

ASIAN DEVELOPMENT BANK MEMBER FACT SHEET

Armenia: 2018 Committed Loans, Grants, and Technical Assistance (\$ million)

Loans		Technical Assistance	Grants	Total
Sovereign	Nonsovereign			
50.00	32.00	2.58	–	84.58

– = nil.

Notes: Commitment is the financing approved by the ADB Board of Directors or Management for which the investment agreement has been signed by the borrower, recipient, or the investee company and ADB.

Grants and technical assistance include ADB-administered cofinancing.

Armenia: Cumulative Lending, Grant, and Technical Assistance Commitments^{a, b, c}

Sector	No.	Total Amount (\$ million) ^d	% ^d
Agriculture, Natural Resources, and Rural Development	1	32.00	2.27
Education	1	1.45	0.10
Energy	5	142.16	10.11
Finance	11	202.27	14.38
Industry and Trade	2	0.95	0.07
Multisector	3	79.96	5.68
Public Sector Management	8	140.48	9.99
Transport	17	634.99	45.14
Water and Other Urban Infrastructure and Services	11	172.50	12.26
Total	59	1,406.77	100.00

^a Grants and technical assistance include ADB-administered cofinancing.

^b Includes sovereign and nonsovereign loans and technical assistance.

^c Using primary sector in reporting of commitments.

^d Numbers may not sum precisely because of rounding.

Armenia: Ordinary Capital Resources Nonsovereign Commitments by Product, 2007–2018

No. of Transactions Signed	Amount (\$ million)
Loans	248.00
Equity Investments	30.00
Guarantees	–
Total	278.00

– = nil.

ADB's country partnership strategy for Armenia will encourage technological modernization and innovation, an improved business environment, private sector investment, and inclusive growth.

ARMENIA

The Asian Development Bank (ADB) has been a development partner of Armenia since 2005 and is one of the country's largest multilateral development partners.

The country partnership strategy (CPS), 2014–2018 for Armenia has been helping the country rebalance toward more inclusive and environmentally sustainable growth. ADB is working to improve Armenia's domestic and cross-border transport links, bring integrated urban development to regional towns, and enhance the country's energy security. The bank's assistance also includes support for reforms in public sector management, finance, education, and health. The CPS, 2019–2023, which is being prepared for Board consideration in 2019, is expected to continue support for core infrastructure priorities including transport, urban infrastructure, and energy. It will incorporate sovereign and nonsovereign investments, public–private partnerships, and other innovative financing solutions.

Cumulative loan disbursements to Armenia amount to \$990.4 million. These were financed by regular and concessional ordinary capital resources

(OCR). Effective 1 January 2017, ADB reclassified Armenia as a middle-income country, with access only to market-based OCR.

ADB-SUPPORTED PROJECTS AND PROGRAMS

ADB's active sovereign lending portfolio totals \$648.8 million for seven projects in transport, energy, finance, and urban infrastructure and services.

In 2018, ADB committed a \$50 million policy-based loan for subprogram 2 of the Public Efficiency and Financial Markets Program. Reforms under the program have helped the Government of Armenia further strengthen fiscal sustainability and deepen financial markets through better public debt management and fiscal risk



management, a fiscally responsible legal and institutional framework for private sector participation in infrastructure services, improved corporate transparency and investor protection, and a wider base for financing instruments.

ADB is helping develop an efficient, safe, and sustainable road network and improved domestic and cross-border connectivity for Armenia. It has approved \$500 million to the [North-South Road Corridor Investment Program](#) and \$400 million to the [Sustainable Urban Development Investment Program](#). The bank has also committed about \$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 in northern Armenia, this project will enhance international connectivity, reduce the cost of transport, and improve road facilities and safety.

In response to Armenia's exposure to natural disasters, ADB approved a results-based loan of \$88.5 million for the [Seismic Safety Improvement Program](#). The program supports the government in the seismic strengthening of 46 priority school buildings and in improving seismic safety planning and management competencies.

ADB is also helping the government shore up Armenia's energy security.

The \$37 million [Power Transmission Rehabilitation Project](#) is working to diversify energy sources while rehabilitating and upgrading electricity transmission and distribution networks.

ADB's current portfolio of nonsovereign operations covers utilities and other infrastructure services, financial institutions, and agribusiness. In 2018, the bank approved a \$32 million loan to agribusiness and logistics company Spayka for the development of high-efficiency horticulture as part of an integrated supply chain to reach international markets. The company will construct 30 hectares of modern greenhouses to produce tomatoes and bell peppers for export. Also in 2018, ADB approved a financing facility of \$68.4 million for the construction and operation of a combined cycle thermal power plant in Yerevan. The project will deliver key energy infrastructure, generate employment during construction and operation, and create conditions for greater private sector participation in Armenia's energy sector.

