



39TH ANNUAL MEETING

BOARD OF GOVERNORS

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ARMENIA

David Avetissian, Alternate Governor

It is a great honor for me to speak for the Republic of Armenia at the 39th Annual Meeting of the Board of Governors of the Asian Development Bank (ADB). I would also like to express my sincere appreciation to ADB and the Government of India for arranging such an excellent event. Our special thanks go to the people of India for their generous hospitality.

I am particularly pleased to address this high-level meeting as Armenia has recently become a member of ADB. Our Government agrees with ADB's vision and its approach to the Millennium Development Goals, alleviation of poverty and inequality, regional cooperation, economic development, and good governance.

A significant portion of the countries of the region grew by a much higher rate than the world average. Armenia, for instance, has grown at an average of 12.5% a year for the last 3 years. GDP growth in 2005 was 13.9%, with a low and sustainable level of inflation. The country has set an example as a leader among the countries of Commonwealth of Independent States (CIS) in sustainable growth and poverty alleviation through a series of well-sequenced economic reforms. Crucial factors in this achievement include a commitment to reforms, prudent fiscal and monetary policies, liberal trade and foreign exchange regimes, good governance, improvements to the business regulatory environment, intense integration with international markets, and productive international cooperation, with an emphasis on multinational and financial organizations. This economic growth has been achieved despite the economic turmoil that followed independence in 1991, external constraints, and internal economic problems specific to countries in transition.

Being located between Europe and Asia, Armenia is not only determined to serve as a geographical bridge, but also to be a bridge for international economic activity and support for investments that will boost economic performance using Armenia's well-educated and low-cost labor force, liberal trade policies, and goal-oriented reforms. The last 5 years have been the turning point in the economy. A wave of second generation economic reforms from 2001 and implementation of poverty reduction, export and real sector expansion strategies has meant that Armenia's implementation of reforms has been recognized by well-respected international financial institutions, such as the World Bank. Much of its positive macroeconomic performance is due to Armenia's progress in liberalization, privatization, and structural reform. The structural and institutional reform program remains to be completed. The Government poverty reduction and strategy paper (PRSP) has as its main goal to reduce poverty including extreme poverty and income inequality. To strengthen its poverty reduction impact, the Government is also reprioritizing public expenditure and has substantially increased the absolute value of social sector spending to improve social targeting of the poor.



Armenia became a member of ADB in September 2005, after which the ADB staff started to assess Armenia's economic situation and development. The Government and ADB held a number of discussions to identify challenges and financing gaps and came to a common understanding about Armenia's economic progress and needs and identified where assistance from ADB would have the highest potential impact. The Government's welcomes the activities of ADB in the following broad areas (i) rural development (rural roads, irrigation infrastructure reconstruction); (ii) private sector development; and (iii) regional cooperation. We anticipate the channeling of the resources to be done in the most effective and efficient way, taking into account the advantages of the tailored programs that look for very tangible goals to be set in order to alleviate poverty, mostly in rural areas.

Our assessment of the experience of ADB lead us believe that it will respond well to Armenia's needs through well-designed projects. We expect that all kinds of financial and technical instruments will be deployed to support the country's sustainable economic growth, developing of infrastructure, improvements to regional trade, investments and cooperation.

Today's meeting is also important for sharing experiences with ADB and other member countries, and in defining priorities and developing actions that will lead us to a region without poverty. We believe that ADB can serve as a gateway for new opportunities for new members and that it will be a reliable long-term partner for its member states, as they try to cope with challenges of poverty.

In conclusion, I would like to thank ADB President, Mr. Kuroda, and his management team, as well as to stress our commitment to partnership. We are ready do our best as a new member to help create a more prosperous, dynamic, and harmonious region.