months into the project) 61% of the total budget had been paid, leaving 39% for the remaining time of 18 months. The payments made include 'one-off' costs such as project car. The budget amount paid is thus adequate in the sense that the size of the remaining funds is appropriate for the remaining project duration. Remaining budget is referred to as contractual obligations and of generally available funds (per budget line in two last columns of table 2 above). The largest amount is part of the contract for contractual services signed with SME DNC in 2013. The agreed amount is disbursed to SME DNC in tranches, and by mid-May remaining tranches amount to EUR 63,500.

Table 3 shows additional budget that has been contributed to the project from the 'UNIDO trust fund for youth employment' which has been set up by UNIDO member states to fund youth-related projects, following the UNIDO internal programme and project approval process.

The project requested support from the UNIDO trust fund for youth employment to finance an exit strategy during a period of uncertainty as to whether the Austrian Government would disburse a second tranche to the project. As the Austrian Government released the second tranche, the contribution from the 'UNIDO trust fund for youth employment' was geared towards further strengthening non-financial services and support to beneficiaries. The added budget is used to cover project costs for technical expertise (national and international), project and staff travel, and training/fellowships/study tours (table 3, below).

Table 3: Additional project budget from UNIDO trust fund for youth employment (by mid-May 2015)

Budget line	Description	Released (EUR)	Payments made (EUR)	Remaining	
				Obligations (EUR)	Available (EUR)
11	International Consultants	24,000	0	8,484	15,516
15	Project Travel	2,013	0	1,984	29
16	Staff Travel	3,500	0	0	3,500
17	National Consultants	18,506	15,091	0	3,415
21	Contractual Services (non-financial services and capital contribution to revolving fund (SME DNC))	0	0	0	0
30	Trainings/Fellowships/Study tours	2,000	0	0	2,000
45	Equipment (project car)				
51	Other direct costs	-18	-71	0	53
Sub total		50,001	15,020	10,468	24,513
Funds remaining (mid-May 2015), including obligations and available) (in EUR)				34,981 (70% of released budget)	

The administrative support from UNIDO HQ to the project field office has been adequate and timely and the transfer of funds to the field office functions well and without unexpected delays. The transfer of funds normally takes 3 days and maximum 5 days. The field office staff points to the importance of active project management and active engagement of the current project assistant as influencing factors for the smooth transfers of funds.

In the UNIDO project office, efficiency in terms of performing field work has increased since the agreed sharing of the project car with the UNIDO desk office was formalized in discussions between the project management and the head of UNIDO operations in Armenia. It has now been clarified that the previously agreed upon priority of the project shall be implemented in practice. Before the formalized agreement, the sharing of the project car had at times caused difficulties for the project staff to use the car for monitoring and meeting purposes as planned. As the project progresses with more beneficiaries to be supported and monitored over time, the requirement to use project car for site visits also increases over time. It is further likely that the need for enhanced flexibility increases as the number of beneficiaries increases. It is therefore **recommended** that project staff shall be allowed flexibility in use of the project car, to be in a position to respond also to unforeseen beneficiary monitoring or support visits, and any other meeting in the regions (marzes) whenever required.

The project inputs from the national executing partner have also largely been provided in an adequate and timely manner. The process around the recent outsourcing of training and coaching to training companies however caused concerns as the procurement of the training companies was decided and completed by SME DNC without prior consultation with UNIDO. Following the procurement, it was agreed between UNIDO and SME DNC to maintain the existing CEFE methodology for the entrepreneurship training, as well as to find a way to keep two of the best trainers even if they were not previously attached to any of the procured training companies. In addition, concerns were raised as to whether the outsourcing of the post-loan coaching and counseling will lead to negative capacity effects within the SME DNC regional (marze) offices. The performance and methodology used by the procured training companies now needs to be closely monitored to ensure there will be no negative consequences in beneficiary access to services.

The project actively seeks synergies with other relevant projects, both UNIDO supported and supported by other donors. Coordination of activities has taken place with the USAID-funded project 'Partnerships for Rural Prosperity' as well as with the ADB project 'Women Entrepreneurship' and the UNIDO 'Clean Tech' project (for introduction to projects, see section 3.4 above).

4.4 Effectiveness

Effectiveness is a measure of the extent to which the project objectives have been achieved, or are expected to be achieved. Firstly the outcomes - the short-term and medium-term effects of each project's outputs - are assessed. Delivery of activities and outputs is thereafter discussed in some detail. Tables showing outcome and output results against the project logframe are included. A summary assessment of effectiveness draws together the key assessment findings.

A. Outcomes

A.1 Outcome results against project logframe

There is one outcome as per the project logframe. In light of progress by mid-term, the outcome is likely to be achieved by end of project. Table 4 shows the status of the outcome by the project mid-term.

As seen from Table 4, businesses are established and functioning and loans are being paid back in line with expectations. Some of the consulted young entrepreneurs claimed clear increases in income, an issue to be validated as part of the end-of-project evaluation. Jobs have also been created in some of the established youth-led businesses, but it however remains to be ascertained to what extent the jobs created are full-time jobs, part-time jobs, seasonal jobs or even jobs on 'ad-hoc demand' whenever an order is received by the respective business with employees being unemployed in between orders. It is **recommended** to add this dimension (dis-aggregate jobs created) in the project data base to strengthen performance monitoring. One important aspect of the inclusive and sustainable development agenda is to create *decent* work opportunities which can be assessed through analysis of data base information provided the distinction between types of jobs created.

From discussions with beneficiaries - and confirmed through data base analysis by the project national team leader - business performance varies from one youth entrepreneur to another, but has generally slowed down for all beneficiaries during the first quarter of 2015. All beneficiaries consulted however remain optimistic. Major reasons for the slow-down are the regional geo-political external shocks and the consequent devaluation of the AMD together with a decrease in remittances from migrant workers to for instance Russia. Purchasing power has decreased and beneficiaries claim that consumers have become more careful in their spending.

It is not possible to assess with any degree of certainty whether or not the experienced slow-down during first quarter of 2015 is seasonal/temporary, i.e. partly driven by traditional spending patterns with comparatively large expenditures around New Year's Eve followed by comparatively low expenditures during the first quarter of the new year. It is possible that the external turbulence will continue to negatively influence the business environment, which would imply that risks for doing business has increased. The current influence of external

risks highlights the importance of including assumptions about external risks in a project logframe in order to be better prepared to take action to mitigate the risks (see section 4.1 above).

The combination of financial and non-financial technical support is no doubt necessary to achieve outcomes, even though not sufficient on its own. The inclusion of assumptions of external risks would not have changed the adequacy of the project strategy per se, and would not have resulted in different immediate outcomes. The project cannot in itself mitigate external shocks, but in a turbulent environment it becomes increasingly important that the project contributes to ensuring that only business ideas based on solid business plans that ideally internalize/pay explicit attention to potential external risks are selected. It cannot be entirely excluded that stronger explicit attention to external risks in the assessment of business plans might have prompted the selection committee to be more restrictive in granting some of the loans.

Table 4: Outcome results against project logframe

Outcome description	Status by mid-term
The selected young entrepreneurs create and/or expand businesses successfully and are able to pay back their loans	
80 youth-led businesses created, incl. by young women and young families	43 loans disbursed to create and/or expand youth-led businesses disbursed.
Survival rate of youth-led businesses Target: 68% of those who received loans, i.e. 55 youth-led businesses	Supported businesses have higher than 68% survival rate.
99% of loans paid back	No delays in loan repayment.
100 jobs created, % of jobs for young women, % of jobs for young families	34 jobs created.
Income generated for youth, incl. young women and young families	Beneficiaries report increased income. Data-base created to be able to validate at end-of-project.

A.2 Outcome results beyond project logframe

Youth entrepreneurs with business ideas who participated in the mandatory introductory training and thus developed a business plan would still have benefited from the training even though they were not being granted a loan from the youth revolving fund. They might be in a stronger position to find other options or to further elaborate their ideas also without continued project financial and non-financial support. These potential outcomes are not captured within the logframe. However the project keeps a data base of all trainees and it would thus be possible to follow up as part of the end-of-project evaluation.

By mid-term the project shows signs of broader than expected outcomes in terms of backward linkages being created. An immediate example is the peanut processing business which has been established by a female youth entrepreneur and which is in the process of entering into agreements with farmers to grow and supply peanuts to the peanuts processing unit. If successful (which should be

followed up as part of the end-of-project evaluation) this would imply creating income opportunities beyond direct employees, and thus beyond what is captured in the logframe.

B. Outputs and activities

Overall, the project is very well on track. An overview of the project status of output results against the project logframe by end-April 2015 (mid-term) is shown from Table 5. As seen, all outputs are delivered as planned and some outputs are even achieved to a higher degree than would be expected by mid-term. It is therefore more than likely that all outputs will be achieved by the end of project. The status of specific issues which are crucial to the effectiveness of each of the three outputs is assessed in further detail below.

Table 5: Output and activity results against project logframe

No.	Output description	Status by end-April 2015
1	Provision of non-financial and financial services to youth start-up entrepreneurs (individuals aged between 18 and 35 years with realistic business ideas, or with state registration up to 3 years) with special attention to young women and young families	
	24 trainings and coaching held for young entrepreneurs incl. young women and young families	13 rounds of training completed.
	300 trainees, 50% of young women, % of heads of young families	216 trainees, 36% female (selected from 469 training applicants, 32% female)
	Level of beneficiaries' satisfaction with business related training and coaching	Consulted beneficiaries express high level of satisfaction.
	Level of beneficiaries' satisfaction with technical assistance (sector specific, quality/standards, cleaner production)	Technical assistance has been provided to some particularly successful youth entrepreneurs. Needs-based and demand-driven technical assistance to a broad range of youth entrepreneurs to be increased from May 2015.
	80 young entrepreneurs receive loans of which 50% female	In total 111 loans preliminary approved/granted, 30% female. Out of which 43 loans disbursed, 46.5% female.
	Amount of loans disbursed to young entrepreneurs: EUR 400,000	EUR 255,142 (43 disbursed loans) 53 loans in the process of disbursement, amounting to EUR 333,000.
2	Advice to political decision-makers on municipal, marz and national level on conducive business environment particularly for young entrepreneurs, incl. young women and families. (Study and EGM)	
	Study available	WB conducted a similar study; decided not to duplicate effort. Sectoral studies for two marzes (Shirak and Lori) conducted.

No.	Output description	Status by end-April 2015
2 (cont.)	EGM with participation of policy-makers on marz and national level held	Instead of EGM, the sector studies were presented in Lori and Shirak with invited representatives from Governorates, SME DNC and business community.
	EGM produced recommendations and action plan for marz and national level	
3	Project management, monitoring and evaluation	
	Implementation of project	Progresses as planned
No.	Activity description	
1.1	Negotiation and signature of subcontract with SME DNC	Implemented
1.2	Setting up of selection committee (government representative, youth representative, UNIDO, SME DNC)	Implemented
1.3	Calls for proposals and selection of beneficiaries	13 calls for proposals
1.4	Training, coaching & counseling, and monitoring of young entrepreneurs during start-up and expansion phase	Implemented continuously Beneficiary data base established to monitor performance
1.5	Disbursement and recovery of loans	Implemented continuously Beneficiary data base established to monitor
1.6	Regular site visits, peer review meetings and business project evaluations	Implemented continuously Beneficiary data base established to allow business project performance
1.7	Financial follow up and monitoring of loan payback	Implemented continuously through data base
1.8	Technical training and advice	Implemented continuously
1.9	Media campaigns on success stories incl. business women	In progress
1.10	Promotion and outreach activities, website	Announcements through radio, TV and posters in public areas. Website in progress.
2.1	Study on further improving a conducive business environment in Armenia particularly for young entrepreneurs, incl. young women and families, in urban centers and rural areas	Two sector studies conducted – for Shirak and Lori marzes
2.2	Technical meetings with authorities on marz level (Shirak and Lori)	Local authority representative invited to participate in selection committee meetings in the respective marz; Other meetings held sporadically; Reporting shared regularly from project.
2.3	Expert Group Meeting (EGM) producing recommendations and an action plan on marz and national level for further improving a conducive business environment in Armenia particularly for young entrepreneurs, incl. young women and families, in urban centers and rural areas	Workshops/meetings to present the sector studies were held in Lori and Shirak marzes, with invited representatives from Governorates, SME DNC and business community.

