International Monetary Fund

Republic of Armenia and the IMF

Press Release: IMF Executive Board Completes Second Review Under Armenia's PRGF Arrangement and Approves US$4.9 Million Disbursement
May 18, 2006

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Republic of Armenia: Letter of Intent, Memorandum of Economic and Financial Policies, and Technical Memorandum of Understanding

April 27, 2006

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

April 27, 2006

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 2006. We request hereby the completion of the second review under the PRGF arrangement and the disbursement of SDR3.28 million.

The PRGF-supported program is on track. The Armenian economy continues to perform very well and all but one quantitative performance criteria and all structural performance criteria for end-December 2005 were observed. We request a waiver for the nonobservance of the performance criterion on the cash balance of the central government at end-December 2005. The target was missed by a small margin, largely due to unforeseen expenditures late in the year.

We recognize that a number of significant challenges remain to sustain high economic growth and reduce poverty. To this end, our economic program for 2006 contains specific measures to address weaknesses in tax and customs administration and strengthen the financial sector. 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, but it stands ready to take any additional measures that may be appropriate for this purpose. The Government will consult with the Fund in advance on the adoption of these measures in accordance with the Fund'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 IMF staff report.

Sincerely yours,

/s/
Andranik Margaryan
Prime Minister
Republic of Armenia

/s/
Vartan Khachatryan
Minister of Finance and Economy

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

REPUBLIC OF ARMENIA
MEMORANDUM OF ECONOMIC AND FINANCIAL POLICIES

April 27, 2006

1. This memorandum sets forth the government's economic objectives and policies for 2006, the second 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 expected to be updated by September 2006.

I. RECENT DEVELOPMENTS AND PERFORMANCE UNDER THE PROGRAM

2. The Armenian economy continued to register strong noninflationary growth in 2005, and a notable reduction in poverty. **Real GDP** grew by 14 percent, the fourth consecutive year of double-digit growth, led by construction and agriculture. Domestic demand continued to be buoyed by investment and robust remittances inflows. The end-of-period **inflation** rate fell from 2 percent in 2004 to -0.2 percent in 2005, reflecting a significant drop in food prices associated with a good harvest and an appreciation of the dram. The most recent household survey shows a further decline in **poverty** from 43 percent in 2003 to 39 percent in 2004, driven mainly by a decline in rural poverty.

3. **Fiscal policy** remained sound, with a central government cash deficit of 2.6 percent of GDP in 2005, and improving revenue performance. The tax-to-GDP ratio rose by 0.3 percentage points, the largest increase since 1999, on account of improved collection, particularly in value added and profit taxes. Both current and capital expenditures increased as budgeted, largely on account of higher social outlays and increased road construction. As a result, the central government deficit on a cash basis amounted to AMD 58 billion, within the budget limit of AMD 62 billion but slightly higher than programmed at AMD 52 billion.[1]

4. Broad **money** grew briskly, reflecting high demand for money and continued monetization in an environment of subdued inflation, increased confidence in the banking system, and an appreciating dram. Reserve money grew by 52 percent year-on-year in December due to Central Bank of Armenia (CBA) intervention in the foreign exchange market through September in the face of strong remittance flows and a run-down of government deposits in December.

5. Robust exports of base metals and processed foodstuffs, higher-than-expected tourism receipts, and large remittance inflows strengthened the **external current account** position, and gross official reserves increased by US$134 million in 2005. Armenia's

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[1] The deficit figures exclude the privatization fee of AMD 12.5 billion from revenues.

Millennium Challenge Account (MCA) Compact was signed in March 2006, and agreement was reached with the Lincy Foundation for a sizeable private grant.

6. All but one end-December **quantitative performance criteria** were observed (Table 1). The floor on the cash balance of the central government was missed by a small margin, largely on account of unforeseen current and capital expenditures. Moreover, two indicative targets were not observed. The ceiling on reserve money was exceeded, reflecting higher-than-projected net international reserve (NIR) accumulation. The floor on the contributions to the State Fund for Social Insurance was missed by a small margin because of transitional problems associated with the transfer of the collection function to the State Tax Service (STS).