NONSOVEREIGN OPERATIONS

As a catalyst for private investments, ADB provides financial assistance to nonsovereign projects and financial intermediaries. Total commitments from ADB's own funds (in equity

and direct loans) in 2018 amounted to \$3.14 billion for 32 transactions in economic and social infrastructure, the finance sector, and agribusiness. ADB also actively mobilizes cofinancing from commercial and concessional sources. In 2018, ADB mobilized \$3.17 billion of long-term cofinancing and \$3.99 billion of cofinancing in trade finance, microfinance, and supply chain finance programs. Total outstanding balances and commitments of nonsovereign transactions funded by ADB's own resources stood at \$12.7 billion as of 31 December 2018.

COFINANCING

Cofinancing operations enable ADB's financing partners, governments or their agencies, multilateral financing institutions, and commercial organizations to participate in financing ADB projects. The 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 [Trade Finance Program](#) and [Supply Chain Finance Program](#).

ADB began cofinancing operations in Armenia in 2009. Since then,

Armenia: Project Success Rates

Year	Success Rate (%)	No. of Independently Evaluated Projects and Programs
2011	100.0	1
2012	100.0	1
2017	100.0	1
Total	100.0	3

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

Source: PCR validation reports and project/program performance evaluation reports ratings database as of 31 December 2018.

Armenia: Portfolio Performance Quality Indicators for Sovereign Lending and Grants, 2017–2018

No. of Ongoing Loans ^a (as of 31 Dec 2018)	7	
	2017 (\$ million)	2018 (\$ million)
Contract Awards ^{b,c}	73.65	14.18
Disbursements ^b	135.51	90.90
No. of Ongoing Grants ^a (as of 31 Dec 2018)	-	
	2017 (\$ million)	2018 (\$ million)
Contract Awards ^{b,c}	-	-
Disbursements ^{b,d}	-	-
Actual Problem Projects (%) (as of 31 Dec 2018)	14	

- = nil.

^a Based on commitments.

^b Includes closed loans/grants that had contract awards or disbursements during the year.

^c Excludes policy-based lending/grants.

^d Includes only Asian Development Fund and other ADB special funds.

Armenia: Projects Cofinanced, 1 January 2014–31 December 2018

Cofinancing	No. of Projects	Amount (\$ million)
Projects ^a	5	493.51
Grants	2	18.79
Official loans	3	304.71
Commercial cofinancing	2	170.01
Technical Assistance Grants	3	2.60

^a 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	2017		2018		Cumulative (as of 31 Dec 2018)	
	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total
Goods, Works, and Related Services	99.58	0.98	60.54	0.48	690.10	0.38
Consulting Services	3.42	0.46	0.64	0.09	15.51	0.12
Total Procurement	102.99	0.94	61.18	0.46	705.62	0.36

Top 5 Contractors/Suppliers from Armenia Involved in Goods, Works, and Related Services Contracts under ADB Loan and Grant Projects, 1 January 2014–31 December 2018

Contractor/Supplier	Sector	Contract Amount (\$ million)
Armenian Territorial Development Fund	WUS	23.31
Vahagn and Samvel LLC	TRA	12.46
Redinet CJSC & Siemens AG Osterreich (JV)	ENE	11.14
Horizon-95 LLC & Oberosler Cav Pietros SRL (JV)	TRA	8.41
Ararat-Chanshin LLC	TRA, WUS	5.25
Others		285.72
Total		346.29

ENE = energy, 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 2014–31 December 2018

Consultant	Sector	Contract Amount (\$ million)
Grant Thornton CJSC	ENE, FIN, PSM, TRA, WUS	2.42
Alta VIP LLC	TRA	0.33
Ameria CJSC	PSM	0.21
Media-Model LLC	TRA	0.14
Am Partners Consulting Company LLC	TRA	0.11
Individual Consultants		3.11
Others		0.26
Total		6.57

ENE = energy, FIN = finance, PSM = public sector management, TRA = transport, WUS = water and other urban infrastructure and services.

cumulative direct value-added official cofinancing commitments for Armenia have amounted to \$323.5 million for three investment projects and \$3.76 million for five technical assistance projects. Cumulative direct value-added commercial cofinancing for Armenia has amounted to \$293.16 million for four investment projects.

A summary of projects with cofinancing from 1 January 2014 to 31 December 2018 is available at www.adb.org/countries/armenia/cofinancing.