No.	Output description	Status by end-April 2015
3.1	Project management & monitoring	Functioning continuously Quarterly progress reports are prepared and shared with relevant stakeholders
3.2	Steering committee meetings	2 steering committee meetings have been held, documented through meeting notes.
3.3	Mid-term evaluation	In progress
3.4	End of project evaluation	Premature

B.1 Output 1: Provision of non-financial and financial services to youth start-up entrepreneurs and associated activities

B.1.1 Youth revolving fund

To provide for start-up loans a youth revolving fund has been established, with capital contribution from UNIDO/Austrian Government and from the GoA. The youth revolving fund is managed in full compliance with the laws and regulations of the GoA. The fund capital is deposited as a guarantee fund with the VTB-Armenia Bank, which has subsidiaries in all marzes.¹⁴ The VTB Armenia Bank interacts with the beneficiaries to disburse the approved grants and to collect interest payments and loans repayments. Out of the 10% interest paid by the beneficiaries, 8% goes to SME DNC to cover their costs and 2% remains with the VTB Armenia Bank to cover banking costs.

The ToR for the youth revolving fund was drafted in collaboration between the GoA and UNIDO. It has been agreed that the revolving fund will be operated according to the rules agreed in the ToR for at least 15 years after the project ends, which caters for good prospects for sustainability of the project model, and which is considerably longer than normally accepted by a UNIDO cooperating partner.

By end-April 2015, the total amount contributed to the youth revolving fund is EUR 300,000 – of which EUR 200,000 from UNIDO/Austrian Government and EUR 100,000 from the SME DNC of Armenia (in two tranches). The remaining EUR 100,000 from SME DNC will be transferred to the revolving fund upon depletion of the current contribution. Project calculation results show that the third and final fourth contributions of EUR 50,000 of the SME DNC will have to be made in June and August 2015 respectively to prevent negative balance. But even with that and with around EUR 7,000 average monthly principal payments,

¹⁴ VTB Armenia Bank is one of two banks in Armenia with the widest branch network; it covers all regions (marzes)

the fund will be nearly depleted by the end of October 2015, and negative in November 2015.¹⁵

The project would thus be capable of surpassing its targets from November 2015, provided contribution of additional youth revolving fund capital beyond the EUR 400,000. With no additional capital to the youth revolving fund the project will on the other hand not be able to disburse loans to beneficiaries approved for funding already by the end of April 2015. The SME DNC has expressed its commitment to contribute additional funds in light of its satisfaction with the project's results. However, considering the limited budget of SME DNC it is not clear how much this contribution could be and when in time it would happen. It is highly **recommended** that both SME DNC and the Austrian Government (the donor) consider contributing additional capital to the youth revolving fund. In light of the expected long-term sustainability of the youth revolving fund, an additional contribution to the youth revolving fund would seem to be a good development investment at a reasonable risk. One option would be to contribute additional funds already within the current project duration - with no extra costs for project management. A second option would be to contribute additional funds while either extending the current project duration or formulating a second phase of the project - with additional costs for project management but also ensuring longer-term adequate follow-up and technical assistance to the beneficiaries.

Each approved youth entrepreneur can receive a start-up loan of maximum AMD 5 million (equivalent to approximately USD 9,069) and at an interest rate of 10%.¹⁶ To be eligible for a start-up loan the young entrepreneur shall be between 18 and 35 years of age, shall have a realistic business idea, or have state registration up to 3 years.¹⁷ The businesses supported are in effect micro businesses (with less than 10 employees). Ideally, these micro businesses will grow and expand into small businesses. It has already been agreed in the PSC to support the businesses which show particularly good prospects for growth to access additional funding from other sources managed by SME DNC (so called 'Gazelle businesses'). The number of such 'Gazelle businesses' is however limited. Many other of the supported micro businesses show slower but yet stable growth potential, which can however not always be realized due to lack of additional capital. The many times comparatively low value added generated by the micro businesses is only rarely sufficient to accumulate own capital for additional investment, and no other sources for affordable additional small-scale loans are available to them. It is **recommended** to discuss these aspects during the forthcoming PSC meeting in search for how to broaden growth-oriented support beyond the 'Gazelle' businesses.

15 Draft project Progress Report 1 February – 30 April 2015 (p14).

16 The regulations of GoA allows an interest rate lower than 10% only when targeting vulnerable groups. The 10% interest rate shall also be seen in the Armenian context of an inflation rate of 10%.

17 In the project document registration up to 1 year is mentioned, but has been revised in practice to comply with the Armenian law in which start-up business means up to 3 years of state registration.

In accordance with the regulations of the GoA an individual youth entrepreneur can access a start-up loan only once, irrespective of the amount granted. This in effect implies that certain segments of the youth entrepreneurs are likely to face difficulties to realize their growth potential. As mentioned above, youth entrepreneurs showing potential for strong and comparatively quick growth will be supported by the project to further develop their business plan to apply for an additional loan from another loan facility run by SME DNC (at an interest rate of 15%). Most youth entrepreneurs will however show potential for moderate but yet stable growth which is however not sufficient to be approved for additional loans from the other SME DNC loan facility. It is highly **recommended** to look into the possibility of revising laws and regulations (possibly on a pilot basis) to allow all approved youth entrepreneurs to apply for loans in several steps until they reach the maximum of AMD 5 Million. This would allow them not to take on too high a risk from the beginning while still being in the position to realize their growth potential. It might also be useful to increase the upper limit to AMD 10 Million in order to further enable micro businesses to grow into small businesses (implying more employees).

The constraints posed by the current one-time start-up loan are recognized by both SME DNC and UNIDO. A revised approach would however require GoA to revise laws and regulations. In light of loan commitments already made within the revolving fund, a revision of the project strategy will also most likely not be meaningful without additional capital inputs into the revolving fund.

B.1.2 Beneficiary application and selection

Interested young entrepreneurs are invited to submit an application to participate in entrepreneurship training. The opportunities offered by the project are advertised via radio, TV and posters in public areas. The word about the opportunities is also shared through the regional (marz) SME DNC office staff.

The project receives more applicants to the trainings than can be accepted. All applicants are interviewed by a committee, which usually includes four people: the UNIDO national team leader and three SME DNC experts (one from each of the financial and training departments of the head office and the head of the respective SME DNC regional (marz) office). The committee meets with each candidate to validate the business idea and actual commitment of each applicant before approving the participation in the 35 days entrepreneurship training. Approval is made by the majority vote. A representative from local (marz) authorities is usually invited to participate in the interviews but with no voting right.

In discussions with beneficiaries it was noted that most beneficiaries consulted in Lori referred to having heard about the opportunities from regional (marz) SME DNC staff or from someone they knew and who had in turn heard about it from the SME DNC regional office staff. In Shirak around 50% of the consulted beneficiaries referred to having heard it on radio, TV or poster while the remaining 50% referred to having heard it from the SME DNC regional office staff

or from previous beneficiary. None of the female beneficiaries consulted referred to learning about the opportunity through radio, TV or via a poster.

It is helpful that the network of entrepreneurs around SME DNC are active in spreading the information about the opportunity to access affordable loans and technical coaching and counseling. The seemingly strong influence of the network, and weaker influence of TV, radio and posters, may possibly be an issue of raising trust and confidence to apply among some segments of the young population; some youth entrepreneurs may have limited or discouraging prior experience from accessing loans from Government. It would be **recommended** to once again look into the formulation of messages and how to best spread them more widely to efficiently reach out also to segments of young entrepreneurs who may not have easy access to the entrepreneurial network in the region (marz).

It is also **recommended** to review the information presented and communicated in the messages from a gender perspective. In discussions it was consistently emphasized that the project works in a 'gender-neutral' fashion. However, working in a 'gender-neutral' fashion by definition implies that existing structures are supported, which may in effect favor men and male networks. It would seem that the message to reach out to young women may need to be formulated and communicated differently from the message to reach out to young men – not in order to favor either women or men, but in order to be more effective in attracting a broader base of female applicants in addition to male applicants.¹⁸

B.1.3 Entrepreneurship training

The completion of the entrepreneurship training and the development of a business plan are mandatory in order to apply for a start-up loan from the youth revolving fund. The requirements about active participation are strict and a trainee who misses two training sessions will no longer be allowed to participate in the training.

The training is conducted by external trainers hired by the project since the beginning of the project. The trainers are well-established trainers with experience from previous similar trainings. By end-April 2015, 13 rounds of training have been completed with a total of 216 trainees (selected from 469 training applicants). It is noteworthy that the share of women among trainees exceeds the share of women among applicants (36% and 32% respectively – see Table 5). There have been only few drop outs from the trainings which is likely to be attributed to the careful selection process. The trainees fill in a form to rate satisfaction with the training. The degree of satisfaction varies with different trainers but overall the beneficiaries are satisfied with the quality of the training and the coaching they received.

¹⁸ This is in line with findings from the gender study conducted during the preparatory assistance for the project: 'UNIDO Productive Work for Youth. The Gender Perspective'.

The training methodology (CEFE) is the one used by SME DNC for all trainings to potential entrepreneurs, irrespective of cooperating partner. The CEFE methodology was developed before the UNIDO project as a result of a cooperation between SME DNC and GiZ. From a sustainability perspective it is promising that SME DNC has institutionalized good results from previous development cooperation, which raises hopes that the current UNIDO supported project model might also be institutionalized if proven successful.

Making use of previous good results further contributes to creating synergies, and enhancing efficiency of the current UNIDO/SME DNC cooperation. Discussions are on-going to further deepen the financial analysis module of the training methodology through introducing UNIDO's COMFAR ¹⁹ Online (Mini) methodology. It is proposed to conduct COMFAR Online (Mini) analysis in parallel with the current Excel-sheet analysis to demonstrate the value added to both SME DNC management and finance department, to trainers and to trainees. This approach is highly commendable as it opens up the possibility for learning and discussion without imposing a new approach. In addition, COMFAR Expert methodology will be used for financial feasibility analysis of the expansion projects (the so called 'Gazelles' – see above section B.1.1).

One important purpose of the mandatory entrepreneurship training is to support the young entrepreneurs to translate their business idea into a solid business plan. A business plan is required in order to apply for a loan from the revolving fund (in addition to formal requirements mentioned above). The training is conducted through a combination of class-room sessions and individual coaching and counseling provided to each trainee to support him/her to develop the business plan (roughly 50/50 class-rooms and coaching). Coaching and counseling activities included for instance to undertake a market research and to prepare a cash flow calculation.

The commendably high quality of the developed business plans deserves to be mentioned. Each business plan includes aspects such as market analysis to ensure the viability of the business idea, cash flow calculations, capital needs and what the loan is to be used for. An organizational chart presents the required functions and who is to fulfill the work of each function resulting in a realistic estimate of anticipated number of employees. Each business plan is approved by the trainer before being submitted together with the loan application and presented to the selection committee.

B.1.4 Loan allocation

Trainees with a complete business plan can apply for a loan from the youth revolving fund. The selection committee reviews all applications and takes

¹⁹ For further details, see:
http://www.unido.org/fileadmin/user_media/Services/Investment_and_Technology_Promotion/COMFAR/brochure_english.pdf

decisions based on a purely professional assessment of the viability of the submitted business plans.

At least 4 and maximum 7 voting members in the selection committee take decisions about who to accept to the training. All decisions taken have to be unanimous (majority vote is not sufficient in this selection). The voting members in the selection committee are: 3 from SME DNC (one each from finance and training departments of the Yerevan Office, and one from the respective SME DNC regional (marz) office); UNIDO field office national team leader, one representative each from three local associations/organizations (youth association, business association and finance organization). The four voting members from SME DNC and from UNIDO field office participate in all selection meetings, the other three less frequently. In addition to voting members mentioned above, a representative from regional (marz) government is invited to participate in discussion but with no voting right. The trainers are invited to present the business plans, but with no voting right.

