

# ASIAN DEVELOPMENT BANK MEMBER FACT SHEET



## Armenia: 2016 Approved Loans, Grants, and Technical Assistance (\$ million)

Loans		Technical Assistance	Grants	Total
Sovereign	Nonsovereign			
140.00	6.00	2.90	-	148.90

- = nil.

Note: Grants and technical assistance include ADB-administered cofinancing.

ADB is helping Armenia to integrate its economy and to rebalance the country toward more resilient, inclusive, and environmentally sustainable growth.

## Armenia: Cumulative Lending, Grant, and Technical Assistance Approvals<sup>a, b, c</sup>

Sector	No.	Total Amount (\$ million) <sup>d</sup>	% <sup>d</sup>
Energy	3	62.70	5.22
Finance	8	111.60	9.29
Industry and Trade	1	0.75	0.06
Public Sector Management	8	142.38	11.85
Transport	16	633.84	52.76
Water and Other Urban Infrastructure and Services	9	169.50	14.11
Multisector	3	80.50	6.70
<b>Total</b>	<b>48</b>	<b>1,201.27</b>	<b>100.00</b>

<sup>a</sup> Grants and technical assistance include ADB-administered cofinancing.

<sup>b</sup> Includes sovereign and nonsovereign loans and technical assistance.

<sup>c</sup> Using primary sector in reporting of approvals.

<sup>d</sup> Numbers may not sum precisely because of rounding.

## ARMENIA

The Asian Development Bank (ADB) has been working with the Government of Armenia since 2005 and has approved 25 loans totaling \$1.19 billion (including 7 private sector loans amounting to \$136 million) and 24 technical assistance grants totaling \$15.2 million.

The overarching goal of ADB's country partnership strategy (CPS), 2014–2018 is to help Armenia integrate its economy into the region of Central and West Asia, and to rebalance the country toward more resilient, inclusive, and environmentally sustainable growth. ADB is helping to realize these goals by improving domestic and cross-border transport links, bringing integrated urban development to regional towns, and enhancing the country's energy security. The CPS is aligned with the ADB Midterm Review of Strategy 2020 and the government's Armenia Development Strategy, 2025.

Cumulative disbursements to Armenia for lending and grants financed by ordinary capital resources, the Asian

Development Fund, and other special funds amount to \$691 million.

### ADB-SUPPORTED PROJECTS AND PROGRAMS

ADB is supporting Armenia to develop an efficient, safe, and sustainable road network and improve domestic and cross-border connectivity. ADB is pursuing these goals by committing \$500 million to the North-South Road Corridor Investment Program and \$400 million to the Sustainable Urban Development Investment Program. In 2016, ADB also approved financing of \$50 million for the Armenia-Georgia Border Regional Road (M6 Vanadzor-Bagratashen) Improvement Project. By rehabilitating and upgrading 51.5 kilometers of the two-lane highway

## Armenia: Cumulative Nonsovereign Financing by Product

No. of Transactions	Amount (\$ million)
Loans	136.00
Equity Investments	-
Guarantees	-
B Loans	-
<b>Total</b>	<b>136.00</b>

- = nil.



in northern Armenia, the project will enhance international connectivity, reduce the cost of transport, and improve facilities and safety.

Given their direct social and economic impact, sustainable transport, energy, and water economy feature prominently in the government's development agenda. In 2016, ADB approved a loan of \$90 million for phase 2 of the Infrastructure Sustainability Support Program, which focuses on improvements in infrastructure operations and sustainability. Through the program, ADB will help enhance public financial management practices and utility regulation, increase investment in maintenance, and improve contracting and maintenance practices on Armenia's roads, energy, and water assets.

In 2015, in response to the country's exposure to natural disasters, ADB approved a results-based loan of \$88.5 million for the Seismic Safety Improvement Program. The program is supporting the government in the seismic strengthening of at least 46 priority school buildings and in improvement of seismic safety planning and management competencies.

ADB has confirmed additional financing of \$40 million for the Water Supply and Sanitation Sector Project (due for

completion in 2017). The project will provide safe, reliable, and sustainable water services to 18 towns and 92 villages across Armenia, with all water services managed on commercial principles and with environmentally sound practices.