7. We continued to make good progress in **structural reforms**. All end-December 2005 structural performance criteria and benchmarks were observed. In addition, the end-June 2005 benchmark on amending the legal provisions on tax audits was approved by parliament in December.

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

- In **tax policy**, we passed a law to increase the minimum contribution on social security payments from AMD 5,000 to AMD 7,000. We changed the denomination of excise taxes to drams and increased the rates to stem revenue losses associated with the dram appreciation. We submitted to parliament several amendments to existing tax legislation to (i) eliminate the exemptions for foreign exchange gains and narrow the carry-forward loss for the profit tax; and (ii) move numerous capital goods that were exempt from VAT payment at the border to the capital deferral system. The amendment to reduce the list of goods exempt from VAT payment at the border was not approved by parliament. We will also shortly submit to parliament legislation to broaden the base of the property tax.

- In **tax administration**, we raised sanctions for providing false documentation to revenue agencies; extended the time periods for audits of large enterprises to 90 days; permitted offsite examinations; and established a special large taxpayer unit for the mining sector. Additionally, we extended the STS territorial divisions and have finalized a 2006-08 IT strategy for STS that will form the basis for an action plan for the period ahead.

- A review of **customs administration** identifying the strengths and weaknesses of the State Customs Committee (SCC) was recently concluded. We increased the share of declarations of imports for which customs value is determined on the basis of declared transaction prices by over 5 percent. In addition, we reduced the share of import consignments selected for physical examination in the red and yellow channels. In the context of our Poverty Reduction Support Credit (PRSC), we have been working with the World Bank to implement a direct trader input (DTI) system in customs. We also established a pilot program for the TIR (Transport Internationale Routiers) customs house to conduct all customs processing through self-declaration and self-assessment.

- On the **expenditure** side, we moved forward the annual procurement process, which should improve budget execution in 2006, and introduced program budgeting for four ministries. We have continued to implement our action plan for improving noncommercial organizations' (NCOs) financial management and reporting and have passed a decree on sanction mechanisms for NCOs that fail to comply with reporting requirements.

9. We are continuing to strengthen the **financial sector** and its regulatory and supervisory framework. The amended Law on Banks and Banking was passed by parliament in December. It will strengthen consolidated banking supervision, improve corporate governance of banks, and enhance the effectiveness of external audits in risk management. With regards to the insurance sector, by-laws on prudential regulation as well as accounting and reporting requirements have been finalized. We also adopted a unified financial supervision system, integrating the insurance and security market licensing, regulation, and supervision functions into the CBA. Effective January 1, 2006, we announced the adoption of an implicit inflation targeting monetary policy framework.

10. We continue to make progress in other areas of structural reforms. In the **energy sector**, the Public Sector Regulatory Commission is deliberating over a proposal to increase gas tariffs for end-users on account of a new gas delivery contract price effective April 1, 2006.[2] The audit of Armenergo's balance sheet and its subsequent liquidation, which was postponed owing to delays in the judicial process, has been approved and a World Bank loan secured for its funding. Overall performance of the **water and irrigation** sectors has improved owing to reduced losses, tariff increases and improved collection. In cooperation with the World Bank, we started a 7-year program aimed at mitigating the impact of water tariff increases on socially vulnerable groups in the service area covered by the Yerevan Water and Sewage Company.

II. THE 2006 PROGRAM

11. We remain committed to our growth and poverty-reduction strategy and intend to update our PRSP by September 2006. Our macroeconomic policies will continue to focus on price stability and forceful implementation of tax, customs, 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 7.5 percent in 2006, unchanged from our previous forecast, in light of the uncertainties associated with the impact of the gas price increase on our economy, the

[2] The new gas delivery contract envisages an increase in gas import prices from $55 to $110 per 1000 cubic meters, effective April 1, 2006, and will have implications for end-user gas and electricity tariffs.

agricultural harvest, and a slowdown in the growth of remittances. We intend to revise our macroeconomic framework in consultation with Fund staff in the second half of the year. Inflation is expected to be 3 percent.