As discussed above (relevance, section 4.2) the gender distribution of loans to youth entrepreneurs was rather promising seen from the 43 disbursed loans, but a bit less promising overall (with 46% of women among disbursed loans and 33% of women calculated across loans disbursed and loans in progress). However, in light of the fact that currently fewer women than men participate in the labor market in Armenia the project is nevertheless doing comparatively well. It is now **recommended** to continue to closely and pro-actively follow-up how share of women develops over time. The reported numbers of beneficiaries reveal that the share of women in the 4 participating regions (marzes) ranges from 26.5% to 37.5% (in Lori and Gegharqunik respectively). One issue to look into is how to ensure that information about the opportunities offered by the project does reach women, and how to communicate the information to in effect attract women to apply for the initial entrepreneurship training.

As discussed above, the target of 50/50 for male and female fund beneficiaries respectively seems reasonably achievable *over time* and should be maintained. It is acknowledged that with a set target for women, it is possible that in some cases women will be put forward by their husbands/fathers/brothers anticipating it will be easier for the woman to have a loan granted, while she is not expected to actually run the business. However, a similar risk is present in respect to young men given the 'tight' family structures in Armenia. It cannot be excluded that young men are put forward by their fathers as the fathers themselves cannot access similar loans. While such cases are of course far from preferred, it has to be acknowledged that such risks are inherent in any project offering a scarce opportunity to selected segments of the population. It also deserves to be recognized that even in such cases the young woman or man has participated in the entrepreneurship training and been actively involved in preparing the business plan and has thus as a minimum gained new personal skills. However, it also underlines the importance of post-loan coaching and tight follow-up to ensure that loans are used properly in order to prevent a situation in which young

women and men are left with a debt burden and business risks which they are not ready to carry.

B.1.5 Post-loan coaching and counseling

Following the entrepreneurship training and the granting of a loan, the project continues to support the beneficiaries with coaching and counseling during 6-12 months. This continued coaching and counseling is a key factor in ensuring successful repayment of loans. The coaching and counseling is a means to ensure adequate execution of the business plan of the beneficiary and to help the beneficiary identify specific technical assistance needs.

The coaching and counseling was initially provided through the regional SME DNC offices (paid by the project). Recently the SME DNC management took the decision to procure and sub-contract training companies for providing both training and initial post-training coaching, the justification being that the training companies will have the capacity to offer coaching and counseling from experts from within a broader range of sectors than was possible for SME DNC regional (marz) offices.

This outsourcing of post-loan coaching and counseling may contribute to a clearer division of roles between government and private sector, with the SME DNC regional offices taking on a stronger monitoring role while the coaching and counseling services are provided by the private sector. It may however also carry along weaker capacity development in the regional SME DNC offices, given that their previous direct involvement with the project beneficiaries is no longer a 'given'. One specific concern is that all training companies but one are based in Yerevan while the project operates in four regions (marzes) outside of Yerevan. The limited local anchorage may imply lesser accessibility for the beneficiaries. The decision-making and training company selection process was somewhat unfortunate. The decision was taken unilaterally by SME DNC implying that the consultative process which has been core during project implementation was unfortunately not applied in this instance.

ToR have now been developed to clarify the distinction between the outsourced coaching and counseling and the provision of technical assistance. The coaching and counseling is to be performed by the sub-contracted training companies. This includes advice on business management issues and the identification of needs for technical expertise, whereby the coach assesses the production process, the management of the company, and the market access of the company. The diagnostic value chain approach developed by UNIDO is recommended to be used in this assessment.²⁰ The assessment will then be shared with the project management team, upon which offers of different providers of specific technical assistance (national or international experts, local consulting firms, SME DNC staff or the aforementioned sub-contracted companies) will be compared and the

20 'Diagnostics for Industrial Value Chain Development. An Integrated Tool', (UNIDO).

one with the best price/quality ratio will be chosen. The objectives of the technical assistance on the other hand is to provide the beneficiary with specific technical expertise that is needed to better execute the business plan and/or to facilitate the company's growth.

The coaching and counseling shall be provided to the beneficiary at no cost and on a continuous basis, at least for a period of six to twelve months upon approval of his or her loan. The contractor shall be responsible for submitting monthly reports on its coaching and counseling services, and the identification of specific technical needs to SME DNC and the UNIDO national project team leader. Responsibility for correct execution of the coaching and counseling remains with SME DNC in its capacity as executing counterpart. UNIDO will assist SME DNC and its subcontractor with the execution of this coaching and counseling through active participation in this process, i.e. visiting beneficiaries together and monitoring services rendered by SME DNC or its subcontractor. UNIDO holds responsibility for providing technical assistance to the beneficiaries, pending availability of budget and expertise.²¹

In discussions in the field it was obvious that confusion remained regarding about what was to be done by the sub-contracted companies, what was to be done by UNIDO or what was to be done by the SME DNC regional (marz) office staff. More importantly, there seemed to be no clear understanding of how the coaching and counseling should be performed. Proposals were that all beneficiaries would be gathered to meetings at pre-set times, which might then go against the intention of individual coaching and counseling. The first round of training within this new set up has just been finalized, and there is as of yet no experience from the post-loan coaching and counseling. The establishment of the ToR is therefore crucial, and it is **recommended** to SME DNC and UNIDO to closely follow up and assess the methodology applied in practice when coaching and counseling.

B.1.6 Technical assistance

The technical assistance is to be needs-based and demand-driven, and was consequently not specified in the project document. Technical assistance will be increasingly important to the beneficiaries when their companies enter into a growth stage. It can consist of technical expertise such as food safety standards, quality standards and qualification, production process, agro-processing skills etc. As discussed above, UNIDO will hold responsibility for the provision of technical assistance, whereas the needs assessment will be performed by the sub-contracted training companies and forwarded to SME DNC and the UNIDO national team leader. UNIDO will in turn define the detailed technical assistance services based on an assessment of the needs forwarded from the coaches.

²¹ See Terms of Reference. Individual counseling and coaching of project beneficiaries and technical assistance.

It is commendable, that while the systematic assessment of needs for technical assistance remains in its initial stage (starting from May 2015), the project has already exploited/captured emerging opportunities for synergies with other relevant projects: i) The project has cooperated with the USAID-funded PRP project on a marketing and promotion initiative. A brand called '3 Generations' has been developed, which include beneficiaries in rural areas and small communities outside the capital who have small-scale production where three generations of family are engaged and produce high quality and natural products. Two of the project's beneficiaries needed serious upgrade of packaging and labeling to be promoted through possible new markets. ii) Since Armenia became member of Eurasian Economic Union compliance with food safety and new rules (HAACP) has become a pressing issue. Four of the project's beneficiaries participated in 'Food Security' workshop organized jointly with the USAID PRP project and held by IFC best specialists in the field. The more synergies can be created with other projects the better, as it contributes to enhanced efficiency in use of project funds.

B.1.7 Beneficiary monitoring – loans and performance

The loan portfolio development and loan repayments are closely monitored by the fund trustee and a data base is with the finance department of SME DNC.

Beneficiary performance is continuously monitored through site visits by the UNIDO national team leader and SME DNC. The post-loan coaching and counseling provides good entry points for following the progress of the implementation of the business plan. The national team leader has created a data base in which all findings from field visits are documented. In addition, information received in semi-annual reports from SME DNC in narrative format is entered into the data base by the national team leader. The data base also includes base line data about the beneficiaries collected from the approved business plans and includes information about business performance in terms of for instance economic turnover and employment.

The two data bases can be inter-linked and will allow a beneficiary performance evaluation at a later stage, including a beneficiary impact assessment.

B.2 Output 2: Study and expert group meeting - and associated activities

B.2.1 Studies

A study was foreseen on further improving a conducive business environment in Armenia, in order to also cater for an enabling environment for youth-led businesses. As the World Bank carried out a study on the topic and collaborates with the Government on the implementation of its recommendations, it was discussed and agreed in a PSC meeting (14 February, 2014) that the study and EGM foreseen in the project document be canceled in order not to duplicate efforts.

Two sector studies in the two initial project regions (marzes) of Shirak and Lori were conducted, including an analysis of gender perspectives.

B.2.2 Expert Group Meeting (EGM)

The EGM meeting was replaced by two workshops (in Lori and Shirak) to present the regional (marz) sector studies. Representatives from Governorates, SME DNC and the business community were invited to the workshop.

B.3 Output 3: Project management, monitoring and evaluation - and associated activities

B.3.1 Project Steering Committee (PSC)

The PSC is a high-level meeting of the government coordination agency, the donor, the governorates of the target marzes (regions), the executing agency and the executing counterpart of monitor the project, assess progress made and lessons learned, discuss matters related to its implementation and facilitate the smooth implementation of the project, and find solutions to possible difficulties arising during project implementation.²²

The PSC has up to the present held two meetings with a third meeting planned for late July to mid-August 2015. Discussions and decisions taken are documented in written Minutes.

B.3.2 Progress reporting

The project prepares quarterly progress reports with an overview of milestones achieved on outcome and output level, project activities during the past quarter, organized in accordance with the activity list in the logframe. It further provides a cumulative overview of youth fund beneficiaries and a loan portfolio report. The progress report also assesses main problems encountered and measures taken. Overall the quarterly progress reports provide a solid progress update, with clear and concise information.

C. Summary assessment of effectiveness

Overall, the project shows good effectiveness. All activities and outputs are on track, and the project is even over-performing in terms of youth fund loans. The project is limited from achieving higher targets as regards youth entrepreneurs accessing loans and non-financial services only by the size of capital contributed to the youth revolving fund. Available fund capital is expected to be depleted by October 2015, while the project ends only in November 2016.

22 Terms of Reference. Project Steering Committee (Yerevan, 14 February, 2014).

It is very likely that the effectiveness of the project would be even further increased through a revision of the rules for accessing start-up capital from the youth revolving fund. With the possibility to access start-up loans only once the micro businesses are in too many cases hampered from sound expansion and growth.

The extent to which beneficiaries will sustainably benefit cannot be objectively established at this stage, but will have to be part of the end-of-project evaluation. Consulted beneficiaries however all express satisfaction with the services from the project and perceive they are better off now than prior to receiving the loans from the youth revolving fund, also in light of the recent economic slow-down.

Given the small size of the project and the comparatively small numbers of beneficiaries in each of the 4 included marzes it is virtually impossible to attribute any positive (or negative) development (such as proposed in the project logframe) at the meso and macro level directly to the project (see Design, section 4.1 above). However, development effects on the direct beneficiaries can be assessed in the end-of-project evaluation.

4.5 Sustainability

The sustainability is about the continuation of benefits – the probability of continued long-term benefits - from a development intervention after major development assistance has been completed.

The project is in its mid-term and activities are very much still in progress, and what happens when the project is ended is thus not yet visible. This makes it very difficult to objectively evaluate the sustainability with any kind of certainty. There are however several factors and emerging signs which point to prospects for reasonable sustainability of this project.

Institutionalized implementation

The project implementation is led by the SME DNC, building on their long-lasting experience of implementing the GoA strategy on SME development and with technical and monitoring support from UNIDO. As seen from the discussion above, the project strictly adheres to GoA laws and regulations and with the Youth Revolving Fund being managed through a commercial bank. Any revisions to project strategy is discussed and approved by the Project Steering Committee (see above). The training methodology is the SME DNC generally applied methodology, with UNIDO efforts to support further improvements of the financial youth entrepreneur's business plan assessment module. Day-to-day advice and support is provided to SME DNC by the project's national team leader as required. The national team leader also frequently works from a desk in SME DNC to be easily accessible.

Long-term perspective of youth revolving fund

The agreement between GoA and UNIDO that the youth revolving fund shall remain active during 15 years after the project ends, applying the conditions established in the ToR for the youth revolving fund, caters for good prospects for youth entrepreneurship sustainability.

Survival, growth and expansion of youth entrepreneurs' businesses

The survival rate of established businesses is high at mid-term. While the external risks may have increased, there is no objective reason to believe that the survival rate will not remain. The technical support team involved in the project implementation is highly qualified (both SME DNC and UNIDO team members) and has so far shown reasonable flexibility to adapt to changes (opportunities and risks) as they occur. To the extent that economic downturn becomes prolonged the project should however be increasingly strict when assessing business plans and their viability. The active project monitoring of beneficiary financial and business performance, combined with the project strategy of providing post-loan non-financial technical support to the beneficiaries, will facilitate the extension of support to the beneficiaries in order to help them to capture emerging opportunities and to take steps to mitigate occurring risks.

