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Republic of Armenia: Letter of Intent

Mr. Rodrigo de Rato
Managing Director
International Monetary Fund
Washington, D.C. 20431

October 1, 2007

Dear Mr. de Rato:

In the attached Memorandum of Economic and Financial Policies, we summarize progress to date in implementing our PRGF-supported program and set out our economic and financial policies for 2008. We request hereby the completion of the fifth review under the PRGF arrangement and the disbursement of SDR 3.28 million, as well as modification of the end-December quantitative and structural performance criteria.

The PRGF-supported program is on track. The Armenian economy continues to perform very well and all quantitative and all but one structural benchmark under the PRGF arrangement for end-June 2007 were observed (there has been some delay in introducing a unified computer network linking all STS inspectorates). The new Securities Market Regulation Law (structural benchmark, March 2007) was also submitted to parliament with some delay.

Despite the impressive progress achieved in recent years, we recognize that a number of challenges remain to sustain high economic growth and reduce poverty. To this end, our economic program for 2008 contains specific measures to address weaknesses in tax administration, enhance fiscal transparency and expenditure efficiency, and strengthen the financial system.

The Government of the Republic of Armenia believes that the policies and measures set forth in the attached memorandum are adequate to achieve the objectives of the program, and stands ready to take any additional measures that may be appropriate for this purpose. The Government will consult with the IMF in advance on the adoption of these measures in accordance with the IMF's policies on such consultation. The Government intends to make these understandings public and authorizes the IMF to publish this letter, the attached memorandum, and the staff report.

Sincerely yours,

Vartan Khachatryan
Minister of Finance and Economy
Republic of Armenia
/s/

Tigran S. Sargsyan
Chairman of the Central Bank
Republic of Armenia
/s/

Republic of Armenia: Memorandum of Economic and Financial Policies
(October 1, 2007)

1. This memorandum sets forth the government's economic objectives and policies for the third year of the program supported under the Poverty Reduction and Growth Facility (PRGF). These policies constitute an integral part of the government's medium-term strategy for poverty reduction as envisaged in the Poverty Reduction Strategy Paper (PRSP), which is currently being updated.

I. RECENT DEVELOPMENTS AND PERFORMANCE UNDER THE PROGRAM

2. Economic performance of the Armenian economy has remained strong, with output growth to date exceeding expectations. **Real GDP** grew by 12 percent year-on-year in the first seven months of 2007, led by the construction and services sectors, which grew by 22 and 14 percent, respectively. Domestic demand continued to be buoyed by robust remittance inflows. Notwithstanding a sharp increase in grain import prices in the first half of the year, 12-month CPI inflation declined to 1.6 percent in August, largely on account of a seasonal decline in domestic food prices that was bigger than in the previous year. While end-year **inflation** is projected to remain within the target band (4 ± 1.5 percent), upward risks remain, stemming from potentially higher international grain prices.

3. **Fiscal policy** has remained sound, with lower-than-budgeted expenditures and improving revenue performance in the first six months of 2007. As a result, the central government posted a cash surplus of AMD 1.9 billion or 0.1 percent of annual GDP during that period.¹ Tax revenues increased by 25 percent year-on-year in the first half of 2007 on account of improved collection (particularly in VAT and personal income tax). However, there was also a sharp increase in unprocessed VAT refund claims (around 0.14 percent of annual GDP) during the same period. As a result of expenditure under performance and the positive revenue outcome so far in the year, we expect to realize savings of around AMD 12 billion drams, resulting in a lower budget deficit (AMD 56.5 billion or 1.8 percent of GDP).

4. Monetary developments have been shaped by a sustained trend of dedollarization and remonetization, amid large foreign exchange inflows. **Reserve money** growth has been fuelled by (largely unsterilized) foreign exchange intervention and cash dedollarization, while **broad money** growth has picked up, mainly owing to accelerating credit to the private sector. To counteract inflationary pressures stemming from higher grain import prices, the CBA reversed its previous policy rate cut (25 basis points in April), raising it back to 4.75

¹ This incorporates non-tax revenues of AMD 6.8 billion (0.2 percent of GDP) related to the privatization of Zangezur. In the IMF classification, these revenues are classified as a financing item, in which case the overall balance is a deficit of AMD 4.9 billion (0.2 percent of GDP), compared to a programmed deficit of AMD 18.8 billion using the IMF classification.

percent in July. The dram continued to appreciate vis-à-vis the U.S. dollar and other major currencies during the first half of the year, but stabilized in the third quarter, in part due to surging imports.

