

Asian Development Bank & Armenia

FACT SHEET

Table 1. Armenia: 2013 Loan, Technical Assistance, and Grant Approvals (\$ million)^a

Loans				
Sovereign	Nonsovereign	Technical Assistance	Grants	Total
100.00	25.00	0.75	–	125.75

– = nil.
^a Excludes cofinancing.

Table 2. Armenia: Cumulative Lending, and Grants Financed by ADB Special Funds, By Sector (1966–2013)^a

Sector	No.	Total Amount (\$ million)	% ^b
Energy	1	25.00	3.32
Finance	6	105.00	13.95
Multisector	2	80.00	10.63
Transport and ICT	7	466.56	62.00
Water Supply and Other Municipal Infrastructure and Services	2	76.00	10.10
Total	18	752.56	100.00

Total Disbursements \$337.5 million

ICT = information and communication technology.

^a Excludes dropped or canceled loans prior to signing. Covers both sovereign and nonsovereign loans, and grants financed by Asian Development Fund and Other Special Funds. Other Special Funds include Asian Tsunami Fund, Asia Pacific Disaster Response Fund, Climate Change Fund, and Pakistan Earthquake Fund.

^b Total may not add up because of rounding.

Table 3. Armenia: Cumulative Nonsovereign Financing by Product

Number of Projects	Amount (\$ million)
3	
Loans	130.00
Equity Investments	–
Guarantees	–
B Loans	–
Total	130.00

– = nil.

The Asian Development Bank (ADB) has worked with the Government of Armenia since 2005. ADB's cumulative lending to Armenia as of the end of 2013 amounted to about \$753 million for 18 loans. ADB's multitranche financing facilities (MFFs) and public sector loans in Armenia finance regional road projects, urban transport and development, general public programs, and water supply and sanitation.

The government's long-term development vision is articulated in the Armenia Development Strategy (ADS) 2025, which is being developed by the government for approval in early 2014. In response to the post crisis realities, the increase of employment through creation of quality and high-productivity jobs has been announced as the main objective of the ADS. It sets the following four priorities: growth of employment, development of human capital, improvement of the social protection system, and institutional modernization of public administration and governance.

ADB-Supported Projects and Programs

In 2013, ADB approved the third tranche of the North–South Road Corridor Investment Program MFF to be cofinanced by the European Investment Bank for the reconstruction and widening of the Talin–Gyumri road section. The \$500 million MFF was approved by ADB in 2009 and aims to develop an efficient, safe, and sustainable road network in the country in support of economic growth and regional cooperation. The first tranche of \$60 million was approved in 2009, and a second tranche of \$170 million was approved in 2010.

The ADB-supported Women's Entrepreneurship Support Sector Development Program, approved in 2012, promotes gender-inclusive growth by improving the enabling environment and capacity of women entrepreneurs. Under the financial intermediation component of the program, medium-term local currency loans will be made by participating financial institutions to micro, small, and medium-sized enterprises (MSMEs), with at least 50% of the loans going to MSMEs in which women are substantially involved as owners, managers, or employees.

In 2012, ADB provided \$40 million as additional financing for the Water Supply and Sanitation Sector Project—approved in 2007—for improving access to safe, reliable, and sustainable services in an additional 18 towns and 92 project villages, which are all managed on commercial principles, and with environmentally sound practices.

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, improve living conditions, and bolster economic opportunities in selected towns.

The Crisis Recovery Support Program Loans (\$80 million), approved in 2009, helped Armenia through the global financial crisis by allowing it to protect

Table 4. Armenia: Project Success Rates

Sector	% ^a	No. of Rated Projects/ Programs
Multisector	100.0	1
Transport and ICT	100.0	1
Total	100.0	2
Year of Approval		
2000s	100.0	2

ICT = information and communication technology.

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

Sources: PCRs, PVRs, and PPERs containing a rating circulated as of 31 December 2013.

Table 5. Armenia: Portfolio Performance Quality Indicators for Sovereign Lending and Grants, 2012–2013

Number of Ongoing Loans (as of 31 Dec 2013)	2012 (\$ million)		2013 (\$ million)	
		217.4		19.6
Contract Awards/Commitments ^{a,b}		217.4		19.6
Disbursements ^a		22.1		39.5
Number of Ongoing Grants (as of 31 Dec 2013) ^c				–
Contract Awards/Commitments ^{a,b}		–		–
Disbursements ^a		–		–
Actual Problem Projects (%)				–

– = nil.