The continued expansion and growth of the established micro businesses however depend crucially on continued access to financial services. While there are some businesses with high and quick growth potential which can access additional funds from other sources, the majority of the micro businesses showing moderate but yet stable growth potential seem to be left without prospects for accessing capital, and are at risk of stagnating as micro businesses. The sustainability of youth businesses in terms of growth and expansion is likely to be considerably enhanced if a revised strategy to start-up loans would be introduced. Allowing 'multi-steps' accession to start-up loans for micro businesses with proven good performance and growth potential - as opposed to current once-upon-a-time strategy - would no doubt enable a broader range of the established micro businesses to grow into small businesses.

National capacity at central and regional (marz) levels

The project does not include an institutional capacity development component. Capacity development at particularly regional (marz) level has however up to mid-term taken place through 'learning-as-you-do' during project implementation. SME DNC at both national and marz levels is very actively involved in all steps of the technical implementation of the project. Up to mid-term the marz SME DNC offices were also mandated by the project to take on the responsibility of providing post-loan business coaching and counseling to the beneficiaries.

The recent central level procurement and outsourcing of coaching and counseling to training companies carries along a move from direct involvement of the SME DNC marz offices to being more indirectly involved. This move may be seen as a division of roles between private sector and government. It may imply that the local SME DNC coaching and counseling capacity will not be sustained but may

on the other hand imply that the marz SME DNC offices become stronger in their monitoring role. Whether the outsourcing will improve or hamper the capacity of the SME DNC marz offices is an issue to closely follow-up in collaboration between the SME DNC and UNIDO. It will be important to ensure that specific local level business constraints are internalized into project implementation, in addition to the national level perspectives.

4.6 Impacts

Impacts are long-term effects produced by the project. They may be positive or negative. They may be primary or secondary. They may be direct or indirect. They will however only be visible over longer time.

As discussed above, it is at this mid-term point in time somewhat premature to objectively assess project outcomes, and consequently even more premature to assess impacts. An assessment of impacts at mid-term would be no more than an extrapolation of outcomes at mid-term. It will be important that end-of-project evaluation is required to make a strong effort to assess impacts to the extent possible.

4.7 Management

The project is managed in a standard UNIDO fashion – with a project manager based in UNIDO HQ, and a field office in Armenia, manned by a national team leader and a project assistant. The implementation processes work smoothly with high mutual respect and esteem between UNIDO HQ and the field office.

The processes and coordination between UNIDO and the national implementing partner have also largely worked very well, although the most recent decision of the SME DNC to procurement training companies was unfortunately taken without prior consultation with UNIDO. Both sides however view this as a one-time incident and express their mutual trust that future major steps will be consulted prior to implementation. The good working relationship between SME DNC and the project national team leader is particularly vital to enhancing the intended flexibility in project implementation.

The project management is highly professional and has shown a high degree of flexibility in adapting to emerging opportunities and challenges. In the field office, the national team leader interacts continuously with the executing partner SME DNC. The national team leader frequently travels to visit loan beneficiaries together with staff from the SME DNC regional (marz) offices to follow up on beneficiary performance and to get a sense of needs for technical assistance. The findings from the field are shared and discussed with the project management in UNIDO HQ to react to perceived opportunities and to find solutions to perceived challenges. This active approach to project management has resulted in the project being in a position to offer technical assistance already before the systematic technical needs assessment has taken place. The project also shows a high degree of flexibility in where it looks for sources for technical

assistance. While UNIDO is the foreseen key source for technical assistance, the project also interacts with management of other projects engaged with SME DNC to enhance cost effectiveness of technical assistance.

Monitoring of beneficiaries is overall solid with data bases to monitor loan performance as well as business performance and project outcomes. The loan portfolio monitoring is managed by SME DNC while the UNIDO national team leader has created a complementary data base to monitor and analyze business performance. As discussed above (see A.1 Outcomes) it is recommended to disaggregate number of jobs created into whether these are full-time, part-time, seasonal or 'on-demand'. This will improve the basis for future assessment of development effects on beneficiaries. Impact evaluation beyond direct beneficiary impact will most likely not be possible as there is no baseline.

4.8 Procurement issues

The project has not experienced any procurement complications. Few items have been procured, and all of these have been procured locally with required consultation with the procurement expertise in UNIDO HQ. The single main procurement was the sub-contracting to SME DNC, which went smoothly.

4.9 Gender mainstreaming

As discussed in various sections above, the project is doing comparatively well when it comes to gender balance among beneficiaries and does show some degree of gender awareness in implementation. Female beneficiaries are further generally acknowledged as better/stronger in performance and as being more accountable to the commitments made. It is now important to continue ensuring that project activities and approach are increasingly gender-responsive, including in how the project communicates information about the opportunities offered by the project.

In discussions, national project stakeholders are cautious to emphasize that the project is implemented in a 'gender-neutral' fashion. There seems however to be some misunderstandings as to what 'gender' and 'gender-neutral' means in practice. Gender seems to be misinterpreted as 'women' as opposed to 'women and men'. Gender neutral seems to be misinterpreted as providing equal opportunities for women and men – whereas *in practice gender neutral by definition* implies that any current structures in society are supported. A gender-neutral approach will thus in effect contribute to hampering (or even preventing) change to take place – change which may be required in order to empower women to get equal access to opportunities – whereas project stakeholders seem to primarily interpret pro-active steps to promote women as 'discrimination against men'.

In this aspect it is important to firstly refer back to the GoA gender strategy and action plan, which in turn builds on the GoA international commitments to CEDAW, MDGs and the Beijing Platform for gender equality. UNIDO is also

strongly committed to enhancing gender mainstreaming in all projects and programmes as an integral part of the inclusive and sustainable industrial development agenda, and as also emphasized through the recent development of branch-specific gender mainstreaming tools. In addition, the Austrian Government (donor) places strong emphasis on the promotion of gender equality in its development cooperation efforts.

4.10 Cross-cutting issues

There are no immediate environmental concerns in the project. It is possible that as some of the established businesses will at a later stage develop to a size with more employees environmental and labor conditions will emerge as concerns. The project uses national expertise to the extent possible, thus further enhancing the project's 'development footprint'. There is consequently little scope for south-south cooperation.

5. Conclusions, recommendations and lessons learned

5.1 Conclusions

The project is showing that youth entrepreneurs are credit-worthy and that youth entrepreneurs are capable of running small businesses provided they are offered the opportunity to access small-scale loans combined with technical start-up support. There are more good business ideas than can be supported within the limits of the current capital in the youth revolving fund. The absorptive capacity to productively make use of additional funds for small start-up loans is therefore high, and additional capital to the revolving fund already during the remaining part of the project would in the view of the evaluator be a good development investment.

The project is highly effective, and would probably be even more effective in achieving results in terms of business expansion and growth should the regulations for accessing start-up loans from the youth revolving fund be amended. The maximum loan size (AMD 5 Million) is comparatively low. In addition, an individual youth entrepreneur can access a start-up loan only once, whereas in many cases there is a need for accessing start-up loans in several steps. The project's approach to supplement financial services with non-financial services is necessary to achieve the good results. The post-loan coaching and counseling is key to ensure that disbursed loans are used in line with the approved business plans and to ensure loans are repaid as scheduled.

The flexibility in the project design with no limitations to sectors is conducive to the successful results. It is not recommended to narrow the sector focus, but if it is to be considered such as discussed, this must build on a gender-responsive analysis to ensure that sectors with a large share of women are not excluded. Overall there is a need to maintain focus on how to ensure that women are adequately involved in the project. The so called 'gender neutral' approach will not contribute to this, and is also not in line with the GoA's gender equality strategy.

The efficiency of the project is good on all dimensions and the working processes between the two implementing partners (SME DNC and UNIDO) works overall well, as does the cooperation between UNIDO HQ and field offices. The project is successful in seeking synergies with other relevant projects within SME DNC, supported in this by both SME DNC and the project field office.

As for sustainability, the prospects are assessed as good, although emerging geo-political risks have increased since the project's inception. An important aspect for sustainability is that SME DNC shows strength in institutionalizing results from development cooperation. This caters for the prospects that the project's model will be institutionalized if proven effective and efficient, which is in

the view of the evaluator a strong argument to extend the project for a second phase in order to consolidate results.

5.2 Recommendations

The recommendations follow from the analysis in this mid-term evaluation alone. There may be valid issues and/or circumstances which did not come out of this project mid-term evaluation and which are thus not considered in the below recommendations.

Recommendations to UNIDO

- Continue dialogue with the Austrian Government (the donor) and the Government of the Republic of Armenia for them to jointly contribute additional capital to the youth revolving fund.
- Continue dialogue with the Government of the Republic of Armenia around the possibility to revise regulations for accessing loans from the youth revolving fund to allow loans in a step-wise fashion as opposed to once in a time and to increase the maximum size of start-up loans.
- Address the various technical issues highlighted in the mid-term evaluation report. Ensure that the forthcoming end-of-project evaluation includes a validation of outcomes in terms of decent employment generation and beneficiary income.
- Continue to put emphasis on gender equality perspectives in implementation. If adequately pursued, gender mainstreaming in practice is a good means to 'break' rhetorical resistance. In addition, UNIDO should consider how to systematically raise awareness among project staff and counterparts of *why* and *how* the so called 'gender neutrality' is in effect working against women in male-dominated structures.

Recommendations to the Government of the Republic of Armenia

- Reconsider the possibility to contribute additional capital to the youth revolving fund within the project's current lifetime.
- Consider contributing capital and counterpart financing to a second phase of the project to further consolidate the promising results.
- Reconsider the possibility to revise regulations to allow youth entrepreneurs to access start-up capital in a step-wise fashion in order to enable expansion and growth of micro businesses without increasing risk-taking behavior of youth entrepreneurs.

Recommendations to the Austrian Government

- Reconsider the possibility to contribute additional capital to the youth revolving fund within the project's current lifetime.
- Consider funding a second phase of the project to further consolidate the promising results.

5.3 Lessons learned

The major lesson learned is that youth entrepreneurs can be successful once given the opportunity. They are credit-worthy but also need technical follow-up services. The importance of coaching and counseling to ensure that loans are properly used for the intended business purposes cannot be over-emphasized. This is a particularly important factor in society with strong family structures in which a young person may be 'forced' by traditional norms to comply with the older generation's requirement irrespective of personal views.

Annex A: Terms of reference

Provision of services to conduct the independent mid-term evaluation of the project “Productive work for youth in Armenia – supporting young entrepreneurs”

1. Context and background for the evaluation

The independent mid-term evaluation is part of the work plan of the project “Productive work for youth in Armenia – supporting young entrepreneurs”. The project started in March 2013 with the financial support of the Government of Austria and has a total duration of 44 months. The government coordinating agency is the Ministry of Economy.

The overall objective of this project is to support youth-led enterprise creation and expansion, thus promoting sound development of the local private sector. The project aims to demonstrate that young women and men are credit worthy and capable of turning loans into profitable businesses.

In March 2012, UNIDO received a request for assistance from the Government to develop youth employment schemes with special focus on the regions. The unemployment rate of youth (15-24 years old) in Armenia had risen to a percentage of 39.2% in 2011, and tackling youth unemployment was a serious challenge to Armenia’s socio-economic development. Taking into account the limited absorptive capacity of labor markets in the country, responding to government priorities, and taking into consideration the findings and recommendations of the MDG Acceleration Framework (MAF), the project focuses on youth entrepreneurship as a feasible option to create employment, particularly in the regions, which are affected by migration. The approach is holistic as it combines non-financial with financial services.

The target beneficiaries of the project are youth start-up entrepreneurs (individuals aged between 18 and 35 years with realistic business ideas, or with state registration up to 1 year) with special attention to young women and young families. The geographical area of coverage are the regions (marzes) of Lori and Shirak, and since June 2014 also Gegharqunik and Tavoush.

On the micro-level, the project provides non-financial and financial services to young start-up entrepreneurs with a focus on innovative, growth-oriented business ideas. Non-financial services are provided before, during and after business start-up and entail entrepreneurship training, coaching and counselling, and technical assistance. While projects often try to facilitate access to finance, this project directly provides the possibility to access finance through a revolving youth business fund, which is a rather new practice in UNIDO. The revolving youth business fund has a volume of EUR 400,000, to which the project and the Government of Armenia contributed equally.