PARTNERSHIPS

In Armenia, ADB regularly consults with development partners through sector working group meetings and during project preparation and implementation.

ADB has partnered with the European Investment Bank to cofinance the Armenia–Georgia Border Regional Road Improvement Project and the third section of the North–South Road Corridor, which stretches 46 kilometers between Talin and Gyumri.

For its first private infrastructure investment in Armenia, the Zvartnots Airport Expansion Project, ADB partnered with the European Bank for Reconstruction and Development and the German Investment and Development Corporation, a German development cooperation through KfW subsidiary. ADB and the European Bank for Reconstruction and Development also cofinanced the [Sevan–Hrazdan Cascade Hydropower System Rehabilitation Project](#) (nonsovereign), the [Power Transmission and Distribution Network](#)

[Rehabilitation Project](#) (sovereign), and the [Energy Efficiency Improvement and Augmentation Project](#) (nonsovereign).

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 \$10.2 billion in 2017 and \$12.55 billion in 2018. Cumulative procurement since 1966 has been \$180.86 billion covering 215,461 contracts.

In Armenia, 228 contracts worth \$690.1 million have been awarded to contractors and suppliers since 2005.

Consulting Services

ADB's procurement contracts in Asia and the Pacific for consulting services under loan, grant, and technical assistance operations totaled \$746.79 million in 2017 and \$696.18 million in 2018. Cumulative procurement since 1966 has been \$12.7 billion covering 59,248 contracts.

In Armenia, 287 contracts worth \$15.51 million have been awarded to consultants since 2005.

OPERATIONAL CHALLENGES

Armenia's high public debt, high undisbursed balance of loan projects committed by the government, and the medium-term fiscal consolidation process all affect the government's borrowing capacity and ADB's portfolio performance.

Given the country's debt situation, ADB will continue to maximize synergies between its sovereign and nonsovereign operations. Support for infrastructure will leverage private sector expertise and investments to enhance the effectiveness of public investments, strengthen services, and promote sustainability.

The need for fiscal consolidation also underscores the importance of further improving the performance of the existing ADB portfolio in Armenia.

FUTURE DIRECTIONS

In October 2018, ADB approved the [country operations business plan \(COBP\)](#), 2019–2021 for Armenia. The COBP is aligned with the Armenia Development Strategy, 2025 and reflects the government's priority areas as articulated in its program for 2018. The COBP is consistent with ADB's [Strategy 2030](#) and takes into account the transition to the CPS, 2019–2023. It also reflects government plans for medium-term fiscal consolidation and anticipates balanced sovereign and nonsovereign lending.

The next CPS is expected to encourage technological modernization and innovation, an improved business environment, private sector investment, and inclusive growth.

It will also be an opportunity to step up support for human capital, including education, skills development, and health.

An expanded nonsovereign portfolio and financing for social sectors will transform ADB's relationship with Armenia to one appropriate for a growing middle-income country.



ABOUT ARMENIA AND ADB

ADB Membership

Joined 2005

Shareholding and Voting Power

Number of shares held:	31,671 (0.298% of total shares)
Votes:	71,368 (0.537% of total membership, 0.825% of total regional membership)
Overall capital subscription:	\$440.48 million
Paid-in capital subscription:	\$22.07 million

Atom Janjughazyan is the Governor and **Armen Hayrapetyan** is the Alternate Governor for Armenia in ADB.

Syrkani 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 68 members, 49 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 2018, lending volume was \$19.88 billion (126 projects), with technical assistance at \$241.20 million (280 projects) and grant-financed projects at \$1.42 billion (44 projects). In addition, \$14 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 2014 to 31 December 2018, ADB's annual lending volume averaged \$15.99 billion. In addition, investment grants and technical assistance funded by ADB and Special Funds resources averaged \$583.95 million and \$184 million over the same period. As of 31 December 2018, the cumulative totals excluding cofinancing were \$275.82 billion in loans for 3,090 projects in 44 countries, \$9.38 billion in 374 grants, and \$4.52 billion in technical assistance grants, including regional technical assistance grants.

Notes:

ADB welcomed Niue as its 68th member in March 2019.

Figures are estimated by ADB unless otherwise stated. "\$" refers to United States dollars.

Data are updated as of 31 December 2018 unless otherwise indicated. Fact sheets are published annually in April.

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Useful ADB websites

Asian Development Bank
www.adb.org

Annual Report
www.adb.org/documents/series/adb-annual-reports

Asian Development Outlook
www.adb.org/publications/series/asian-development-outlook

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