Note: Totals may not add up because of rounding.

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

^b Excludes policy-based lending/grants.

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

budgetary social spending and implement anti-crisis measures at a time of economic contraction and declining fiscal revenues. The program was rated successful.

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 \$130 million in nonsovereign financing in Armenia for three private sector projects. Total outstanding balances and commitments of ADB's private sector transactions in the country as of 31 December 2013 was \$127.5 million, representing 1.8% 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 8,000 transactions supporting over \$16 billion in trade and over 4,000 small and medium-sized enterprises since 2004. In 2013, the TFP supported \$4 billion in trade through over 2,000 transactions. In Armenia, the TFP works with four banks and has supported over \$23 million in trade between 10 transactions. In addition to filling market gaps, the TFP's objective is to mobilize private sector capital/involvement in developing Asia. In Armenia, 76% of the \$23 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 organizations, to participate in financing ADB projects. The additional funds are provided in the form of official loans and grants, and commercial financing such as B loans, risk transfer arrangements, parallel loans, and cofinancing for transactions under ADB's TFP.

By the end of 2013, cumulative direct value-added (DVA) official cofinancing for Armenia amounted to \$87.1 million for one investment project and \$1.2 million for two technical assistance projects. Cumulative DVA commercial cofinancing for Armenia amounted to \$123.15 million for three investment projects.

In 2013, the Neighbourhood Investment Facility provided grant cofinancing of \$7.9 million and the European Investment Bank provided loan cofinancing of \$79.2 million to North–South Road Corridor Investment Program–Tranche 3.

Table 6. Armenia: Projects Cofinanced, 1 January 2009–31 December 2013

Cofinancing	No. of Projects	Amount (\$ million)
Projects ^a	4	210.25
Grants	1	7.90
Official loans	1	79.20
Commercial cofinancing	3	123.15
Technical Assistance Grants	2	1.16

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

A summary of projects with cofinancing from 1 January 2009 to 31 December 2013 is available at www.adb.org/countries/armenia/cofinancing

Partnerships

ADB closely collaborates with other development partners in the formulation of projects and programs, and for mobilizing cofinancing. ADB partners in Armenia include the European Bank for Reconstruction and Development (EBRD), the European Investment Bank, the World Bank, the International Monetary Fund, the German Agency for International Cooperation, KfW, the United Nations Development Programme, and the United States Agency for International Development.

Examples of partnerships include ADB's first private infrastructure investment in the Armenia Zvartnots Airport Expansion Project, in partnership with the EBRD and KfW subsidiary German Investment and Development Corporation (KfW DEG), which was approved in 2009. The European Investment Bank cofinancing for the third tranche of the North–South Road Corridor MFF will be used to complete a 27.3 kilometer (km) road segment of a 46 km road section between Talin and Gyumri.

In 2013, ADB, in partnership with EBRD, approved its first nonsovereign cofinancing in the power sector for the rehabilitation of the Sevan–Hrazdan Cascade Hydropower System.

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

Procurement

From 1 January 1966 to 31 December 2013, contractors and suppliers were involved in 188,780 contracts for ADB loan projects worth \$122.11 billion. During the same period, contractors and suppliers from Armenia were involved in 124 contracts for ADB loan projects worth \$188.75 million.

Table 7. Armenia: Share of Procurement Contracts

Item	2012		2013		Cumulative (as of 31 Dec 2013)	
	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total
	Goods, Works, and Related Services	2.01	0.03	27.08	0.41	188.75
Consulting Services	0.37	0.06	3.02	0.60	7.87	0.08

Table 8. Armenia: Contractors/Suppliers Involved in ADB Loan Projects, 1 January 2009–31 December 2013

Contractor/Supplier	Sector	Contract Amount (\$ million)
Ararat-Chanshin LLC	Transport and ICT	10.15
Kapavor LLC	Transport and ICT	7.69
Khachhar LLC	Transport and ICT	5.56
Agat-777 LLC	Water Supply and Other Municipal Infrastructure and Services	5.46
Shinashkharh LLC	Water Supply and Other Municipal Infrastructure and Services	4.61

ICT= information and communication technology.

