
WB To Continue Help In Armenia.

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YEREVAN, March 12. /ARKA/. The World Bank (WB) will continue helping Armenia maintaining the economic growth rates, creating jobs and reducing poverty, says the WB Country Assistance Strategy Progress Report (CASPR) endorsed by the WB Board of Executive Directors.

"Armenia has come a long way over the past few years and should be proud of its accomplishments. The Progress Report provides a clear framework for measuring these achievements," says Donna Dowsett-Coirolo, World Bank Country Director for Armenia.

The past few years have been a period of considerable progress for Armenia, including GDP growth rates in the double digits, macroeconomic stability, important policy reforms and significant progress in combating poverty.

To date, the financial sector is growing strongly, with the loans-to-GDP ratio rising from 5.9 per cent in 2003 to 8.2 percent in 2005. Private sector growth has also been supported by infrastructure improvements. Transparency and accountability in the provision of government services has been strengthened. Poverty has declined from around 50 to 30 percent in the last few years, with extreme poverty dropping to below 5 percent. Good progress is also being made in social sector spending and reforms.

In light of Armenia's growing GDP per capita and improving creditworthiness, the CASPR confirms Armenia's eligibility to begin some limited non-concessional borrowing from the International Bank for Reconstruction and Development, in addition to its soft loan funding from the International Development Association. This is a clear sign that Armenia is entering the ranks of middle income countries. At the same time, the transition will have to be gradual in order to avoid a premature buildup of debt.

The CASPR indicates that the Bank has delivered all of the activities included in the CAS, including both annual policy support and investment lending. Investment lending during the first half of the SAC period included the Rural Enterprise and Agricultural Development Project, Yerevan Water and Wastewater Project, Urban Heating Project, Renewable Energy Project, Avian Influenza Control Project, and the third replenishment of the Social Investment Fund. The CASPR also describes the growing involvement of the International Finance Corporation, the World Bank's private sector arm in Armenia.

The current CAS covers the 2005-2008 period and sets out three broad pillars of engagement: promoting private sector-led economic growth, making growth more pro-poor and reducing non-income poverty.

The Board of Directors also approved three additional operations alongside the CAS Progress Report - the third Poverty Reduction Support Credit, the Health Modernization Project and the Judicial Reform II Project.

Since 1993, the WB has allocated a total of \$1.025bln to Armenia for the implementation of 47 programs. Armenia plans to receive \$38.5mln credits from the WB before the end of 2007.

13.4% economic growth was recorded in Armenia in 2006 compared to 2005. GDP per capita made AMD 827,394 or \$1,989.