The executing counterpart is the SME Development National Center (SME DNC), which was selected due to its mandate, track-record and capacity. SME DNC provides entrepreneurship training, coaching and counselling and administers the revolving youth business fund, and is expected to continue the revolving youth business fund after project closure.

The project now reached a critical stage, where a critical mass of beneficiaries has been served to identify needs for technical assistance. The needs assessment is currently being carried out and the technical assistance is being designed.

On the meso-level, the existing and potential executing counterparts are envisaged to receive capacity building as and where necessary.

On the macro-level, the project promotes a more conducive business environment particularly for youth-led enterprises. Initially, the project was designed to carry out a study and expert group meeting (EGM) in order to advise political decision-makers on a conducive business environment. However, in the meantime the World Bank carried out a study on the topic and collaborates with the Government on the implementation of its recommendations. Therefore, the project steering committee (PSC) decided to cancel the study and EGM foreseen in the project in order not to duplicate efforts.

An additional element is outreach and awareness rising on youth entrepreneurship as a feasible option to create employment and to address the apparent caution particularly amongst (young) women towards risk-taking and profit-making.

The following results were achieved after 10 rounds of trainings and calls for proposals for revolving youth business fund in January 2015: The milestones on outcome and output level have been achieved over 100%: 363 young entrepreneurs (121% of milestone) participated in trainings, 30 loans were approved (250% of milestone) and 26 jobs were created²³. All young entrepreneurs were able to repay loans fully on time except for one delay. The quarterly progress reports undertaken contain details on the monitoring of ongoing implementation and output achievement (see annex 6).

The overall budget of the project is EUR 729,646, of which EUR 542,503 (74%) have been implemented by 9 April 2015, which includes the contribution to the revolving fund of EUR 200,000 to the revolving fund and the subcontract for SME DNC of EUR 97,500.

23 Figures from Progress Report (No. 6) covering November 2014 to January 2015

Further details and the logframe can be found in the annexed project document, progress reports and preparatory assistance report, including detailed description of the approach, contextual factors likely to influence project results, etc.

2. Purpose, objectives, rationale

As foreseen in the project work plan, this independent mid-term evaluation takes place after the first half of the project's implementation phase, which started in October 2013. The first seven months of the project, March to September 2013, were the inception phase. Now, the execution of the project has proceeded to a considerable extent, so that there is a comprehensive basis for evaluation. Simultaneously, there remains sufficient time within the project duration to use the evaluation results to steer the project accordingly.

Consequently, and due to the point of time within the project life, the independent mid-term evaluation will be by its nature mainly formative, however, also with summative elements with the purpose to assist project steering through feedback of lessons learned.

The overriding objective is to create transparency and dialogue between project stakeholders to drive learning for the further development of the project as well as for its replicability and scaling-up of results. To reach this overriding objective, ancillary objectives are to gain insights on the functioning of the project structures and processes, as well as to control if project targets were achieved and to which degree, if targets and results are likely to be achieved in future based on the project's relevance and acceptance amongst stakeholders, effectiveness, efficiency, as well as potential impact and sustainability. In addition, the independent mid-term evaluation should also advise on the design of the M&E framework with a view to attribution of results to the project and an impact assessment at the end-of-project evaluation.

Therefore, direct users of the evaluation results (findings, lessons learnt, practical recommendations and conclusions) will be the project manager and project team, SME DNC (executing counterpart), the Ministry of Economy of Armenia (government coordinating agency), the Government of Austria (donor), as well as the Governorates of Gegharqunik, Lori, Shirak and Tavoush marzes.

In addition, lessons learnt will also be shared within UNIDO to further develop the approach and to feed into project design and formulation of similar projects. This independent mid-term evaluation is also expected to feed into the UNIDO Office for Independent Evaluation's "Thematic evaluation: UNIDO interventions in the area of enterprise/job-creation and skills development, including for women and youth", foreseen in its work plan for 2015.

The independent mid-term evaluation should provide evidence-based information that is credible, reliable and useful for the mentioned purpose and objectives.

The independent mid-term evaluation should be completed before the next project steering committee (PSC), which is foreseen for June/July 2015, in order to discuss the results and identify ways and means to feed them into the project steering.

3. Scope and focus of the evaluation

Scope

The evaluation concerns the first 26 months of the project, i.e. from March 2013 until end of April 2015. The evaluation covers all project areas of geographical coverage, i.e. Gegharqunik, Lori, Shirak and Tavoush marzes. It considers all activities that are part of the project. Given the point of time in the project life cycle and given the above mentioned purpose and objectives, the independent mid-term evaluation will focus within the results-chain on the links between inputs, activities, outputs and outcome; mainly on implementation and processes; and on the evaluation criteria relevance, effectiveness, efficiency, management and gender; while assessing the potential impact and sustainability of the project.

Focus

The focus of the evaluation is on the relevance of the project throughout its life cycle and on its effectiveness, i.e. is the project's model of support to young entrepreneurs already leading to the desired changes based on outputs delivered and is it likely to do so in future or would a change in strategy lead to higher achievements of results on the outcome and impact level, as well as to higher sustainability in terms of business survival as well as institutionalization of the model.

In this regard, it is important to keep in mind that the project aims at demonstrating that young women and men – which are generally perceived as high-risk borrowers – are credit worthy and capable of turning loans into profitable businesses, which is intended to lead to a change in the behavior of (potential) young female and male entrepreneurs, local and national governments, banks, business service providers and other stakeholders as a result of the use, uptake and/or replication of the model set up by the project or its results.

In addition, the independent mid-term evaluation will focus on aspects of management such as observing processes and structures to identify and mitigate problems in implementation, including acceptance of the project amongst stakeholders, conflicts due to differing interests, sufficiency of qualified personnel, adequacy of communication and coordination amongst implementing partners and with target groups, and adequacy of project duration and funding.

4. Evaluation issues and key questions

The following questions indicate what is especially valuable for the project manager and project team as well as the other stakeholders to know. These should be answered within the budget and time of the evaluation. The list is not exhaustive. Clarifications shall be discussed with the project manager and project team after the inception of the evaluation process, as well as the feasibility of answering the questions within the time, budget and data constraints.

Relevance

- Were the appropriate groups targeted by the project, i.e. youth start-up entrepreneurs (individuals aged between 18 and 35 years with realistic business ideas, or with state registration up to 1 year) with special attention to young women and young families?
- Were innovative, growth-oriented business ideas targeted?
- Is this still the appropriate target group?
- Was the project relevant to the stakeholders, particularly the target beneficiaries, at project formulation?
- Is the project still relevant to the stakeholders, particularly the target beneficiaries, and meeting their needs - also with a view to the currently designed technical assistance?
- To what extent was the project identification process participatory including all main stakeholder groups instrumental in selecting problem areas, counterparts and beneficiaries requiring technical support?
- Is the level of flexibility of the project design and implementation adequate?

Effectiveness

- Does the project reach the target beneficiaries?
- To what extent are the outputs as formulated in the project document necessary and sufficient to achieve the expected outcomes and objectives?
- To what extent are outputs produced or likely to be produced?
- Is the project's model of support to young entrepreneurs already leading to the desired changes based on outputs delivered and/or is it likely to do so in future/by project end?
- Are there any unintended positive or negative effects, already observable or to be expected? What could be appropriate mitigation measures?
- Are there external factors, which could have a positive or negative impact, such as changes in basic policy environments, general economic and financial conditions, etc.?
- Would a change in strategy lead to higher achievements of results on the outcome and impact level?
- Does the project work at the macro-, meso- and micro-level? Were the choices made appropriate and are they still?

Management

Project processes and structures

- Are there problems in implementation within the project processes and structures? If so, how could these be mitigated?
- Is information resulting from monitoring used for project steering and adaptive management?
- Are changes in planning documents during implementation being approved and documented?
- Are synergy benefits being sought in relation to other UNIDO activities in the country (or elsewhere)? Do they materialize and why or why not?
- To what extent have the UNIDO HQ and field management, coordination, quality control and technical inputs been efficient and effective?
- How effectively and efficiently implements the executing counterpart SME DNC?
- Based on the needs assessment and design for the provision of technical assistance, what could be the best option to provide the assistance?

M&E framework

- Is the design and implementation of the project M&E framework adequate for controlling target and results achievement, risk controlling and lesson learning, incl. quantitative baselines and systematic collection of monitoring data at output and outcome level? Could it be further improved?
- Is the design and implementation of the project M&E framework adequate for measuring and attributing results to the project and to carry out an impact assessment at the end-of-project evaluation? Could it be further improved, and if so, how?
- To what extent was the project formulated based on the logical framework approach and included appropriate output and outcome indicators within a realistic timeframe?
- To what extent does the project have a clear thematically focused development objective and outcome(s), the attainment of which can be determined by a set of verifiable indicators?

Efficiency

- To what extent have UNIDO inputs and inputs of SME DNC (executing counterpart), the Ministry of Economy of Armenia (government coordinating agency), the Government of Austria (donor) been provided as planned and were adequate to meet requirements?
- To what extent was the quality of UNIDO inputs and services as well as of procured services (expertise, training, methodologies, etc.) as planned and led to the production of outputs?

Procurement

- To what extent were UNIDO procurement services provided as planned and were adequate in terms of timing, value, process issues, responsibilities, etc.?
- Were the procured services(s) acquired at a reasonable price?
- Which were the main bottlenecks / issues in the procurement process?
- Which good practices have been identified?
- Which procurement rule was particularly problematic to comply with?
- To what extent roles and responsibilities of the different stakeholders in the different procurement stages are established, adequate and clear?
- To what extent the procurement process prima facie complied with the procurement rules?

Gender

- Are the targets regarding gender realistic and achievable?
- Are the project activities sufficient to reach gender targets?
- Is the gender-awareness of project staff and involved staff of the executing counterpart SME DNC adequate?
- Gender responsive evaluation questions: please see annex 4: Guideline on gender issues to be addressed in the evaluation to mainstream gender issues in the evaluation.

Potential sustainability and impact

Business survival

- Does the support model lead to survival of youth business start-ups and growth beyond the start-up phase?

Institutionalization of the model

- Is the project model sustainable?
- Is the project model replicable?
- Is it likely that the support model of the project will be adopted, replicated and/or scaled up after project end?
- Local expertise
- Did and does the project use available expertise from the target country at an adequate level?
- Does the project build local expertise sufficiently and adequately, incl. of the executing counterpart SME DNC?
- Can enterprise effects be expected to lead to socio-economic impact such as employment or income generation, gender equality and poverty reduction?

5. Evaluation approach and methodology

Based on the purpose and objectives of this independent mid-term evaluation, and given that the project is designed based on results based management (RBM) and logical framework approach (LFA) principles, two matching evaluation approaches appear feasible, i.e. the Theory-Based Approach to Evaluation (TBE) as well as the Utilization-focused approach, which in the evaluation design could also be reflected in a mixed methods approach.

As mentioned above, the independent mid-term evaluation will be by its nature mainly formative, however, also with summative elements. Formative evaluation often lends itself to qualitative methods of inquiry. The questions asked in formative evaluation are generally more open and lead to exploration of processes, both from the viewpoint of participants, but also from that of project staff and other stakeholders. The use of participatory evaluation is particularly relevant and appropriate to formative evaluation. Summative evaluation is often associated with more objective, quantitative methods of data collection. It is recommended to use a balance of both quantitative and qualitative methods in order to get a better understanding of what the project has achieved, and how or why this has occurred. Using qualitative methods of data collection can also provide a good insight into unintended consequences and lessons for improvement.

However, the evaluator shall propose an evaluation design and methodology in the inception phase of the evaluation process. Where feasible quantitative and qualitative data should be triangulated. Decisions to use primary, secondary or tertiary data should be well justified (internal/external validity, reliability, efficiency).

Since the evaluation results are relevant to all parties – beneficiaries, donor, implementing partners, Government at local and national level – participation of all of them appears commensurate and the independent mid-term evaluation should reflect their views of the relevance, effectiveness, efficiency and potential impact and sustainability of the project.

With a view to sampling amongst the target beneficiaries, it should be noted that the current target beneficiaries' (approx. 70 young entrepreneurs) situations and their businesses are rather heterogeneous in terms of sector, development phase, etc. The independent mid-term evaluation should take into account the progress reviews, and the data collected thereunder, conducted as part of the project's monitoring and reporting.

