

ARMENIA

GOVERNOR'S STATEMENT

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Tigran Avinyan, Governor

Honorable Mr. Chairman,
Esteemed Mr. President,
Distinguished Governors and Delegates,
Ladies and Gentlemen,

It is my immense pleasure to be at the 2019 Annual Meeting of the European Bank for Reconstruction and Development and an honour to address this auditorium with a statement on behalf of the Republic of Armenia. I would like to praise EBRD's management for the excellent organization of this year's annual meeting and business forum with a symbolic and at the same time ambitious headline "Connecting Economies for Stronger Growth". I extend my gratitude to the authorities of Bosnia and Herzegovina for the hospitality and organizational support.

The annual meetings are always a highly effective platform, where the political leadership of countries, the private sector representatives and guests communicate ideas on the learned experiences and future plans and visions. The most important crossing point of these multifaceted communication is that the whole dialogue is around one crucial question - how to transform the vision for better future to pragmatic actions for development for all the stakeholders.

That, we believe, is the essence of bridging economies, development partners and other actors. We value the EBRD for the special role in supporting the high-quality transition and bringing development impact to the region, where the pockets of economic and political volatilities still persist. I gladly underline the very successful closure of 2018 for the Bank in terms of the volumes of investments of about 9.5 billion euros, notable transition impact, and the operating assets of 30 billion euros historic level.

This year's meeting has even more special meaning to Armenia, a country that passed through tremendous wave of political shifts just one year ahead of last annual meeting. The unprecedented social consolidation led the country to make a historic move of peaceful political revolution. The key incentives for this change were around the idea of building better and prosperous future, fair and just social order, and the firm belief that democratic value-system lies in the core of Armenia as a country and as a society.

We especially proud to state that the newly formed Government tried hard to maintain economic stability and induce positive signals to potential investors and the business community. Armenia closed 2018 with 5.2 percent economic growth. In this regard, the commitment, readiness and efforts of the EBRD, and also, other multilateral and bilateral development partners, to keep the cooperation on track are most appreciated.

Last year we had 12 projects with the EBRD's engagement with around 70 million euro investments. The current portfolio of over 300 million euro is predominantly in the areas of energy, infrastructure, financial institutions, industry, commerce and agribusiness. About 84 percent of the EBRD's operations in Armenia are in the private sector, although we also have highly important ongoing and planned sovereign projects in the areas of road and water infrastructure, solid waste management, and energy efficiency.

In terms of the volumes of new transactions 2018 was not the best year in the dynamics of cooperation with the EBRD. Building on our successful operational and policy dialogue related work in 2018, we share an understanding that there is room for enlarged partnership in various areas of mutual interest. The current year earmarks an important milestone for Armenia's lasting effective partnership with the EBRD. We will engage in consultations around the development of the new country partnership strategy with the Bank. It is expected to be approved in December and will lay avenues of mid-term cooperation and guide the operational envelope for the Bank's engagement in the country.

The Government of Armenia declared about an ambitious package of structural and institutional reforms for the coming mid-term period, in that, tax policy, jobs, public service delivery, and business climate, public-private partnership, just to mention a few. At the sectoral level top strategic priorities of the Government encompass sustainable infrastructure, innovation and information technologies, skills, education and healthcare. Essential institutional improvements and practical solutions to attract both productivity-led and export-oriented investments is also a central theme on our agenda.

Given the limited fiscal space and restricted financial absorption capacity for sovereign lending we search for opportunities of mobilizing private capital and are open for innovative solutions towards fulfilling the goals of modernizing the economy and building inclusive development path ahead. Along with this a rigorous view on evidence-based policy planning and results-oriented resource allocation will lead Armenia in setting out the projects base. We intend to be highly selective and extend ownership for projects and initiatives which suit well in the mosaic of long-term development vision.

The above mentioned key reform initiatives and sector policies are currently under intense consultations in the country with engagement and participation of our partners. Also for this very reason, it is a pleasure to underline that there is harmony between the Government's policy interventions and main pillars of our inclusive growth agenda and the UN Sustainable Development Goals. In order to accelerate the achievement of the SDGs Armenian Government in partnership with the UNDP established the SDG Innovation Lab. This is an interesting vehicle aimed at supporting decision-making via behavioral experimentation and a toolkit of artificial intelligence.

We appreciate the efforts to put together the Strategic review and support conclusions. We are glad to see that the EBRD's medium-term thematic scope set out in a preliminary document of the Strategic and Capital Framework 2021-2025, suits well also with our national development priorities. In this stance, we express support for that preliminary agenda and hope to work closely during the year towards the final document. We believe, that the proven efficiency of the Bank's business model and its unique mandate are outspoken evidences in order to continue supporting the region in addressing the infrastructure and financial gaps, and the capacities mismatch as well. We hope, the continued operational engagement by the Bank in the countries of the current coverage will strengthen the transition impact and be an essential input into building more competitive and sustainable market economies. As already expressed in the past, we support the launch of the feasibility study on geographic expansion. The Bank's AAA status is our major asset, hence the importance of a strong capital base.

Armenia is interested in continuing or building more sound policy dialogue with the EBRD for framing and advancing reforms in the areas of public-private partnership, postal services, good governance. Also, we will work with the Bank towards the investment package, including operations to fostering small and medium size enterprises, strengthening energy efficiency and promoting renewables, developing municipal and transport infrastructure. Given the restricted borrowing headroom, we will continue talking with the Bank to build a package of cooperation across diverse instruments, including but not limited to enhancing private participation, investment grants, policy advisory and capacity building.

Another interesting room for collaboration is the EBRD's relatively new instrument of integrated reform support architecture. This would be highly welcomed especially due to the realities of major institutional reforms Armenia is being through currently. The opportunity to bring reputable international expertise into various areas of reforms and sectors is seen to be a valuable contribution towards strengthening the public and economic governance.

We also highly value the EBRD's growing commitment towards green and sustainable agenda. The respect for the right of future generations to enjoy an economically viable, environmentally sustainable and healthy lives requires collective responsibility. We have clear perception that this commitment is a shared responsibility among developed and developing countries, international financial institutions and private sector as well. Armenia is highly enthusiastic to be one of the forerunners in the region to implement projects with potential of high demonstration effect and create a critical mass of green transformation capacities.

To conclude, once again I would like to say a word of thank you to the EBRD president, Sir Suma Chakrabarti, as well as the management team for this very successful and saturated annual meeting. Also, I want to express my sincere gratitude to our Constituency for the accomplished year and look forward for more fruitful cooperation and positive achievements. The EBRD remains to be Armenia's important partner in many areas of economic reforms and development.