5. **External developments** reflected the persistence of remittances, capital inflows, and donor financing, leading to strong reserve accumulation. Preliminary data for the first semester of 2007 indicate that FDI inflows increased significantly, with large inflows going to the telecommunication, air transport, construction, and food processing sectors. Non-diamond exports rebounded from their lackluster performance in 2006, as previous investments in the metals, minerals, and food sectors started to pay off. However, a surge in imports, driven by disposable income growth, buoyant investment and dram appreciation, resulted in a significant widening of the current account deficit in the first half of 2007. The methodology for estimating private transfer inflows was revised to take into account remittances that are not channeled through the banking system, resulting in a downward revision of the 2006 current account deficit from 4 to 1.4 percent of GDP. Similar revisions for previous years are under way.

6. All **quantitative performance criteria** for June 2007 and all but one June structural benchmarks were observed (there has been some delay in introducing a unified computer network linking all STS inspectorates). The new Securities Market Regulation Law (structural benchmark, March 2007) was also submitted to parliament with some delay.

7. We have made good progress in **structural reforms** in the fiscal and financial sector areas. We continued to press ahead with our ambitious reform plans to improve revenue collection, foster financial intermediation, and develop Armenian capital markets.

8. We have continued to strengthen tax policy and tax and customs administration as well as budget execution:

- In **tax policy**, we completed the draft of the general part of the unified tax code in consultation with all stakeholders. We also submitted to parliament amendments to all presumptive tax laws to index the taxes to the CPI. Finally, parliament approved legislation to limit access to the simplified tax regime.
- In **tax administration**, we submitted legislation to parliament to require the recording of taxpayers at the location of their main economic activity. We also approved a medium-term modernization program for the State Tax Service (STS) in line with IMF recommendations. Furthermore, we have continued to strengthen the capacity of the STS by (i) finalizing a unified computer network linking all inspectorates of the STS, and (ii) starting the pilot testing of an automated risk-based audit selection system. This will help strengthen core business processes and establish a modern audit operation.

- In **customs administration**, we continued to make progress with the implementation of Direct Trader Input (DTI), with 100 percent of declarations at the TIR Customs House and a significant share of declarations at the Araratyan Customs House being lodged by importers. Some progress was made in increasing the share of imports released through yellow and green channels. Finally, a refurbishment of the IT center is under way, with the implementation of a software upgrade significantly improving the capacity of risk management operations.
- On the **expenditure side**, we implemented two phases of the three-phase plan to design a financial reporting and monitoring framework for NCOs, in collaboration with the World Bank. In this regard, we are considering establishing separate accounts at the treasury for individual NCOs predominantly funded by the state in order to strengthen their monitoring while maintaining their managerial autonomy. In the 2008 budget, we are using a new classification system that is generally consistent with GFSM 2001. We continue to pilot budgeting programming in ministries and other state bodies.

9. We are continuing to strengthen the regulatory and supervisory framework of the **financial sector** and encourage the entry of additional international banks into the Armenian market. In this connection, we approved the purchase of shares of two existing banks by foreign investors and granted preliminary approval for a license for a new bank. We submitted to parliament a new Securities Market Regulation Law that corresponds to the standards of the International Organization of Securities Commission. In addition, we are developing a strategy to develop the securities market in cooperation with Scandinavian stock market operator OMX, which is expected to take over the operation of Armenian stock exchange (ARMEX). We are also contemplating reforms to further develop the foreign exchange market.

10. In the **energy sector**, we introduced a temporary gas subsidy in April 2006 to cushion the impact on end-users of an unexpected increase in gas import prices. The government adopted a national program to boost energy saving and efficiency in January 2007. The program envisages reducing the economy's reliance on natural gas and increasing energy efficiency by 10 to 12 percent by 2010 by developing and using most energy-efficient technologies, and also by maximizing the country's reliance on locally available renewable energy resources.

II. THE 2008 PROGRAM

11. We remain committed to our growth and poverty-reduction strategy in line with the government program adopted in May 2007. Our macroeconomic policies will continue to focus on price stability and forceful implementation of tax and financial sector reforms to generate additional resources to fund infrastructure development, expand poverty-reducing services, and improve the quality and depth of financial intermediation. We expect real GDP

growth to be 10 percent in 2008 on the back of continued strong activity in construction, and investments in the energy, transportation, telecommunication, and industrial sectors. End-period inflation is expected to be around 4.5 percent on account of the removal of the gas subsidy and the associated increase in end-user tariffs.