The evaluator must respect the right of institutions and individuals to provide information in confidence and ensure that sensitive data cannot be traced to their source. Evaluators must ensure that those involved in evaluations are given an opportunity to examine the statements attributed to them.

6. Time schedule and deliverables

In order to serve its purpose, the evaluation has to be completed within the second quarter of 2015 and before the next project steering committee (PSC), which is foreseen for June/July 2015, so that findings and recommendations can be implemented and used to steer the second half of the project's activities.

At the end of evaluation, an evaluation report has to be delivered that presents in a complete and objective manner the evidence, findings, conclusions and practical recommendations. The report also explains the methodology followed and highlights the methodological limitations of the evaluation and key concerns, and includes an executive summary.

Formats for deliverables, including software, number of hard copies, translations needed and the structure of the evaluation report shall be specified during the inception of the evaluation, as well as quality refinements regarding language and style of presentations.

Below is a tentative time schedule, which is to be refined based on the proposed methodology:

Deliverables	Timeline	Location	Responsible
Contracts signed with evaluators	By 15 May 2015		PM HRM
Desk review	18-20 May 2015	Home-based	Evaluator
Delivery of draft inception report	20 May 2015	Home-based	Evaluator
Briefing of international evaluator through skype/video conference call	21 May 2015	HQ Vienna/FO Yerevan	PM EVA Evaluator
Deskwork and interviews through Skype	22-26 May 2015	Home-based	Evaluator
Revised inception report containing work plan, key findings of desk review, methodology, evaluation tools such as questionnaires and interview guidelines, sampling technique(s), etc.	1 June 2015	Home-based	Evaluator
Evaluation mission: briefing of evaluators in the field, testing of evaluation tools, field visits, field research, interviews, observation, questionnaires, etc.	8-14 June 2015	Armenia: Lori, Shirak, Gegharqunik, Tavoush, Yerevan	Evaluator
Presentation of preliminary findings, debriefing at HQ (national consultant to be connected via skype/video call)	15 June 2015	Vienna	Evaluator
Data analysis and preparation of draft report	16-18 June	Home-based	Evaluator
Delivery of draft report	22 June 2015	Home-based	Evaluator

Deliverables	Timeline	Location	Responsible
Collection of comments and review of draft report	23-25 June 2015	Home-based	Evaluator PM EVA
Revised draft report	26 June 2015	Home-based	Evaluator
Approval of final report	30 June 2015	HQ	EVA
Dissemination (Management Response Sheet, newsletter, articles)	30 June 2015	HQ	EVA PM

* PM: project manager, HRM: Human Resources Management, EVA: Office for Independent Evaluation

7. Evaluation team composition

The evaluation team will include:

- One **independent international evaluator** with extensive experience and knowledge of evaluation methodologies. She/he shall be familiar with poverty reduction and Micro, Small and Medium-size Enterprise (MSME) development, particularly youth entrepreneurship and access to finance.

The evaluator should have the following competencies/skills:

- Appropriate language skills
- Process management skills, including facilitation skills
- Writing and communications skills
- Good interpersonal skills
- Ability to address relevant cross-cutting thematic issues, including gender
- Adequate understanding of local social and cultural issues
- Adequate mix of national and international expertise and of women and men

The evaluator must not have any previous or current or foreseen involvement with the project.

The evaluator must be sensitive to beliefs, manners and customs of the social and cultural environments in which they work. In the light of the United Nations Universal Declaration of Human Rights, the evaluator must be sensitive to, and address issues of, discrimination and gender inequality.

Responsibilities: The independent international evaluator shall have the responsibility to lead the evaluation. She/he shall (1) carry out a thorough desk review, (2) develop a suitable evaluation methodology and an evaluation work plan; share these with the project team and Office for Independent Evaluation (EVA) at UNIDO for their review and comments, develop interview guidelines and

questionnaires for key informants and groups of stakeholders, (3) if appropriate, develop a beneficiary survey and conduct a pilot survey in close cooperation with the National Evaluator and respective UNIDO resource persons, (4) analyze the data, (5) be responsible for the drafting of the evaluation report and share it with the project team and EVA at UNIDO, (6) edit and finalize the evaluation report, (7) present the evaluation findings.

Detailed job description is attached in annex 1.

During the implementation process, the evaluator will benefit from UNIDO operational capacities in Armenia; this includes internal transportation as well as office space and provision of the necessary material. The evaluator will be continuously and simultaneously supported by respective project staff members, the UNIDO field office and local counterparts – such as the SME DNC and the Ministry Economy. The evaluator will also link up with responsible staff members of the donor, the Government of Austria.

8. Quality assurance

All UNIDO evaluations are subject to quality assessments by the UNIDO Office for Independent Evaluation.

The quality of the evaluation report will be assessed and rated against the criteria set forth in the Checklist on evaluation report quality, attached as Annex 3.

9. Government and management process of the evaluation process

The TOR were formulated by the project team members – Project Manager, International Expert on Youth Employment, National Team Leader, and Intern – as well as the former Project Manager, approved by the Project Manager, and cleared by Office for Independent Evaluation (EVA).

The inception report as well as the final report will be assessed by the Project Manager, the International Expert on Youth Employment and the National Team Leader, and cleared by EVA.

10. Annexes

These TOR comprise the following Annexes:

1. Job description for the Independent International Evaluator
2. Checklist on evaluation report quality
3. Guideline on gender issues to be addressed in the evaluation
4. Project Document including Logical Framework
5. Progress Reports
6. Project Steering Committee (PSC) TOR and meeting minutes
7. Preparatory Assistance (PA) report

Annex 1: Job description for the independent international evaluator

Title	Independent international evaluator
Main duty station and location	Home-based
Mission/s to:	Vienna, Austria; Armenia: Lori, Shirak, Gegharqunik, Tavoush, Yerevan
Start of contract (EOD):	15 May
End of contract (COB):	30 June, duration: WAE 21 w/d

ORGANIZATIONAL CONTEXT

The project “Productive work for youth in Armenia – supporting young entrepreneurs” is implemented by the Investment and Technology Unit (PTC/BIT/ITU), part of the Business, Investment & Technology Services Branch (PTC/BIT).

The Investment and Technology Unit is responsible for supporting developing countries and countries with economies in transition in improving their investment climate by assisting governments and institutions at the national and regional levels to analyse investment needs, assess the investment climate, and enhance the flow and impact of foreign and domestic investments.

The Office for Independent Evaluation (EVA) is responsible for the independent evaluation function of UNIDO. It manages, conducts and provides quality assurance to different kinds of independent evaluations within UNIDO and monitors the management response to such evaluations. EVA ensures also the effective dissemination throughout UNIDO and to external stakeholders of lessons learned. EVA lends methodological support amongst others to independent project evaluations and it performs an advisory and quality-assurance function in relation to independent project evaluations managed by project managers. EVA is part of the Office of the Director General (ODG). Its location is independent of any line management functions in the Divisions involved with project/programme development and implementation.

The incumbent will work under the direct supervision of and report to EVA.

PROJECT AND EVALUATION CONTEXT

The overall objective of the UNIDO project Productive work for youth in Armenia – supporting young entrepreneurs is to support youth-led enterprise creation and expansion, thus promoting sound development of the local private sector. The

project aims to demonstrate that youth are credit worthy and capable of turning loans into profitable businesses.

The unemployment rate of youth (15-24 years old) in Armenia had risen to a percentage of 39.2% in 2011, and tackling youth unemployment was a serious challenge to Armenia's socio-economic development. Taking into account the limited absorptive capacity of labor markets in the country, responding to government priorities, and taking into consideration the findings and recommendations of the MDG Acceleration Framework (MAF), the project focuses on youth entrepreneurship as a feasible option to create employment, particularly in the regions, which are affected by migration.

Therefore the project follows a comprehensive approach providing non-financial and financial services and support beyond the start-up phase, and also promoting a more conducive environment particularly for youth-led businesses. In cooperation with the SME Development National Center (SME DNC), the project established a revolving youth business fund accompanied by a set of non-financial services such as entrepreneurship training, counselling and technical assistance.

As foreseen in the project work plan, the **independent mid-term evaluation** takes place after the first half of the project's implementation phase. Consequently, the independent mid-term evaluation will be by its nature mainly formative, however, also with summative elements with the **purpose** to assist project steering through feedback of lessons learned.

The **overriding objective** is to create transparency and dialogue between project stakeholders to drive learning for the further development of the project as well as for its scaling-up and replicability. To reach this overriding objective, **ancillary objectives** are to gain insights on the functioning of the project structures and processes, as well as to control if project targets were achieved and to which degree if targets and results are likely to be achieved in future based on the project's relevance and acceptance amongst stakeholders, effectiveness, efficiency, as well as potential impact and sustainability. In addition, the independent mid-term evaluation should also advise on the design of the M&E framework with a view to attribution of results to the project and an impact assessment at the end-of-project evaluation.

DUTIES	Outputs to be achieved	Expected duration	Location
Desk review	Draft inception report	2 w/d	Home-based
Delivery of draft inception report	Draft inception report	1 w/d	Home-based
Briefing of evaluator(s) through Skype with Project Manager and relevant project staff	Data collection	1 w/d	Home-based
Deskwork and if needed interviews through Skype with Project Manager, project staff	Data collection	1 w/d	Home-based

DUTIES	Outputs to be achieved	Expected duration	Location
Revised inception report containing work plan, key findings of desk review, methodology, evaluation tools such as questionnaires and interview guidelines, sampling technique(s), etc.	Revised inception report	1 w/d	Home-based
Evaluation mission: briefing of evaluator(s) in the field, possible testing of evaluation tools, field visits, field research, interviews, observation, questionnaires, etc.	Data collection	7 w/d	Armenia: Lori, Shirak, Gegharqunik, Tavoush, Yerevan
Presentation of preliminary findings, debriefing at HQ	Presentation	1 w/d	Vienna
Reporting, including: <ul style="list-style-type: none"> Data analysis and preparation of draft report Delivery of draft report Collection of comments and review of draft report Revising draft report 	Output per activity: <ul style="list-style-type: none"> Draft report Draft report Comments received and included Revised draft report 	7 w/d	Home-based
Lead the independent mid-term evaluation of the project	Evaluation report delivered, including recommendations and lessons learned	continuous	Armenia / HQ Vienna

REQUIRED COMPETENCIES

Core values:

1. Integrity,
2. Professionalism
3. Respect for diversity

Core competencies:

1. Results orientation and accountability
2. Planning and organizing
3. Communication and trust
4. Ability to address relevant cross-cutting issues, especially gender and cultural issues
6. Organizational development and innovation

Education: Advanced university degree in Development Studies, Social Sciences, Economics, Business Administration or related field.

Technical and functional experience:

- At least 5 years of experience in conducting and managing evaluations, preferably in the field of youth entrepreneurship and access to finance.
- Knowledge of poverty reduction and Micro, Small and Medium-size Enterprise (MSME) development, particularly youth entrepreneurship and access to finance.
- Sound qualitative and quantitative methodological skills incl. data collection, management and analysis skills.
- Very good communication, interpretation and writing skills, as well as interpersonal skills.
- Proven leadership capacity.
- Experience at the international level and in the UN system is an asset, as well as experience in working cross-culturally, ideally in Armenia or the region.

Languages: Fluency in written and spoken English is required. Knowledge of Armenian is an asset.

Absence of conflict of interest:

The members of the evaluation team must not have been involved in the design and/or implementation, supervision and coordination of and/or have benefited from the project under evaluation.