To shore up Armenia's energy security, ADB approved its first sovereign loan in the country's energy sector in 2014. The provision of \$37 million is helping to diversify energy sources, and to rehabilitate and upgrade electricity transmission and distribution networks.

Other development initiatives supported by ADB in Armenia include the Women's Entrepreneurship Support Sector Development Program. Under financial intermediation component of the program, medium-term loans are made by participating financial institutions to micro, small, and medium-sized enterprises, with at least 50% of the loans going to enterprises in which women are substantially involved as owners, managers, or employees.

## NONSOVEREIGN OPERATIONS

As a catalyst for private investments, ADB provides direct financial assistance to nonsovereign public sector and private sector transactions in the form of direct loans, equity investments, guarantees, B loans, and trade finance.

Since its inception, ADB has approved \$136 million in nonsovereign financing in Armenia for four private sector transactions. Total outstanding balances and commitments of ADB's private sector transactions in the country as of 31 December 2016 was \$37.8 million, representing 0.4% of ADB's total nonsovereign portfolio.

ADB's Trade Finance Program (TFP) fills market gaps by providing guarantees and loans through partner banks in support of trade. The TFP has done over 14,000 transactions supporting over \$26 billion in trade and over 9,300 small and medium-sized enterprises in Asia and the Pacific since 2004. In 2016, the TFP supported \$3.1 billion in trade through over 2,080 transactions.

In Armenia, the TFP works with four banks and has supported \$47.1 million in trade between 103 transactions. In addition to filling market gaps, the TFP's objective is to mobilize private sector capital/involvement in developing Asia. In Armenia, 62.6% of the \$47 million in trade supported through the TFP was cofinanced by the private sector.

## COFINANCING

Cofinancing operations enable ADB's financing partners, governments or their agencies, multilateral financing institutions, and commercial

### Armenia: Project Success Rates

Year	Success Rate (%)	No. of Independently Evaluated Projects and Programs
2011	100.0	1
2012	100.0	1
<b>Total</b>	<b>100.0</b>	<b>2</b>

Note: "Year" refers to the circulation year of the project completion report (PCR). The success rates reported here are based on the ratings from validated PCRs and independently evaluated performance evaluation reports only and do not include self-evaluations. With small sample size, the success rate does not necessarily represent country operations performance.

Source: PCR validation reports and project/program performance evaluation reports ratings database as of 31 December 2016.

### Armenia: Portfolio Performance Quality Indicators for Sovereign Lending and Grants, 2015–2016

No. of Ongoing Loans (as of 31 Dec 2016)	11	
	2015 (\$ million)	2016 (\$ million)
Contract Awards/Commitments <sup>a,b</sup>	46.24	109.06
Disbursements <sup>a</sup>	99.16	133.36
No. of Ongoing Grants (as of 31 Dec 2016)	-	
	2015 (\$ million)	2016 (\$ million)
Contract Awards/Commitments <sup>a,b</sup>	-	-
Disbursements <sup>a,c</sup>	-	-
Actual Problem Projects (%) (as of 31 Dec 2016)	-	

- = nil.

<sup>a</sup> Includes closed loans/grants that had contract awards or disbursements during the year.

<sup>b</sup> Excludes policy-based lending/grants.

<sup>c</sup> Includes only Asian Development Fund and other ADB special funds.

### Armenia: Projects Cofinanced, 1 January 2012–31 December 2016

Cofinancing	No. of Projects	Amount (\$ million)
Projects <sup>a</sup>	5	377.99
Grants	2	18.79
Official loans	3	304.71
Commercial cofinancing	2	54.49
Technical Assistance Grants	4	3.26

<sup>a</sup> A project with more than one source of cofinancing is counted once.