Table 9. Armenia: Top Consultants (Individual Consultants and Consulting Firms) Involved in ADB Loan Projects, 1 January 2009–31 December 2013

Consultant	Number of Times Contracted	Contract Amount (\$ million)
HGSN LLC	1	2.15
Dorproject Institute Ltd.	1	0.27
SOS Audit LLC	2	0.12
AM Partners Consulting Co. LLC	1	0.04
Economic Development Research Center	1	0.03

From 1 January 1966 to 31 December 2013, consultants were involved in 12,432 contracts for ADB loan projects worth \$5.28 billion. During the same period, consultants from Armenia were involved in 46 contracts for ADB loan projects worth \$5.80 million.

From 1 January 1966 to 31 December 2013, consultants were involved in 2,433 contracts for ADB grant projects worth \$826.5 million. During the same period, consultants from Armenia were involved in 12 contracts for ADB grant projects worth \$0.20 million.

Table 10. Armenia: Top Consultants Involved in ADB Grant Projects, 1 January 2009–31 December 2013

Consultant	Number of Times Contracted	Contract Amount (\$ million)
Grant Thornton Amyot LLC	11	0.16
Individual consultants	1	0.04

Table 11. Armenia: Top Consultants (Individual Consultants and Consulting Firms) Involved in ADB Technical Assistance Projects, 1 January 2009–31 December 2013

Consultant	Number of Times Contracted	Contract Amount (\$ million)
Harmony Information Technologies & Education Development Fund	1	0.22
Alpha Plus Consulting LLC	2	0.05
Caucasus Institute Foundation	1	0.03
Armenian Young Women's Association	1	0.03
Individual consultants	60	0.90

From 1 January 1966 to 31 December 2013, consultants were involved in 28,709 contracts for ADB technical assistance projects worth \$3.3 billion. During the same period, consultants from Armenia were involved in 81 contracts for ADB technical assistance projects worth \$1.88 million.

Operational Challenges

Armenia is classified as a Group B1 country, making it eligible for financing from ADB's concessional Asian Development Fund and its ordinary capital resources. The final review of Armenia's country operations during 2006–2011 rated portfolio performance as less efficient due to slow startup of projects financed by the two MFFs. The review's main recommendations were to help the government strengthen the sustainability of infrastructure and to prioritize future operations in alignment of ADB's ongoing MFFs.

The ADB Independent Evaluation Department's validation report of the final review had four recommendations for future strategy and programs: consider the country's debt situation in 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.

ADB country portfolio reviews for Armenia, which were introduced in 2012, have shown there is a need to focus on improving implementation of ongoing projects in Armenia.

Future Directions

The ADB country operations business plan (COBP) 2014–2016 for Armenia, approved in December 2013, identifies infrastructure development as priority area for ADB's operations. The COBP supports ADB's key strategic agendas of inclusive and environmentally sustainable growth and regional integration, and the government's main objective under its draft Armenia Development Strategy, 2025. The COBP is consistent with the priorities set in ADB's [Strategy 2020](#) and takes into account the preliminary directions in ADB's first country partnership strategy for Armenia, which is being prepared for Board consideration in 2014.

ADB will continue to provide assistance aimed at improving Armenia's internal and external transport links, upgrading urban environments in secondary towns, and improving energy security. ADB will also strengthen its nonfinancial contributions to Armenia's development, emphasizing innovation and value addition by bringing new international practices to Armenia. Using a technical assistance facility, ADB will develop a program of knowledge products and services to support policy reform and poverty reduction. Nonsovereign operations will prioritize promoting private participation in ADB-financed projects and mobilizing cofinancing among development partners.

About Armenia and ADB

ADB Membership

Joined 2005

Shareholding and Voting Power

Number of shares held:	31,671 (0.300% of total shares)
Votes:	71,118 (0.538% of total membership, 0.826% of total regional membership)
Overall capital subscription:	\$487.73 million
Paid-in capital subscription:	\$24.44 million

Bhimantara Widyajala is the Director and **Dominic Walton-France** is the Alternate Director representing Armenia on the ADB Board of Directors.

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

The Armenia 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 2013, lending volume was \$13.19 billion (101 projects), with TA at \$155.61 million (248 projects) and grant-financed projects at \$849.02 million (23 projects). In addition, \$6.65 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 2009 to 31 December 2013, ADB's annual lending volume averaged \$12.19 billion. In addition, investment grants and TA funded by ADB and special funds resources averaged \$801.70 million and \$165.66 million in TA over the same period. As of 31 December 2013, the cumulative totals excluding cofinancing were \$203.41 billion in loans for 2,629 projects in 44 countries, \$6.46 billion in 239 grants, and \$4.25 billion in TA grants, including regional TA grants.

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Useful ADB websites

Asian Development Bank
www.adb.org

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

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