Annex 2: Checklist on evaluation report quality

Report quality criteria	UNIDO Office for Independent Evaluation: Assessment notes	Rating	
Report structure and quality of writing			
<p>The report is written in clear language, correct grammar and use of evaluation terminology. The report is logically structured with clarity and coherence. It contains a concise executive summary and all other necessary elements as per TOR.</p>			
Evaluation objective, scope and methodology			
<p>The evaluation objective is explained and the scope defined. The methods employed are explained and appropriate for answering the evaluation questions. The evaluation report gives a complete description of stakeholder's consultation process in the evaluation. The report describes the data sources and collection methods and their limitations. The evaluation report was delivered in a timely manner so that the evaluation objective (e.g. important deadlines for presentations) was not affected.</p>			
Evaluation object			
<p>The logic model and/or the expected results chain (inputs, outputs and outcomes) of the object are clearly described. The key social, political, economic, demographic, and institutional factors that have a direct bearing on the object are described. The key stakeholders involved in the object implementation, including the implementing agency(s) and partners, other key stakeholders and their roles are described. The report identifies the implementation status of the object, including its phase of implementation and any significant changes (e.g. plans, strategies, logical frameworks) that have occurred over time and explains the implications of those changes for the evaluation.</p>			

Findings and conclusions		
<p>The report is consistent and the evidence is complete (covering all aspects defined in the TOR) and convincing.</p> <p>The report presents an assessment of relevant outcomes and achievement of project objectives.</p> <p>The report presents an assessment of relevant external factors (assumptions, risks, impact drivers) and how they influenced the evaluation object and the achievement of results.</p> <p>The report presents a sound assessment of sustainability of outcomes or it explains why this is not (yet) possible.</p> <p>The report analyses the budget and actual project costs.</p> <p>Findings respond directly to the evaluation criteria and questions detailed in the scope and objectives section of the report and are based on evidence derived from data collection and analysis methods described in the methodology section of the report.</p> <p>Reasons for accomplishments and failures, especially continuing constraints, are identified as much as possible.</p> <p>Conclusions are well substantiated by the evidence presented and are logically connected to evaluation findings.</p> <p>Relevant cross-cutting issues, such as gender, human rights, and environment are appropriately covered.</p>		
Recommendations and lessons learned		
<p>The lessons and recommendations are based on the findings and conclusions presented in the report.</p> <p>The recommendations specify the actions necessary to correct existing conditions or improve operations ('who?' 'what?' 'where?' 'when?').</p> <p>Recommendations are implementable and take resource implications into account.</p> <p>Lessons are readily applicable in other contexts and suggest prescriptive action.</p>		

Rating system for quality of evaluation reports

A number rating 1-6 is used for each criterion: Highly Satisfactory = 6, Satisfactory = 5, Moderately Satisfactory = 4, Moderately Unsatisfactory = 3, Unsatisfactory = 2, Highly Unsatisfactory = 1, and unable to assess = 0.

Annex 3: Guideline on gender issues to be addressed in the evaluation

1. Introduction

Gender equality is internationally recognized as a goal of development and is fundamental to sustainable growth and poverty reduction. The UNIDO Policy on gender equality and the empowerment of women and its addendum, issued respectively in April 2009 and May 2010 (UNIDO/DGB(M).110 and UNIDO/DGB(M).110/Add.1), provides the overall guidelines for establishing a gender mainstreaming strategy and action plans to guide the process of addressing gender issues in the Organization's industrial development interventions. According to the UNIDO Policy on gender equality and the empowerment of women:

Gender equality refers to the equal rights, responsibilities and opportunities of women and men and girls and boys. Equality does not suggest that women and men become 'the same' but that women's and men's rights, responsibilities and opportunities do not depend on whether they are born male or female. Gender equality implies that the interests, needs and priorities of both women and men are taken into consideration, recognizing the diversity of different groups of women and men. It is therefore not a 'women's issues'. On the contrary, it concerns and should fully engage both men and women and is a precondition for, and an indicator of sustainable people-centered development.

Empowerment of women signifies women gaining power and control over their own lives. It involves awareness-raising, building of self-confidence, expansion of choices, increased access to and control over resources and actions to transform the structures and institutions which reinforce and perpetuate gender discriminations and inequality.

Gender parity signifies equal numbers of men and women at all levels of an institution or organization, particularly at senior and decision-making levels. The UNIDO projects/programmes can be divided into two categories: 1) those where promotion of gender equality is one of the key aspects of the project/programme; and 2) those where there is limited or no attempted integration of gender. Evaluation managers/evaluators should select relevant questions depending on the type of interventions.

2. Gender responsive evaluation questions

The questions below will help evaluation managers/evaluators to mainstream gender issues in their evaluations.

2.1 Design

- ✓ Is the project/programme in line with the UNIDO2 and national policies on gender equality and the empowerment of women?
- ✓ Were gender issues identified at the design stage?
- ✓ Did the project/programme design adequately consider the gender dimensions in its interventions? If so, how?

- ✓ Were adequate resources (e.g., funds, staff time, methodology, experts) allocated to address gender concerns? To what extent were the needs and priorities of women, girls, boys and men reflected in the design?
- ✓ Was a gender analysis included in a baseline study or needs assessment (if any)?

If the project/programme is people-centered, were target beneficiaries clearly identified and disaggregated by sex, age, race, ethnicity and socio-economic group?

If the project/programme promotes gender equality and/or women's empowerment, was gender equality reflected in its objective/s? To what extent are output/outcome indicators gender disaggregated?

2.2 Implementation management

Did project monitoring and self-evaluation collect and analyse gender disaggregated data?

Were decisions and recommendations based on the analyses? If so, how? Were gender concerns reflected in the criteria to select beneficiaries? If so, how?

How gender-balanced was the composition of the project management team, the Steering Committee, experts and consultants and the beneficiaries?

If the project/programme promotes gender equality and/or women's empowerment, did the project/programme monitor, assess and report on its gender related objective/s?

2.3 Results

Have women and men benefited equally from the project's interventions? Do the results affect women and men differently? If so, why and how? How are the results likely to affect gender relations (e.g., division of labour, decision making authority)?

In the case of a project/programme with gender related objective/s, to what extent has the project/programme achieved the objective/s? To what extent has the project/programme reduced gender disparities and enhanced women's empowerment?

Annex B: Organizations visited and persons met

Skype briefing discussions:

20 May, 2015:

UNIDO HQ

Ms Julia Rohe	Quality Monitoring Officer (former Project Manager)
Ms Somaya Moll	International Expert, Investment and Technology Unit, Programme for Technical Cooperation

27 May, 2015:

UNIDO Field Office

Ms Marianna Petrosyan	National Team Leader
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Field Mission to Armenia:

9 June, 2015:

UNIDO Project Field Office

Ms. Marianna Petrosyan	National Team Leader
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10 June, 2015 - (Field Visit to Lori):

SME DNC Regional Office:

Mr. Sevak Aperjanian	Head of SME DNC Regional Office
Mr. Vahagn Nalbardian	Expert

Beneficiary Focus Group Discussion:

Mr. Armen Brutyan	Galvanized metal profiles
Mr. Gorgik Aslanian	Printing (replacing wife Ms Tatevik Ghukasyan)
Ms Gayane Aghalaryan	Specialized coffee store

Beneficiary on-site visits and discussions (3):

Ms. Luiza Nalbandyan	Salted peanuts production
Mr. Vahe Najaryan	Greenhouse
Mr. Vahram Lambaryan	Auto-repair shop

Local Government in Lori:

Ms. Hasmik Mkrtchyan	Head of Division for Development Programmes and Analysis
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Training provider:

Mr. Mher Davoyan	Trainer
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11 June, 2015 - (Field visit to Shirak):

SME DNC Regional Office:

Mr. Artur Zakaryan Head of SME DNC Regional Office

Beneficiary Focus Group Discussion:

Mr Garegin Koseyan Paper towel production

Mr Gevorg Gevorgyan Auto repair shop (represented by his father)

Mr Gevorg Sargsyan Auto repair shop

Mr Melik Zakaryan Slippers production

Mr Seryoja Movsisyan Bakery, bread

Beneficiary Focus Group Discussion:

Ms. Neli Gussyng Bakery, bread

Ms. Marusya Asatryan Pottery

Beneficiary on-site visits and discussions (2):

Ms. Mary Karapetyan Kids entertainment

Ms. Hasmik Hovhannisyan Bakery, pastry.

Local Government in Shirak:

Ms. Mariam Gyodakyan Head of Division for Development Programmes and Analysis

12 June, 2015:

UNIDO Project Field Office:

Ms. Marianna Petrosyan National Team Leader

Ms. Nune Arzakanyan Administrative Assistant

SME DNC:

Mr. Gegham Petrosyan Executive Director

UNIDO Desk Office:

Ms. Anahit Simonyan Head of UNIDO Operations in Armenia

13 June, 2015:

UNIDO Project Field Office:

Ms. Marianne Petrosyan National Team Leader

Debriefing in Vienna:

15 June, 2015:

UNIDO Project management team:

Ms. Monica Carco	Unit Chief, Investment and Technology Unit
Ms. Julia Rohe	Quality Monitoring Officer (former Project Manager)
Ms Somaya Moll	International Expert, Investment and Technology Unit, Programme for Technical Cooperation

UNIDO Office for Independent Evaluation:

Mr. Javier Guarnizo	Senior Evaluation Officer and Officer-in-Charge
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Annex C: Bibliography

Project documentation:

UNIDO (2015): *Terms of Reference. Individual counseling and coaching of project beneficiaries and technical assistance.*

UNIDO (February 2014): *Terms of Reference. Project Steering Committee, Yerevan.*

UNIDO (August 2012): '*Final Report of the Preparatory Assistance (PA)*', (PA-Productive Work for Youth in Armenia - ID 120200), Prepared by National Experts Team, Yerevan.

Harutyunyan, Anna (2012): '*UNIDO Productive Work for Youth – the Gender Perspective*'

Validation workshop: List of invitees

UNIDO (December 2012): Project Document: '*Productive work for youth in Armenia – supporting young entrepreneurs*', Vienna.

UNIDO (various dates): '*Progress Reports*'

March 2013 - October 2013

1 November 2013 – 31 January 2014

1 February - 30 April 2014 (Beginning of the main phase)

1 May - 31 July 2014

1 August - 31 October 2014

1 November - 31 January 2015

1 February - 30 April 2015

Project Steering Committee Minutes:

14 February 2014

19 November 2014

SME DNC: *Revolving fund report Q1 2015.*

SME DNC: Progress Reports – 1, 2 , and 3

UNIDO (14 February 2014): *Terms of Reference. Project Steering Committee, Yerevan.*

UNIDO (2015): *Terms of Reference. Individual counseling and coaching of project beneficiaries and technical assistance.*

Previous UNIDO evaluations and reviews:

UNIDO (January 2015): *'Implementation of the expanded UNIDO Medium-term Programme Framework 2010-2013'*, Vienna.

UNIDO (March 2013): *Sustainable Livelihood for Socially Vulnerable Refugees, Internally Displaced and Local Families in Armenia*, Vienna

UNIDO (October 2012): *'UNIDO's Contribution to the Millennium Development Goals'*, Vienna.

UNIDO (October 2010): Independent Evaluation of the *'Multi-stakeholder Programme for Productive and Decent Work for Youth in the Mano River Union (MRU)'*, TF/RAF/08/025/A25/B25/C25/D25, Vienna.

UNIDO strategic documents:

UNIDO (2014): *'Introduction to UNIDO Inclusive and Sustainable Industrial Development'*, Vienna.

UNIDO (2014): *'Empowering Women – Empowering Humanity: UNIDO and the Beijing Platform for Action'*, Vienna.

UNIDO (2014 and 2015):

- *'Guide on Gender Mainstreaming: Agribusiness Development Projects'*, Vienna.
- *'Guide on Gender Mainstreaming: Environmental Management Projects'*, Vienna.
- *'Guide on Gender Mainstreaming: Montreal Protocol Projects'*, Vienna.
- *'Guide on Gender Mainstreaming: Trade Capacity-Building Projects'*, Vienna.
- *'Guide on Gender Mainstreaming; Energy and Climate Change Projects'*, Vienna .

UNIDO (2011): *'Diagnostics for Industrial Value Chain Development. An Integrated Tool'*, Vienna.

UNIDO (2009): *'COMFAR III Expert. Software for Project Appraisal and Analysis'*, Vienna.

UNIDO (May 2006): Director-General's Bulletin: *'Evaluation Policy'*, UNIDO/DGB(M).98, Vienna.

UNIDO (-): *'Guidance on integrating gender in evaluations of UNIDO projects and programmes'*, Vienna.

Armenia - project context:

Government of Republic of Armenia and UNCT Armenia (December 2012): *'Millennium Development Goals (MDG) Acceleration Framework: Youth Employment in Armenia'*, Yerevan.