### Armenia: Share of Procurement Contracts for Loan, Grant, and Technical Assistance Projects

Item	2015		2016		Cumulative (as of 31 Dec 2016)	
	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total
Goods, Works, and Related Services	67.75	0.61	83.80	0.73	530.79	0.33
Consulting Services	1.14	0.17	0.57	0.09	10.98	0.10
<b>Total Procurement</b>	<b>68.89</b>	<b>0.59</b>	<b>84.37</b>	<b>0.70</b>	<b>541.77</b>	<b>0.32</b>

## Top 5 Contractors/Suppliers from Armenia Involved in Goods, Works, and Related Services Contracts under ADB Loan and Grant Projects, 1 January 2012–31 December 2016

Contractor/Supplier	Sector	Contract Amount (\$ million)
Corsan Corviam Construcción S.A.	TRA	155.63
Vahagn and Samvel LLC	TRA	18.04
Ararat-Chanshin LLC	TRA, WUS	4.62
Agat-777 LLC	WUS	4.00
Sahakyanshin CJSC	TRA	2.93
Others		185.21
<b>Total</b>		<b>370.44</b>

TRA = transport, WUS = water and other urban infrastructure and services.

## Top 5 Consultants from Armenia Involved in Consulting Services Contracts under ADB Loan, Grant, and Technical Assistance Projects, 1 January 2012–31 December 2016

Consultant	Sector	Contract Amount (\$ million)
Grant Thornton CJSC	ANR, FIN, PSM, TRA, WUS	0.68
Ameria CJSC	PSM	0.21
Am Partners Consulting Company LLC	TRA	0.14
Sos-Audit LLC	TRA	0.06
Alpha Plus Consulting LLC	PSM	0.05
Individual Consultants		5.05
Others		0.12
<b>Total</b>		<b>6.31</b>

ANR = agriculture, natural resources, and rural development; FIN = finance; PSM = public sector management; TRA = transport; WUS = water and other urban infrastructure and services.

organizations to participate in financing ADB projects. Additional funds are provided in the form of official loans and grants, technical assistance, other concessional financing, and commercial cofinancing such as B loans, risk transfer arrangements, parallel loans and equity, guarantee cofinancing, and cofinancing for transactions under ADB's TFP.

From 2005 to the end of 2016, cumulative direct value-added official cofinancing for Armenia amounted to \$323.5 million for three investment projects and \$3.8 million for five technical assistance projects. Cumulative direct value-added commercial cofinancing for Armenia amounted to \$134.49 million for three investment projects.

In 2016, the European Investment Bank (EIB) provided loan cofinancing of \$56.4 million for the Armenia-Georgia Border Regional Road (M6 Vanadzor-Bagratashen) Improvement Project.

A summary of projects with cofinancing from 1 January 2012 to 31 December 2016 is available at [www.adb.org/countries/armenia/cofinancing](http://www.adb.org/countries/armenia/cofinancing)

### PARTNERSHIPS

In Armenia, ADB collaborates with development partners including the European Bank for Reconstruction and Development (EBRD), the Eurasian Development Bank, and EIB.

In addition to its cofinancing for the Armenia-Georgia Border Regional Road Improvement Project, EIB and ADB are also cofinancing the third section of the North-South Road Corridor, 46 kilometers of road between Talin and Gumri.

For its first private infrastructure investment in Armenia, the Zvartnots Airport Expansion Project, ADB partnered with the EBRD and embraced the cooperation of the German Investment and Development Corporation (DEG), a KfW subsidiary. ADB and the EBRD also cofinanced the rehabilitation of the Sevan-Hrazdan Cascade Hydropower System and the Power Transmission Rehabilitation Project.

ADB cooperates with civil society organizations within Armenia to enhance the effectiveness, quality, and sustainability of the assistance it provides.

### PROCUREMENT

Each year, ADB provides loans, grants, and technical assistance to fund projects and activities in its developing member countries; and several billion dollars in contracts to procure goods, works, and consulting services. Most contracts are awarded on the basis of international competition, which is open to firms and individuals from any ADB member, regional or nonregional.

### Share of ADB's Procurement Contracts

#### Goods, Works, and Related Services

ADB's procurement contracts in Asia and the Pacific for goods, works, and related services under loan and grant operations totaled \$11.09 billion in 2015 and \$11.42 billion in 2016. Cumulative procurement since 1966 was \$158.68 billion covering 206,915 contracts.

In Armenia, 202 contracts worth \$530.79 million were awarded to contractors and suppliers from Armenia since 2005.

### Consulting Services

ADB's procurement contracts in Asia and the Pacific for consulting services under loan, grant, and technical assistance operations totaled \$655.31 million in 2015 and \$612.46 million in 2016. Cumulative procurement since 1966 was \$11.26 billion covering 52,232 contracts.