A. Fiscal Policy

12. The proposed **2008 budget** aims for a deficit of AMD 92.1 billion (2.6 percent of GDP). In the context of the planned pension increase, we will consolidate the State Fund for Social Insurance (SFSI) with the state budget in 2008. Including the resources generated by the SFSI's 2007 surplus (AMD 10.3 billion or 0.3 percent of GDP), which will be used to finance the increase in average pensions, the deficit will reach AMD 102.4 billion (2.9 percent of GDP). Tax revenues and total expenditures, excluding the resources from the SFSI surplus of 2007, are budgeted at AMD 545.1 billion (15.5 percent of GDP) and AMD 696.0 billion (19.8 percent of GDP), respectively. On the **revenue** side, we are committed to increasing the tax-to-GDP ratio by at least 0.3 percent of GDP in 2008 by implementing the structural measures discussed below.²

13. On the **expenditure** side, given their currently low level, we will increase average pensions by 60 percent. Health and education allocations will be maintained broadly stable in terms of GDP. Budgetary sources to fund pensions will increase by 190 percent, to 1.5 percent of GDP. Capital expenditures are planned to increase from 4.7 percent to 5.2 percent of GDP on account of scaled-up donor assistance, in particular from the Millennium Challenge Account (MCA). A supplementary budget will be passed to allocate funds to additional capital expenditures if more funds become available. Should there be a shortfall in revenues, expenditures for the year will be reduced accordingly to ensure that the deficit target is met. Given medium-term expenditure pressures and uncertainties, any potential revenue over performance will be partially saved in order to reduce the overall deficit.

B. Monetary and Exchange Rate Policies

14. Monetary policy will continue to focus on price stability, supported by a flexible exchange rate. Should inflationary pressures increase, we will stand ready to tighten monetary policy by increasing the repo rate to safeguard monetary policy credibility in the transition to full-fledged inflation targeting. Given the rapid increase in monetary aggregates to date in 2007 and the associated inflationary risks, the CBA is projecting a reduction in money supply growth for the remainder of the year and in 2008. The monetary program seeks to limit reserve money growth to 32 percent in 2007 and under 22 percent in 2008. Foreign exchange interventions will be used as an instrument to manage liquidity and smooth

² This increase does not take into account a one-off payment of tax arrears by Armentel of around 0.2 percent of GDP.

out exchange rate volatility. Recognizing that international reserves are at a comfortable level, we envisage a slowdown in foreign reserves accumulation. We intend to increase the net issuance of treasury bills by AMD 25 billion, which will contribute to the development of the domestic government debt market.

15. We have achieved further progress in strengthening the institutional prerequisites in support of an inflation targeting (IT) framework and have continued to improve our operational framework. With support of IMF technical assistance (TA), we conducted a review of our strategy, organizational framework, and timeline to adopt full-fledged IT in the medium term. This review concluded that most of the key elements for successful inflation targeting are present in Armenia, including the independence of the CBA, appropriate internal organization and sufficient capacity in the central bank, a quarterly inflation projection model as one of the inputs in the monetary policy decision-making process, and a well-developed communication strategy. Since 2006, the CBA has issued quarterly inflation reports and published the minutes of its monthly board meetings on monetary policy. It is also in the process of moving from an end-year to a continuous inflation target. While the monetary transmission mechanism is still weak, it is being strengthened by financial deepening, the recent increase in interbank money market activity, and by the increased issuance of CBA securities. The latter also helped to significantly reduce excess bank liquidity in the first half of 2007. Over the medium term, the CBA intends to increase its holdings of treasury securities in order to strengthen its capacity to conduct reverse repo operations.

C. Structural Reforms

16. We will continue to press ahead with reforms to improve tax and customs collection, improve the tax system, and strengthen the financial sector.

Fiscal reforms

17. **Tax policy** will focus on:

- Finalizing the general part of the unified tax code and submitting it to parliament (structural benchmark, December 2007); we will also start preparing the specific part of the unified tax code, which we will submit to parliament by the end of next year;
- Submitting legislation to parliament to help increase tax revenues from imported and domestically produced tobacco products, preferably by moving these products from the presumptive to the regular VAT and excise regime; alternatively, we will raise the current tax rates on these products by at least 10 percent (structural benchmark, December 2007).

