



Asian Development Bank & Armenia

FACT SHEET

Table 1. **Armenia: 2011 Loan, Technical Assistance, and Grant Approvals** (\$ million)

Loans		Technical Assistance		Grants	Total
Sovereign	Nonsovereign	Assistance	Grants		
48.64	65.00	0.70	–	114.34	

– = nil.

Table 2. **Armenia: Cumulative ADB Lending by Sector as of 31 December 2011^a**

Sector	Loans (no.)	Amount (\$ million)	% ^b
Finance	4	65.00	11.87
Transport and ICT	6	366.56	66.94
Water Supply and Other Municipal Infrastructure and Services	1	36.00	6.57
Multisector	2	80.00	14.61
Total	13	547.56	100.00

Total Disbursements \$238.1 million

ICT = information and communication technology.

^a Includes sovereign and nonsovereign loans.

^b Total may not add up because of rounding.

Table 3. **Armenia: Cumulative Nonsovereign Financing by Product**

Number of Projects	2
	Amount (\$ million)
Loans	105.00
Equity Investments	–
Guarantees	–
B Loans	–
Total	105.00

– = nil.

Partnerships

The Asian Development Bank (ADB) has partnered with the Government of Armenia since 2005, and maintains close relationships with other development partners. These include the European Bank for Reconstruction and Development, the German International Cooperation, the International Finance Corporation, the International Monetary Fund, the United Nations Development Programme, the United States Agency for International Development, and the International Bank for Reconstruction and Development.

ADB also cooperates with civil society organizations in Armenia to strengthen the effectiveness, quality, and sustainability of the services it provides.

Operational Challenges

ADB's operational strategy is guided by three principles: establish operations to respond to Armenia's development challenges, be selective in determining initial operational areas and focusing on delivering swift results, and partner with other development agencies to exploit the existing institutional infrastructure. Interventions will continue to be selected to address development challenges and issues.

Armenia joined ADB in September 2005, and is classified as a Group B1 country, making it eligible for financing from ADB's concessional Asian Development Fund, as well as its ordinary capital resources. ADB's country operations business plan, 2012–2013, was approved in November 2011. In line with the government's development priorities, urban development, regional cooperation, and private sector development have been identified as potential broad goals for ADB's operational strategy.

Armenia's Sustainable Development Program, approved by the government in October 2008, is the country's second poverty reduction strategy paper and was built on the considerable achievements of the first strategy. The program serves as a basis for midterm (3 years) and annual budgetary planning, and has three key goals for 2009–2021: reduce poverty, including eliminating extreme poverty and ensuring human development; deepen economic growth; and accelerate the development of lagging regions.

Future Directions

ADB and Armenia started preparations for the first country partnership strategy at the end of 2011 for Board discussion in early 2013.

Lending and nonlending programs under the country operations business plan, 2012–2013, are aligned with the government's Sustainable Development Program and the core areas identified under ADB's long-term strategic framework, Strategy 2020.

Two investment projects targeting secondary cities are in the pipeline to help the government upgrade city infrastructure to create more competitive platforms for economic growth. The improvements of roads between Talin and Gyumri under Tranche 3 of the multitranches financing facility (MFF) for the North–South Road Corridor Investment Program will provide an efficient, safe, and sustainable road network to link Yerevan to Gyumri, Armenia's second biggest town, and eventually link the north–south corridor in Armenia with ports along the Black Sea.

The nonlending program will support the government's pro-poor initiatives, with technical assistance (TA) grants focused on capacity building, training, and studies. The nonlending programs will include four TA programs for improved access to finance for women entrepreneurs, pension reform, capital market development, the deepening of economic growth and poverty reduction.

Context

Since 2007, ADB has approved \$1.2 billion in financing for Armenia, including \$404 million in Asian Development Fund concessional financing.

The Armenian economy expanded by 2.1% in 2010, up from government projected 1.2% growth. The data for 2011 provide for further confirmation of recovery of the economy, mainly driven by respectable industrial performance and the rebound in the agricultural sector. The government continued implementing economic reforms to further diversify the economy, develop the infrastructure, improve the business environment, and overcome the consequences of the global financial crisis.

