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World Bank Helps Armenia Protect Its Poor and Become More Competitive

WASHINGTON, February 14, 2012 - The World Bank Board of Executive Directors today approved financing designed to help Armenia to protect its poorest children, women and men, support greater human capital development, and reinforce competitiveness by providing a more favorable private sector environment and strengthening governance. The **Third Development Policy Operation (DPO) for Armenia**, funded with an IDA credit and an IBRD loan totaling US\$ 80 million, is the last in a series of three operations supporting the Government of Armenia in meeting its strategic objectives.

“This Operation completes the programmatic series that started in 2009 and was central to the Bank’s on-going Country Partnership Strategy (CPS) for Armenia as it has supported the key elements of the Government’s overall reform program for sustaining the economic recovery and safeguarding the poor and vulnerable,” says **Asad Alam, World Bank Regional Director for the South Caucasus Countries**.

The Operation supports the protection of pro-poor spending in the state budget; the targeting of social safety net programs; increased access to pre-school programs in poor communities; and improved efficiency of education management, as well as the introduction of co-payment policy in health services delivery with appropriate waivers to the poor and vulnerable.

To enhance Armenia’s competitiveness and raise its growth potential, the Operation focuses on establishing one-stop-shop for business registry process, introduction of risk-based audits, implementation of Green Channel by default to facilitate the operation of customs clearance, implementation of e-filing to reduce compliance cost for tax administration, and issuing regulations to implement the new Mining Code to attract investments.

“Though economic recovery is underway, Armenia’s challenges are to foster entry and competition, including in tradable sectors, and to diversify the sources of growth. The World Bank is committed to support the efforts of the authorities in meeting those challenges,” says **Jean-Michel Happi, the World Bank Country Manager for Armenia**.

“The development policy operations supported a prioritized package of reforms needed to make Armenia more competitive,” says **Souleymane Coulibaly, Task Team Leader of the World Bank Team that designed the project**. *“This is particularly important to promote growth in a difficult global environment. The DPO program has also helped strengthen the social safety net, which is critical for reducing poverty in Armenia.”*

The Third DPO includes an IDA credit equivalent of US\$ 50 million and an IBRD loan of US\$ 30 million. The IDA credit carries a maturity of 25 years including a grace period of 5 years and the IBRD loan has a maturity of 25 years including 10 year grace period.

Since joining the World Bank in 1992 and IDA in 1993, the total IDA and IBRD commitments to Armenia amount to US\$1, 597 million.

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For more information on the World Bank's activities in Armenia, please visit <http://www.worldbank.org.am>.