A. Fiscal Policy

12. The approved **2006 budget** aims for a deficit of AMD 69.9 billion (2.8 percent of GDP), consistent with our Medium-Term Expenditure Framework for 2006-08. Tax revenues and total expenditures are budgeted at AMD 364.3 billion (14.8 percent of GDP) and AMD 482.2 billion (19.6 percent of GDP), respectively. On the **revenue** side, we are committed to increasing the tax-to-GDP ratio by 0.3-0.4 percentage points in 2006, in line with our PRSP objectives. To this end, we will revisit tax revenue performance during the year and adjust the tax target upward if warranted by a revision of our nominal GDP growth forecast. We recognize that our tax target is ambitious, but are confident that it will be achieved.

13. On the **expenditure** side, the combined education, health, and social security allocations are budgeted to rise to 7 percent of GDP compared to an estimated outturn of 6.1 percent of GDP in 2005. Capital expenditure is budgeted to increase to 5.4 percent of GDP (excluding potential disbursements from the MCA) compared to 3.8 percent of GDP in 2005. In the event of any MCA disbursements in 2006, a supplementary budget will be passed to allocate the funds to additional capital expenditures.

B. Monetary and Exchange Rate Policies

14. Price stability will continue to be the main objective of monetary policy. We will also retain the flexible exchange rate regime, with foreign exchange interventions used as an instrument to address excess liquidity and to smooth out volatility in the exchange rate. Given the rapid increase in monetary aggregates in 2005 and the associated inflationary risks, the CBA is targeting a reduction of money supply growth in 2006. The monetary program seeks to limit reserve money growth to 19.2 percent and envisages a slower buildup in foreign reserves relative to 2005. The program, based on conservative assumptions on velocity and the money multiplier, targets inflation of 3 percent. We intend to increase the stock of treasury bills by AMD 7 billion, which will contribute to the development of the domestic government debt market. Additionally, we are working towards an agreement between the Ministry of Finance and Economy (MOFE) and the CBA regarding the recapitalization of the CBA.

15. Our medium-term goal is to move towards a full-fledged **inflation targeting** monetary policy framework. In this regard, we are in the process of identifying the necessary steps and formulating an action plan, including better understanding of the monetary transmission mechanism and developing forward looking inflation forecasting models.

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 (Table 3).

Fiscal reforms

17. The government's two-year Tax Action Plan, approved in May 2005, will remain the centerpiece of our program to improve our tax system. Specific measures that we intend to implement in 2006 are discussed below.

18. In **tax policy**, we aim to broaden the tax base. Specifically, we intend to submit to parliament an amendment to the Law on the Simplified Tax to narrow the access to the simplified tax regime by excluding activities that require state licenses with annual stamp duties of AMD 1 million or more (structural performance criterion, end-September 2006).

19. Additional tax policy measures that we intend to implement over the medium term include finalizing a unified tax code; moving all remaining exemptions from VAT payment at the border; moving large-scale operations from the presumptive tax to the regular tax regime; replacing the presumptive taxes on petroleum, diesel, and cigarettes by a specific excise and the VAT; and establishing a consolidated VAT and customs duty payment for vehicle imports for personal use and revising the property tax rates for vehicles. We also intend to allow the current profit tax exemptions for foreign enterprises to expire as stipulated in the law, and will not introduce any new tax privileges. Finally, we intend to submit to parliament amendments to the respective tax laws to incorporate large-scale producers in the agricultural sector in the normal tax regime.

