

**Results Achieved under the Development Policy Operation series  
(July 2009 - December 2011)**

**Significant results have been achieved with the support of the Development Policy Operation.** More specifically:

*1. In the social sector the program yielded the following results:*

- Against the backdrop of the economic crisis, funding for social safety nets, pensions, and priority social spending programs for the poor and vulnerable was increased and maintained in 2009, 2010 and 2011 state budgets. **The share of social protection and pensions in total spending increased from 24.8 percent in 2008 to 31.7 percent in 2011.** In light of the on-going fiscal consolidation, the increased share of social protection spending permitted the government to avoid a major reduction in the coverage it offers to the poorest households despite a significant increase in their number (coverage by all social programs fell only from 80 percent to 78 percent of the poor, while the number of poor increased by 270,000 between 2009 and 2010).
- **Targeting of beneficiaries under government's Family Poverty Benefit (FB) program was improved:** Review of FPB program was undertaken to exclude non-eligible households and to use these savings to expand coverage of the poor. Thus, targeting of the poorest households under the FB program increased from 67 percent in 2008 to 76 percent in 2010 as a result of a notable improvement of the PFB program administration and reduction of leakages by almost 10 percent.
- **The pro-poor nature of social programs was maintained** - about 43 percent of the consumption basket of the poor between 2008 and 2010 was met with the support of different social programs funded by the state budget.
- A new program – **funding for the pre-school education**, was introduced in the social sector - allocation was provided for one year school readiness program for 4<sup>1/2</sup>-5<sup>1/2</sup> year-olds.
- The public sector **spending on health as a share of GDP was increased** from 1.4 percent in 2008 to an expected 1.7 percent in 2011.

*2. Key policy and legislative actions helped improve the business climate and overall governance, with the following results:*

- **Electronic system for tax and customs declarations was introduced.** On the tax and customs administration side, the number of electronically filed returns increased from 0 to 20 percent between 2008 and 2011.

- The **share of green channel releases** at customs clearance points (as a percentage of all customs declarations) increased from 0 to 15 percent between 2008 and 2011. This achievement was reflected in the improvement of Armenia's ranking for *Trading across borders* indicator (from 143 in 2008 to 104 in 2011) under the World Bank/IFC "Doing Business 2012" report.
- **One Stop Shop** for on-line business registry was established, which made starting a business in Armenia easier. This reform, combined with improvements in dealing with construction permits, getting credit, paying taxes, and resolving insolvency, contributed to the increase of Armenia's overall ranking in Doing Business by 6 positions over the last year (to 55 out of 183 economies worldwide).
- Fostering domestic competition by amendments of the **Competition Law** and related legislation which were adopted by the National Assembly in late 2010. The amendments specify instances in which the State Committee on Protection of Economic Competition should carry out examination and clarify its ability to act in case of anticompetitive behavior.
- Introducing risk-based approaches to inspection practice by adopting amendments to the **Law on "Organizing and Conducting Inspections in the Republic of Armenia"** in June, 2011. Amendments intend to reduce discretionary powers of inspecting agencies and increasing transparency of their activities.
- Improving the taxation regime of the mining sector as well as its attractiveness for investors by approving a new **Mining Code** in December of 2011. The new Code will facilitate improvements of the sector's regulatory framework including the licensing, environmental and social impact assessment, mine closer and other aspects pertaining to the mining companies' liabilities to local communities.