The acceleration of reforms directed at improving the business environment, tax administration, and export-led economic diversification is expected to promote further growth of the economy.

ADB-Supported Projects and Programs

ADB MFFs and public sector loans in Armenia finance rural and regional road projects (\$548 million), urban transport and development (\$400 million), general public programs (\$80 million), and rural water supply and sanitation (\$36 million). Armenia was also included in 10 regional TA projects totaling \$15 million.

In 2011, ADB approved a \$400 million MFF for the Sustainable Urban Development Investment Program, which aims to help Armenia upgrade its urban transport services, to improve

Table 4. Armenia: Development Indicators

Non-MDG	
Population in millions	3.27 [2011]
Annual population growth rate (%)	0.4 [2009–2011]
Adult literacy rate (%)	99.5 [2009]
Population in urban areas (%)	63.7 [2010]
MDG	
Population living on less than \$1.25 (PPP) a day (%)	1.3 [2008]
Population living below the national poverty line (%)	34.1 [2009]
Under-5 mortality rate per 1,000 live births	20 [2010]
Population using an improved drinking water source (%)	98 [2010]

MDG = Millennium Development Goal, PPP = purchasing power parity.

Sources: ADB. 2012. *Basic Statistics 2012*. Manila; United Nations Educational, Scientific and Cultural Organization (UNESCO). 2012. Institute for Statistics Data Centre; World Bank. 2012. World Development Indicators Online.

Table 5. Armenia: Economic Indicators, 2007–2011

Economic Indicator	2007	2008	2009	2010	2011
Per capita GNI, Atlas method (\$)	2,570	3,340	3,050	3,200	...
GDP growth (% change per year)	13.7	6.9	(14.1)	2.1	4.5
CPI (% change per year)	4.4	9.0	3.4	8.2	7.7
Unemployment rate (%)	7.1	6.3	7.0	7.0	8.0
Fiscal balance (% of GDP)	(1.5)	(0.7)	(7.6)	(5.0)	(3.3)
Export growth (% change per year)	16.7	(7.1)	(32.7)	57.0	20.0
Import growth (% change per year)	45.6	35.0	(25.0)	13.4	8.8
Current account balance (% of GDP)	(6.4)	(11.8)	(15.8)	(14.7)	(12.4)
External debt (% of GNI)	18.3	15.3	31.5	33.3	...

() = negative, ... = data not available, CPI = consumer price index, GDP = gross domestic product, GNI = gross national income.

Sources: ADB. 2012. *Asian Development Outlook 2012*. Manila; ADB staff estimates; World Bank. 2012. World Development Indicators Online.

Table 6. Armenia: Project Success Rates

Sector	% ^a	No. of Rated Projects/Programs
Transport and ICT	100.00	1
Multisector	100.00	1
Total	100.00	2
Year of Approval		
2000s	100.00	2

ICT = information and communication technology.

^a Based on aggregate results of project/program completion reports (PCRs), PCR validation reports (PCRVRs), and project/program performance evaluation reports (PPERs) using PCRVR or PPER ratings in all cases where PCR and PCRVR/PPER ratings are available.

Sources: PCRs, PCRVRs, and PPERs containing a rating circulated as of 31 December 2011.

Table 7. Armenia: Portfolio Performance Quality Indicators for Sovereign Lending, 2010–2011

Number of Ongoing Loans (as of 31 Dec 2011)	4	
	2010 (\$ million)	2011 (\$ million)
Contract Awards/Commitments ^{a,b}	22.7	4.2
Disbursements ^a	22.3	19.6
Number of Ongoing Grants (as of 31 Dec 2011) ^c	–	
	2010 (\$ million)	2011 (\$ million)
Contract Awards/Commitments ^{a,b}	–	–
Disbursements ^a	–	–
Projects at Risk (%)	50.0	

– = nil.

Note: Totals may not add up because of rounding.

^a Includes closed loans that had contract awards or disbursements during the year.

^b Excludes policy-based lending/grants.

^c Includes only ADF and other ADB Special Funds.

living conditions, and bolster economic opportunities in 12 of the country's major and secondary cities.

