

**DOCUMENT OF THE EUROPEAN BANK
FOR RECONSTRUCTION AND DEVELOPMENT**

**STRATEGY FOR
ARMENIA**

**Report On The Invitation To
The Public To Comment**

1. INTRODUCTION

The draft Strategy for Armenia was posted on the website for 45 days from 16 February 2009 along with an invitation to the public to comment. The public was invited to submit written comments on the draft Strategy no later than 3 April 2009.

Written comments were received from one NGO, Human Rights Watch, who provided written comments/recommendations on the Strategy, including eight specific recommended reform steps for the Armenian authorities to undertake, as well as supporting argumentation regarding human rights concerns in Armenia and a link to a February 2009 Human Rights Watch publication on this matter.

Three key excerpted comments/recommendations are presented here. Because there is a significant degree of overlap in the content of the three key comments/recommendations, the Bank has replied to all three in one Staff Response.

2. STAFF RESPONSES TO PUBLIC COMMENTS

Public Comments

- 1. We [...] urge you to use the upcoming country strategy review of Armenia as an opportunity to candidly assess the shortcomings that continue to mar the Armenian government's human rights record, and to encourage the Armenian authorities to undertake concrete steps to address them in compliance with Article 1 of the Agreement Establishing the Bank.*
- 2. Human Rights Watch is concerned that the draft strategy does not adequately reflect the lack of accountability for police use of excessive force and the numerous due process rights violations that took place during and in the aftermath of the March 1, 2008 events.*
- 3. We are further concerned that, in the executive summary of the draft strategy, where the bank highlights Armenia's key transition challenges, it focuses exclusively on economic challenges. We urge you to complement the assessment in the economic sphere with one that addresses key shortcomings in the political sphere, including by formulating a short list of concrete and measurable reform steps that the Armenian government should undertake in order to meet its international commitments in this area. Such a step would make clear that the bank recognizes the interconnectedness of political and economic reforms, and would give real, practical meaning to Article 1 of the bank's founding agreement.*

Staff Response

The EBRD takes its obligations under Article 1 of the Agreement Establishing the Bank very seriously, and for that reason has undertaken to provide a candid, comprehensive and balanced assessment of Armenia's compliance with Article 1 in the draft Country Strategy (CS). As noted in this Public Comment, EBRD has concluded that Armenia's "application of [the principles of multi-party democracy, pluralism and market economics] in the previous Strategy period has been uneven," with particular reference to developments surrounding the 1 March 2008 post-election violence in Yerevan.

In countries in which the EBRD has serious concerns about the application of the principles laid out in Article 1, the Bank has established specific political and economic benchmarks that countries must meet in order to benefit from the full range of investment instruments that the

Bank has at its disposal. Armenia does not fall into this category, despite the uneven application of the principles of Article 1 during the previous Strategy period.

The Bank will therefore continue to employ its project-based approach to foster the transition to an open, market-oriented economy and to promote private and entrepreneurial initiative in Armenia, while closely monitoring developments related to Armenia's compliance with Article 1.

The Bank recognises the “interconnectedness of political and economic reforms” and takes every opportunity to remind policymakers in its countries of operation of the need to ensure political, legal and governance-related environments that are conducive to the development of sustainable, market-based economies.