18. To promote the initial phase of stock market development, we contemplate, together with OMX, the Nordic stock exchange operator, to design temporary and limited tax

incentives that will apply to those listed companies that will maintain a significant free float. At the same time, our position is not to introduce any further new tax privileges or granting tax amnesties. In particular, we will allow the profit tax exemptions for foreign investors to expire at the end of 2007, and will remove the exemption for agriculture in 2009 under our agreement with the WTO. We also intend to limit the use of the presumptive tax regime, including by moving large-scale operations from the presumptive tax to the regular tax regime.

19. In **tax administration**, we will focus our efforts on improving tax audits, tax arrears collection, and the VAT refund system. In particular, we will

- Submit legislation to parliament to change the filing process by conducting cameral audits as part of the audit (not filing) program. We will also issue an order to eliminate recording commissions effective September 2008 (structural performance criterion, December 2007) since this does not require parliamentary approval;
- Continue to strengthen the IT capacity of the STS by (i) starting the pilot testing of risk-based software for VAT refunds (structural benchmark, October 2007), and (ii) implementing the automated risk-based audit selection system (structural benchmark, December 2007).
- Start the implementation of the three-year modernization program for the STS by, among other things, advancing in the establishment of self-assessment, improving VAT administration (including the implementation of risk-based VAT refunds), and developing training programs.
- Establish an institutional mechanism to avoid accumulation of unprocessed VAT refund claims.

20. In the area of **customs administration**, we continue to work with the World Bank on introducing risk-based Asycuda selectivity at all customs locations, increasing the proportion of imports directed through the green channel, and improving the exchange of information between the tax and customs administrations. We also plan (i) to increase the effectiveness of DTI and (ii) to implement a comprehensive post-release review strategy for imports with the aim of determining the real customs value of goods. The post clearance audit unit will start reporting quarterly statistics of its activities (with World Bank support), with a view to evaluating its efficiency and preparing a compliance model for importers and their agents.

21. We recognize the importance of better targeting government **expenditures** to ensure adequate public investment and social spending as well as high expenditure quality. In this regard, we plan to continue developing our program budgeting framework in ministries and other state bodies. We will discontinue the current gas subsidy in spring 2008, once earmarked privatization proceeds are exhausted, and will not introduce any new general subsidies in the energy sector. In order to strengthen the financial reporting framework of

NCOs, we are working with the World Bank and other donors to design and implement the NCO financial management and reporting framework.

Financial sector reforms

22. We will continue to move forward with **banking sector** reforms:

- To promote the development of the mortgage market, we will submit to parliament legislation allowing asset securitization and the issuance of mortgage-backed securities (structural benchmark, end-December 2007).
- To prevent opportunities for money laundering, we will submit to parliament a new law on Anti-Money Laundering and Combating the Financing of Terrorism in line with FATF 40+9 recommendations (structural benchmark, end-December 2007).
- To improve market transparency, we will take measures to enhance the ability of bank customers to obtain information on banks' financial terms from a single source, as mandated in the amendment to the Law "On Banks and Banking." A Consumer Protection Law to improve transparency in financial services is projected to be sent to parliament by the end of this year. The law will improve disclosure on financial terms of consumer loans and bank deposits and create the basis for the establishment of financial ombudsperson services.
- To further increase competition, we are actively encouraging the entry of reputable international commercial banks. The CBA has recently granted approval to two foreign financial institutions to acquire local banks and preliminary approval for a license for a new bank. Several more international banks have expressed interest to enter the Armenian market. Furthermore, the Dutch company Postfinance International is establishing postal bank services at Haypost.
- To improve efficiency of the unified banking regulation and supervision framework, we will move from a model of institutional supervision (separately for banks, credit organizations, and insurance companies) to a functional or process-oriented structure, separating the main functions of (i) prudential requirements; (ii) market conduct; and (iii) consumer protection.
- The CBA is currently preparing a draft law on the establishment of an independent Financial Supervision Agency (FSA). We plan to submit the draft law to parliament in 2008 and to establish the FSA by 2010/11.