In 2009, ADB approved a \$500 million MFF to fund the North–South Road Corridor Investment Program. In addition, the Crisis Recovery Support Program Loans (\$80 million), approved in July 2009, helped Armenia through the global financial crisis by allowing it to protect budgetary social spending and implement anti-crisis measures in a time of economic contraction and declining fiscal revenues. The program was rated successful.

In 2007, ADB approved a \$30.6 million loan for the Rural Road Sector Project to help the government upgrade 220 kilometers of rural roads. It was completed in 2011, and was rated successful. A \$36 million loan for the Water Supply and Sanitation Sector Project, approved in 2007, is helping the government repair and replace water supply infrastructure in small towns and villages. It is expected to be completed ahead of schedule before the end of 2012.

In April 2011, ADB signed trade finance agreements with six banks in Armenia, a move that is expected to bolster the country's trade sector and help ensure sustainable economic growth.

In November 2011, ADB approved a \$65 million loan to four local banks for on-lending to small and medium-sized enterprises, which make up almost 98% of all businesses and generate more than 40% of the country's gross domestic product and employment.

Cofinancing

Cofinancing operations enable ADB's financing partners, government or their agencies, multilateral financing institutions, and commercial organizations, to participate in the financing of ADB projects. The additional funds are provided in the form of official loans and grants, and commercial cofinancing, such as B loans, risk transfer arrangements, parallel loans, and cofinancing for transactions under the ADB's Trade Finance Program.

By the end of 2011, cumulative direct value-added official cofinancing for Armenia amounted to \$0.5 million for one TA project.

A summary of projects with cofinancing from 1 January 2007 to 31 December 2011 is available at www.adb.org/countries/armenia/cofinancing

Nonsovereign Operations

As a catalyst for private investments, ADB provides direct financial assistance to nonsovereign public sector and private sector projects in the form of direct loans, equity investments, guarantees, B loans, and trade finance. Since its inception, ADB has approved a total of \$105 million in nonsovereign financing in Armenia for 2 private sector projects. Total outstanding balances and commitments of ADB's private sector transactions in the country as of 31 December 2011 totaled \$85.9 million, representing 1.6% of ADB's total nonsovereign portfolio.

Table 8. Armenia: Project Cofinanced, 1 January 2007–31 December 2011

Cofinancing	No. of Projects	Amount (\$ million)
Projects ^a	1	80.00
Commercial Cofinancing	1	80.00
Technical Assistance Grant	1	0.50

^a A project with more than one source of cofinancing is counted once.

Table 9. Armenia: Share of Procurement Contracts

Item	2010		2011		Cumulative (as of 31 Dec 2011)	
	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total
Goods and Works	19.42	0.30	3.99	0.06	159.97	0.15
Consulting Services	0.53	0.13	0.46	0.11	4.95	0.06

Table 10. Armenia: Contractors/Suppliers Involved in ADB Loan Projects, 1 January 2007–31 December 2011

Contractor/Supplier	Sector	Contract Amount (\$ million)
Ararat-Chanshin, LLC	Transport and ICT	12.83
Kapavor Company, Ltd.	Transport and ICT	12.63
Khachhar LLC	Transport and ICT	5.56
Agat	Water Supply and Other Municipal Infrastructure and Services	4.01
Shinashkharh LLC	Water Supply and Other Municipal Infrastructure and Services	3.72
Shmsh OJSC	Water Supply and Other Municipal Infrastructure and Services	3.63
Chanapar LLC	Transport and ICT	2.61
Artezia LLC	Water Supply and Other Municipal Infrastructure and Services	2.59
AIS LLC	Water Supply and Other Municipal Infrastructure and Services	2.40
AAB Project LLC	Transport and ICT	2.22

ICT = information and communication technology.