World Bank (2013): *'Fostering Entrepreneurship in Armenia'*, Directions in Development, Private Sector Development, Editor: Smita Kuriakose, Washington.D.C.

Annex D: Logical framework

	Intervention logic	Objectively verifiable indicators	Sources of verification	Assumptions
Development goal/impact	Poverty reduction through supporting youth-led enterprise creation and expansion.	<ul style="list-style-type: none"> - # youth-led businesses created and/or expanded, incl. by young women and young families - Survival rate of youth-led businesses - % of paid back loans - # of jobs created, % of jobs for young women, % of jobs for young families - Income generated for youth, incl. young women and young families 	National and project statistics	
Outcome/immediate objective	The selected young entrepreneurs create and/or expand businesses successfully and are able to pay back their loans.	<ul style="list-style-type: none"> - 80 youth-led businesses created, incl. by young women and young families - Survival rate of youth-led businesses Target: 68% of those who received loans, i.e. 55 youth-led businesses - 99% of loans paid back - 100 jobs created, % of jobs for young women, % of jobs for young families - Income generated for youth, incl. young women and young families 	Project statistics and reports Implementing partner statistics and reports (after project completion)	The selected young entrepreneurs are capable of creating profitable businesses.

	Intervention logic	Objectively verifiable indicators	Sources of verification	Assumptions
Outputs (results)	1. Provision of non-financial and financial services to youth start-up entrepreneurs (individuals aged between 18 and 35 years with realistic business ideas, or with state registration up to 1 year) with special attention to young women and young families	<ul style="list-style-type: none"> - 24 trainings and coaching held for young entrepreneurs incl. young women and young families - 300 trainees, 50% of young women, % of heads of young families - Level of beneficiaries' satisfaction with business related training and coaching - Level of beneficiaries' satisfaction with technical assistance (sector specific, quality/standards, cleaner production) - 80 young entrepreneurs receive loans of which 50% female - Amount of loans disbursed to young entrepreneurs: EUR 400,000 	Reports (implementing partner, steering committee) Questionnaires	The implementing partner has the capacity to provide the non-financial and financial services. Sufficient number of viable business proposals are submitted by youth aged 18-35 incl. by young women and young families.
	2. Advice to political decision-makers on municipal, marz and national level on conducive business environment particularly for young entrepreneurs, incl. young women and families. (Study and EGM.)	<ul style="list-style-type: none"> - Study available - EGM with participation of policy-makers on marz and national level held - EGM produced recommendations and action plan for marz and national level 	Study available and presented at EGM EGM report with recommendations, action plan and participants list	Political decision-makers on marz and national level are interested in and have the absorptive capacity to further improve the business environment, particularly for young entrepreneurs.
	3. Project Management, Monitoring and Evaluation	<ul style="list-style-type: none"> - Implementation of project 	Progress reports Evaluation reports	Relevant data will be collected throughout the project.
Activities	1.1 Negotiation and signature of subcontract with SME DNC			
	1.2 Setting up of selection committee (government representative, youth representative, UNIDO, SME DNC)			

	Intervention logic	Objectively verifiable indicators	Sources of verification	Assumptions
	1.3 Calls for proposals and selection of beneficiaries			
	1.4 Training, coaching & counselling, and monitoring of young entrepreneurs during start-up and expansion phase			
	1.5 Disbursement and recovery of loans			
	1.6 Regular site visits, peer review meetings and business project evaluations			
	1.7 Financial follow up and monitoring of loan payback			
	1.8 Technical training and advice			
	1.9 Media campaigns on success stories incl. business women			
	1.10 Promotion and outreach activities, website			
	2.1 Study on further improving a conducive business environment in Armenia particularly for young entrepreneurs, incl. young women and families, in urban centres and rural areas			
	2.2 Technical meetings with authorities on marz level (Shirak and Lori)			
	2.2 Expert Group Meeting (EGM) producing recommendations and an action plan on marz and national level for further improving a conducive business environment in Armenia particularly for young entrepreneurs, incl. young women and families, in urban centres and rural areas			
	3.1 Project management & monitoring			

	Intervention logic	Objectively verifiable indicators	Sources of verification	Assumptions
	3.2 Steering committee meetings			
	3.3 Mid-term evaluation			
	3.4 End of project evaluation			

Annex E: Evaluation framework

Criteria/Issues	Questions	Indicators	Sources of Information	Data Collection /Analysis Methods
Relevance of objectives and ownership of project	Are the objectives of the project consistent with UNIDO policies and strategies and UNIDO lessons learned?	- Objectives consistent with UNIDO policies and lessons learned	- UNIDO policies - Previous relevant evaluations	- Document review
	Are the objectives of the project consistent with partner policies and priorities?	- Objectives consistent with partner policies and priorities - Objectives remain consistent in changing policy and socio-economic context - Project design flexible	- Partner policies - Government counterpart - Executing partner	- Document review - Discussions/meetings
	Were the appropriate groups targeted by the project? Is this still the appropriate target group?	- Target group needs being met and expected to continue to be met - Currently designed TA meets the needs of the target group - Gender balanced target group	- Beneficiaries - Executing partner - National project staff	- Discussions/meetings
	Were innovative, growth oriented business ideas targeted?	- Business performance promising	- Beneficiaries - Executing partner - National project staff	- Interviews/meetings
	Who initiated and formulated the project?	- Government and project stakeholders involved in formulation of project document	- Government counterpart - UNIDO Project Management in HQ and in field	- Discussions/meetings

Criteria/Issues	Questions	Indicators	Sources of Information	Data Collection /Analysis Methods
Effectiveness: Output to Outcome	Are intended project outputs produced or likely to be produced? Are project outputs necessary and sufficient to achieve the expected outcomes and objectives?	- Outputs are being achieved - Outcomes achieved or signs of potentially being achieved	- Project logframe - Project staff in FO and HQ - Executing partner - Beneficiaries	- Review of progress reports - Review of project logframe - Discussions/meetings with stakeholders
	What have been the positive and negative outcomes in the target area (meso/macro levels) since the beginning of the project? Can these outcomes be attributed to the project?	- Increased percentage of youth employed - Adequate business services more accessible	- Country statistics - Merze statistics - Governorate representatives - Project logframe	- Review of statistics - Discussions/meetings in selected merzes
	What have been the positive and negative outcomes for target beneficiaries (micro level) since the beginning of the project? Can these outcomes be attributed to the project?	- Increased income among the target beneficiaries - Number of jobs generated by the target beneficiaries - Perceptions of beneficiaries	- Beneficiaries - Project logframe	- Review of progress reports - Discussions/meetings - On-site visits to beneficiaries
	How should failure in bringing about intended outcomes be explained? Were the assumptions underpinning the project not correct?	- Project logic adequate - Assumptions realistic and remaining realistic	- Project document narrative - Previous relevant evaluations	- Review of logical framework against project document narrative - Review of logical framework against lessons learned from previous evaluations
	Would a change in strategy lead to higher achievements of results on the outcome level? Is project management sufficiently flexible?	- Project management/steering committee adapting to changing circumstances		

Criteria/Issues	Questions	Indicators	Sources of Information	Data Collection /Analysis Methods
Effectiveness: Outcome to Impact (potentially only at this project stage)	What are the positive developments to which the project is likely to contribute?	- Sustained increased level of incomes among targeted beneficiaries - Targeted beneficiaries contribute to generating additional sustainable and decent jobs	- Beneficiaries - Executing partners - National project staff - Governorate representatives	- Discussions/meetings - On-site beneficiary visits
	What are the actual or possible negative consequences of the project?	- Tension in the communities between project beneficiaries and non-beneficiaries - Other as perceived by stakeholders (explorative)	- Beneficiaries - Executing partner - National project staff - Governorate representatives	- Discussions/meetings - On-site beneficiary visits
	Are assumptions/external factors realistic and correct (e.g. are there changes in basic policy environment, general economic and financial conditions...)? Would a change in strategy lead to increased prospect for achievements of results on the impact level?	- Assumptions/external factors realistic and remaining realistic		
Sustainability of benefits (potentially only at this project stage)	What is the expected duration of the different project benefits after project completion?	- Youth businesses survival and growth (i.e. the positive developments above (from outcome to impact) are sustained	- As above (from outcome to impact)	

Criteria/Issues	Questions	Indicators	Sources of Information	Data Collection /Analysis Methods
	What are the main risks to the expected sustainability of the benefits?	- Assumptions and risk assessment adequate	- Project document and logical framework - Government counterpart - Project management in FO and at HQ	- Document review - Discussions/Meetings
	Is the project model sustainable?	- Project model being institutionalized - Project model replicable - Likely that project model will be replicated and/or scaled up after project ends		
	Is the project building sustainable local expertise and capacity?	- Project uses available national expertise at an adequate level. - Project contributes to developing capacity within implementing partner (SME DNC)		
Management	How do project processes and structures function	- Coordination between UNIDO FO/HQ - Coordination between UNIDO and project partners - Adaptive management using monitoring information for project steering - Changes in project implementation are	- Project management in FO and at HQ - Executing partners - Government counterpart	- Discussions/Meetings

Criteria/Issues	Questions	Indicators	Sources of Information	Data Collection /Analysis Methods
		documented for institutional memory		
	How does monitoring function? Could it be further improved – and if so - how?	- Design and implementation of project M&E adequate -- for controlling target and results achievement, risk controlling and lesson learning, including quantitative baselines and systematic collection of monitoring data at output and outcome levels. -- for measuring and attributing results to the project and to carry out an impact assessment at the end-of-project evaluation?	- Project management in FO and at HQ - UNIDO partners	Discussions/Meetings
Efficiency (including procurement)	Were project funds available in a timely manner?	- Funds available in timely manner	- Project management in FO and at HQ	- Discussions/briefings
	Was the quality and quantity of administrative and technical support by UNIDO HQ adequate and timely?	- Quality and quantity of administrative and technical support from UNIDO HQ was adequate and timely - Project seeks synergies with other UNIDO activities (in the country or elsewhere)	- Project management in FO and at HQ	- Discussions/meetings
	Was the quality and quantity of the	- Satisfaction with inputs	- Project management in FO	- Discussions/meetings

Criteria/Issues	Questions	Indicators	Sources of Information	Data Collection /Analysis Methods
	inputs of the executing counterpart, the government coordinating partner, the donor provided as planned and adequate to meet requirements?	- Bottlenecks experienced	and at HQ - Executing partner - Government coordinating partner	
	Were UNIDO procurement services provided as planned and adequate in terms of timing, value, process issues, responsibilities, etc.?	- Satisfaction with services - Bottlenecks experienced	- Project management in FO and at HQ	- Discussions/meetings
	Was project progress reporting adequate?	- Project progress reporting was adequate	- Progress reports - Steering Committee Reports - Project management in FO and at HQ	- Document review - Discussions/Meetings
Cost-effectiveness (inputs assessed in relation to outcomes)	Expenditure pattern as compared to budget?	- Budget use and transparency and justification of budget revisions	- Project monitoring and reporting - Financial reporting - Project management in FO and at HQ	- Document and financial statement review - Discussions/Meetings
Gender mainstreaming (these specific questions will be covered as an integral part of relevant issue above)	How was gender considered in project design?	- Gender analysis in project documents - Gender analysis in monitoring and reporting	- Project documents	- Document review
	How has gender been considered in implementation?	- Gender disaggregated data available	- Project reporting	- Review of project reporting

Criteria/Issues	Questions	Indicators	Sources of Information	Data Collection /Analysis Methods
	Have women and men benefited equally from project interventions?	- Women and men benefited equally from access to project opportunities and from project budget allocation	- Project reporting - Financial reporting	- Review of project reporting - Analysis of financial reporting
	Are targets regarding gender realistic and achievable? Are project activities sufficient to reach set gender targets? Could it be improved - and if so - how?	- Gender disaggregated data and project monitoring	- Project reporting	- Review and analysis of project documentation and reporting
	Is the gender-awareness of project staff and involved staff of the executing counterpart SME DNC adequate?	- Views in discussion show gender-responsiveness	- Project management and staff - Executing partner	- Discussions/meetings
Lessons learned	Which are the lessons learned?	- Evolving from evaluation findings and assessment	- Evaluation findings	- Overall analysis of evaluation finding