23. In the area of **nonbank financial sector** reforms, we intend to do the following:

- **Pension reform.** With technical assistance from the World Bank and other donors, the pension reform working group has drafted a pension reform framework. Specific

details on the various scenarios are still being analyzed. In deciding the timing and final modalities of pension reform, we will ensure that macroeconomic stability is preserved, and will continue to adopt sound fiscal policies.

- **Insurance reform.** Further measures are planned for 2007 to develop the infrastructure supporting the insurance sector. These include (i) establishing procedures for the liquidation of insurance companies; (ii) introducing principles of corporate management based on international best practice; (iii) training actuaries and risk assessment specialists; (iv) creating a manual for conducting examinations in the insurance sector; and (v) creating a statistical center used for risk assessment and determination of insurance premium.
- **Securities market reform.** OMX has agreed to become the operator and owner of ARMEX. It is expected that a contract will be signed in early November 2007. The CBA has already identified a number of companies that are interested in issuing securities by means of initial public offerings (IPOs), which would provide market capitalization of at least \$1.3 billion (17 percent of GDP) in 5 years time, of which 30 percent would be freely tradable. There have already been first bond issues.

III. OTHER ISSUES

24. We have initiated discussions on a new three-to-five-year **anti-corruption strategy**, which will be drafted through a participatory process. The focus of the strategy will be on the implementation of legislative measures introduced in recent years. A first draft of the document is expected by June 2008.

25. We have prepared a draft of the **Law on State Debt**, intended to regulate the public debt management process and to improve monitoring of external debt contracted by private physical and legal entities. We plan to submit the draft to parliament by [November 2007].

IV. PROGRAM MONITORING

26. Program monitoring will be based on semi-annual quantitative performance criteria and indicative targets as well as structural performance criteria and benchmarks. The Technical Memorandum of Understanding (TMU) of October 2005 and the attached amendments to the TMU define the quantitative targets, the program adjustors, and specific reporting requirements. In particular, the performance criterion on tax revenues became an indicative target starting in June 2007. Completion of the sixth review under the PRGF arrangement, scheduled for May 16, 2008, will require observance of the revised quantitative performance criteria for December 2007, shown in Table 1, as well as the December 2007 structural performance criteria listed in Table 2.

Table 1. Armenia: Quantitative Targets, September 2006 – December 2007 1/
(End of period ceilings on stocks, unless otherwise specified)

	2006				2007							
	Sep.		Dec.		Sep.		Dec.					
	Prog.	Actual 2/	Prog.	Actual 3/	Prog. 2/	Actual 3/	Prog. 2/	Actual 3/				
Net domestic assets of the CBA 4/	-32.0	-49.4	-19.8	-115.4	-52.2	-48.5	-50.5	-78.2	-35.5	-50.6	-27.1	-50.7
Net banking system credit to the government	7.1	-3.8	-3.9	-31.8	-30.6	-42.3	-36.3	-70.1	-32.7	-46.5	-29.6	-40.5
Domestic arrears of the central government	0	0	0	0	0	0	0	0	0	0	0	0
Tax revenues of the central government (floor) 2/ 5/	259.1	268.8	378.1	383.8	93.4	94.2	204.2	210.0	326.4	337.8	458.8	479.3
Balance of the central government on a cash basis (floor) 5/	-48.5	-31.8	-60.2	-50.4	-14.0	11.0	-32.8	-0.1	-43.0	-28.2	-68.5	-56.5
Reserve money (band/level) 2/	(216-225)	231.1	(246-256)	283.0	(265-276)	264.8	(276-288)	287.3	(311-324)	(334-348)	(347-361)	(366-381)
Contributions to the State Fund for Social Insurance 2/ 5/	52.4	52.6	74.0	73.3	17.1	18.7	37.7	39.7	59.0	59.0	82.1	82.1
Contracting or guaranteeing of new nonconcessional external debt 5/ 6/	0	0	0	0	0	0	0	0	0	0	0	0
External arrears (continuous criterion)	0	0	0	0	0	0	0	0	0	0	0	0
Net official international reserves (floor)	543.9	528.0	577.2	812.2	877.6	819.7	910.6	990.5	967.8	1067.0	1050.8	1157.7

1/ All items as defined in the Technical Memorandum of Understanding.

2/ Indicative target.

3/ Performance criterion.

4/ At program exchange rates (500 dram per U.S. dollar in 2005, 450 dram per U.S. dollar in 2006, and 357 dram per dollar in 2007).