Table 11. Armenia: Top Consultants (Individual Consultants and Consulting Firms) Involved in ADB Loan Projects, 1 January 2007–31 December 2011

Consultant	Number of Times Contracted	Contract Amount (\$ million)
Dorproject Institute Ltd.	1	0.27
Grant Thornton Amyot LLC	1	0.19
JINJ, Ltd. and HGSN, Ltd.	1	2.44
Economic Development Research Center NGO	7	0.03
SOS Audit LLC	11	0.07
Individual consultants	23	0.74

Table 12. Armenia: Top Consultants (Individual Consultants and Consulting Firms) Involved in ADB Technical Assistance Projects, 1 January 2007–31 December 2011

Consultant	Number of Times Contracted	Contract Amount (\$ million)
Harmony Information Technologies and Education Development Fund	1	0.22
Arosa Limited Liability Company	1	0.15
Individual consultants	49	0.52

Procurement

From 1 January 1968 to 31 December 2011, contractors and suppliers were involved in 197,338 contracts for ADB loan projects worth \$109.78 billion. During the same period, contractors and suppliers from Armenia were involved in 111 contracts for ADB loan projects worth \$159.97 million.

From 1 January 1968 to 31 December 2011, consultants were involved in 12,179 contracts for ADB loan projects worth \$4.81 billion. During the same period, consultants from Armenia were involved in 34 contracts for ADB loan projects worth \$3.74 million.

From 1 January 1968 to 31 December 2011, consultants were involved in 24,484 contracts for ADB TA projects worth \$3.42 billion. During the same period, consultants from Armenia were involved in 55 contracts for ADB TA projects worth \$1.21 million.

Table 13. **ADB Assistance to Developing Member Countries, 2010–2011^a**

	2010 (\$ million)	2011 (\$ million)	Change (%)
Lending	11,444.53	12,605.46	10.14
ADF, Sovereign	2,212.57	1,954.85	(11.65)
OCR, Sovereign	8,196.96	9,050.61	10.41
OCR, Nonsovereign	1,035.00	1,600.00	54.59
Public Sector	–	600.00	
Private Sector	1,035.00	1,000.00	(3.38)
Equity Investments	235.00	239.00	1.70
Grants ^b	1,052.86	844.14	(19.82)
Technical Assistance Grants	325.00	359.39	10.58

– = nil, () = negative, ADF = Asian Development Fund, OCR = ordinary capital resources.

^a Excludes terminated loans, equity investments, technical assistance, and grants.

^b Excludes grant cofinancing not administered by ADB.

About Armenia and ADB

ADB Membership

Joined 2005

Shareholding and Voting Power

Number of shares held: 31,671 (0.30% of total shares)
 Votes: 71,161 (0.54% of total membership, 0.83% of total regional membership)
 Overall capital subscription: \$486.24 million
 Paid-in capital subscription: \$24.37 million

Maurin Sitorus is the Executive Director and **CJ (Stan) Vandersyp** is the Alternate Executive Director representing Armenia on the ADB Board of Directors.

David Dole is the ADB Resident Representative in Armenia. The Armenia Resident Mission (ARRM) was opened in 2008 and provides the primary operational link between ADB and the government, private sector, and civil society stakeholders in its activities. ARRM engages in policy dialogue and acts as a knowledge base on development issues in Armenia.

The Armenian government agency handling ADB affairs is the Ministry of Economy.

About the Asian Development Bank

ADB is a multilateral development bank owned by 67 members, 48 from the region and 19 from other parts of the world. ADB's main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance (TA). In 2011, lending volume was \$12.61 billion (104 projects), with TA at \$148 million (212 projects) and grant-financed projects at \$614 million (23 projects). In addition, \$7.7 billion was generated in direct value-added cofinancing in the form of official loans and grants and commercial cofinancing such as B loans, risk transfer arrangements, parallel loans, and cofinancing for transactions under ADB's Trade Finance Program. From 1 January 2007 to 31 December 2011, ADB's annual lending volume averaged \$11.34 billion. In addition, TA and investment grants funded by ADB and special funds resources averaged \$755.3 million and \$175.0 million in TA over the same period. As of 31 December 2011, the cumulative totals excluding cofinancing were \$179.7 billion in loans for 2,423 projects in 42 countries, \$5.0 billion in 186 grants, and \$3.3 billion in TA grants, including regional TA grants.

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Useful ADB websites

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