In Armenia, 228 contracts worth \$10.98 million were awarded to consultants since 2005.

### OPERATIONAL CHALLENGES

Timely project implementation remains a key challenge for ADB operations in Armenia. ADB is working with the government to improve contract awards and disbursement ratios, which are key performance indicators. The government and ADB are holding regular reviews and boosting implementation capacity to achieve efficient and timely project delivery.

ADB's Independent Evaluation Department conducted a full review of Armenia's country operations in 2006–2011. The Independent Evaluation Department's validation report had four recommendations: consider the country's debt situation when planning future operations; complement ongoing programs with small grants for pilot projects; increase private sector operations; and develop a strategy and program for knowledge products and services. The CPS, 2014–2018 fully adopts these recommendations.

## FUTURE DIRECTIONS

As of 1 January 2017, Armenia was reclassified as a Group C country for the purpose of accessing market-based ordinary capital resources.

The [ADB country operations business plan \(COBP\), 2017–2019](#) for Armenia, approved in November 2016, is aligned with the government's Armenia Development Strategy. The COBP is also consistent with the strategic priorities set out in the ADB Midterm Review of Strategy 2020 and in the current CPS for Armenia. With a tightening fiscal space, the Government will use ADB resources

primarily to address priority investment needs.

The COBP supports CPS directions to focus on (i) improving regional roads and urban roads in secondary cities, (ii) improving water supply and sanitation in selected areas, and (iii) rehabilitating and upgrading electricity transmission and distribution networks. In response to Government's emerging needs the COBP also supports further strengthening of Armenia's finance sector and the rehabilitation and improvement of selected health facilities.

ADB support for infrastructure will leverage private sector expertise and investments as a way to enhance the effectiveness of public investment, strengthen services and promote sustainability.

The CPS strategic priorities of cooperation, knowledge solutions, environmental sustainability, gender, governance, and institutional strengthening will also be promoted.



## ABOUT ARMENIA AND ADB

### ADB Membership

Joined 2005

### Shareholding and Voting Power

Number of shares held:	31,671 (0.298% of total shares)
Votes:	71,278 (0.537% of total membership, 0.824% of total regional membership)
Overall capital subscription:	\$425.76 million
Paid-in capital subscription:	\$21.34 million

**Syurkani Ishak Kasim** is the Director and **Mario Di Maio** is the Alternate Director representing Armenia on the ADB Board of Directors.

**Shane Rosenthal** is the ADB Country Director for Armenia. The Armenia Resident Mission was opened in 2008 and provides the primary operational link for activities between ADB and the government, the private sector, civil society stakeholders, and development partners. The resident mission engages in policy dialogue, country partnership strategy development and programming, and portfolio management, while also acting as a knowledge base on development issues in Armenia.

The Armenia government agency handling ADB affairs is the Ministry of International Economic Integration and Reforms.

## 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. In 2016, lending volume was \$16.35 billion (126 projects), with technical assistance at \$169.03 million (225 projects) and grant-financed projects at \$526.75 million (31 projects). In addition, \$14.06 billion was generated in direct value-added cofinancing in the form of official loans and grants, other concessional cofinancing, and commercial cofinancing such as B loans, risk transfer arrangements, guarantee cofinancing, parallel loans, parallel equity, and cofinancing for transactions under ADB's Trade Finance Program. From 1 January 2012 to 31 December 2016, ADB's annual lending volume averaged \$13.74 billion. In addition, investment grants and technical assistance funded by ADB and special funds resources averaged \$562.24 million and \$154.91 million in technical assistance over the same period. As of 31 December 2016, the cumulative totals excluding cofinancing were \$247.28 billion in loans for 2,935 projects in 44 countries, \$7.75 billion in 296 grants, and \$4.06 billion in technical assistance grants, including regional technical assistance grants.

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### Useful ADB websites

Asian Development Bank  
[www.adb.org](http://www.adb.org)

Asian Development Outlook  
[www.adb.org/publications/series/asian-development-outlook](http://www.adb.org/publications/series/asian-development-outlook)

Annual Report  
[www.adb.org/documents/series/adb-annual-reports](http://www.adb.org/documents/series/adb-annual-reports)

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