5/ Cumulative flow from the beginning of the calendar year until the end of the month indicated.

6/ Includes debt with maturity of more than a year as well as obligations with maturity of one year or less, excluding normal import-related credit and sales of treasury bills to nonresidents.

Table 2. Armenia: Status of Measures Under the Sixth Review of the PRGF

Item	Measure	Proposed Time Frame (End of Period)	Type of Conditionality	Status
<u>Tax policy</u>				
1	Submit to parliament the general part of the unified tax code.	December 2007	Structural Benchmark	
2	Submit legislation to parliament limiting access to the simplified tax regime to the retail and household services sectors.	December 2007	Structural Performance Criterion	
3	Submit legislation to parliament to help increase tax revenues from imported and domestically produced tobacco products preferably by moving these products from the presumptive to the regular VAT and excise regime; alternatively raise the current tax rates on these products by at least 10 percent.	December 2007	Structural Benchmark	
<u>Tax administration</u>				
4	Submit to parliament legislation to change the filing process by conducting camera audits as part of the audit (not filing) program.	December 2007	Structural Performance Criterion	
5	Issue an order to eliminate recording commissions effective September 2008.	December 2007	Structural Performance Criterion	
<u>Financial sector</u>				
6	Strengthen the IT capacity of the State Tax Service (STS): (i) Start the pilot testing of risk-based software for VAT refunds. (ii) Implement the automated risk-based audit selection system.	October 2007 December 2007	Structural Benchmark Structural Benchmark	
7	Submit to parliament legislation allowing asset securitization and issuance of mortgage-backed securities.	December 2007	Structural Benchmark	
8	Submit to parliament a new law on Anti-Money Laundering and Combating the Financing of Terrorism in line with FATF 40+9 recommendations.	December 2007	Structural Benchmark	

**Republic of Armenia: Amendments to the Technical Memorandum of Understanding
(TMU)**

The TMU dated October 26, 2005 and its amendments dated April 27, 2006, November 1, 2006, and June 1, 2007 will remain valid for the remainder of 2007, with the revised baseline assumptions for (program) exchange rates of the Central Bank of Armenia (CBA), foreign-financed project loan disbursements, World Bank lending, and *Kreditanstalt für Wiederaufbau* (KfW) loan disbursements as indicated in Tables 1 to 5 below, and the following amendment to apply from December 1, 2007.

Table 1. Armenia: (Program) Exchange Rates of the CBA
(As of December 31, 2006 for dollars per currency rates. Dram per
currency rates are calculated using the 357 dram per U.S. dollar rate)

Country	Dram Per Currency	Dollars Per Currency
Australian dollar	281.53	1.268070
Canadian dollar	306.20	1.165900
Swiss franc	292.86	1.219000
Danish krone	63.18	5.650100
Euro	470.51	1.317962
Pound sterling	699.33	0.510491
Japanese yen	3.00	119.070000
Norwegian krone	57.25	6.236000
Russian ruble	13.56	26.325500
Swedish krone	52.12	6.849700
U.S. dollar	357.00	1.000000
SDR	537.07	0.664717
Gold 1/	7,307.93	20.470378

1/ Per gram.

Table 2. Armenia: Cumulative Foreign-Financed Project Loan Disbursements 1/ 2/
(In billions of dram)

2007			
<u>March</u>	<u>June</u>	<u>September</u>	<u>December</u>
5.7	11.0	17.2	38.1

1/ Cumulative from December 2006, at program exchange rates.

2/ Excludes World Bank PRSC lending and KfW loan disbursements.

Table 3. Armenia: World Bank PRSC Lending 1/
(In billions of dram)

2007			
<u>March</u>	<u>June</u>	<u>September</u>	<u>December</u>
0.0	10.2	10.2	10.2

1/ Cumulative from December 2006, at program exchange rates.

Table 4. Armenia: KfW Loan Disbursements 1/
(In billions of dram)

2007			
<u>March</u>	<u>June</u>	<u>September</u>	<u>December</u>
1.1	1.5	4.2	7.2

1/ Cumulative from December 2006, at program exchange rates.

Table 5. Armenia: Total Grant Disbursements
(In billions of dram)

2007 1/			
<u>March</u>	<u>June</u>	<u>September</u>	<u>December</u>
3.8	8.4	16.8	26.8

1/ Cumulative from December 2006, at program exchange rates.