20. In **tax administration**, we will focus our efforts on arrears collection, taxpayer compliance, and information technology (IT). We intend to:

- complete a 2006-08 IT and acquisition action plan for the STS and secure budget resources (structural benchmark, end-June 2006) with a view to (i) improving the IT management capacity; (ii) implementing risk-based selection criteria in the areas of audits, arrears collection, and VAT refunds; (iii) improving information sharing between the tax inspectorates and headquarters; and (iv) establishing a unified database for social contributions, tax collection, and tax arrears to enable improved cross-checking.

- start applying universal VAT cross-checks (structural benchmark, June 2006).

- implement our plan for the collection of tax arrears with a view to collecting or writing off at least AMD 20 billion of the end-2005 stock of tax arrears by December 2006, with a particular focus on the largest arrears holders, and aim to ensure that no new arrears are incurred on a monthly basis.

- continue to implement an annual audit plan for large enterprise, adopt a methodology for off-site audits; limit the number of revisions in tax returns that may be submitted by taxpayers, and prohibit such revisions during tax audits.

- implement the action plans on the verification of reported tax losses and on raising revenues from large taxpayers and to produce end-year progress reports

21. The operational review of **customs administration** identified a number of areas for improvement in customs operations. In particular, to strengthen administration, and improve transparency, we intend to:

- establish a dedicated Risk Management Unit in the SCC. One of the objectives of the unit will be the regular review and updating of examination selectivity criteria. (structural benchmark, end-June 2006).

- expand the use of the examination selectivity module in ASYCUDA to all customs houses and customs points (structural benchmark, end-September 2006).

22. We also intend to publish quarterly newsletters clarifying customs legislation and changes in procedures; design and implement a new system for the examination and licensing of customs brokers; and, in addition to complying with our regular reporting requirements to the IMF, to prepare and submit to the IMF detailed statistics on violations of customs rules and smuggling cases. Finally, we will continue to work with the World Bank and other development partners on other measures, including implementing DTI in line with our discussions with the World Bank; and completing and introducing an intelligence–based system based on risk assessment.

23. We recognize the importance of better targeting government **expenditures** to ensure adequate public investment and social spending as well as high expenditure quality, particularly in light of the expenditure increases envisaged in 2006. In this regard, we plan to work towards the implementation of the NCO financial management and reporting action plan by end-year.

Financial sector reforms

24. We recognize the importance of increasing competition and improving confidence in the banking system. We are encouraging the entry of reputable international commercial banks to increase competition in the banking sector. As regards **banking regulation and supervision**, we will specify and implement a consolidated supervision framework for monitoring beneficiary owners beyond the licensing stage in order to determine the appropriate structure of corporate governance and to identify how affiliate companies and related parties impact on the bank's operations (structural benchmark, end-June 2006). We intend to publish a compliance report in June 2006, at the end of the six month grace period for compliance with the amended Law on Banks and Banking. In addition, we plan to draft and submit to government an amendment to the Law on Banking Secrecy which would

allow the CBA to publish violations of and sanctions against commercial banks that do not comply with the Law on Banks and Banking. This will increase CBA accountability as well as public scrutiny of commercial banks.

25. Regarding **foreign exchange cash operations**, and with a view to the containment of activities in the shadow economy and of money laundering, we will strengthen the regulation and supervision of foreign exchange offices and require foreign exchange offices to limit their operations to the provision of retail services to households. In addition, we intend to tighten the restrictions regarding the depositing of large amounts of foreign exchange cash on company bank accounts to those transactions where the legal origin of cash funds can be proven. Lastly, we plan to improve the enforcement of the prohibition of foreign exchange cash transactions in the retail sector. In this context, the STS together with CBA and MOFE will conduct a review and propose specific measures to strengthen enforcement prohibiting foreign cash transactions in the retail sector by June.

26. In the **insurance sector**, we are in the process of implementing a regulatory and supervisory framework, focusing on accounting, auditing, financial reporting, solvency, reserves, and reinsurance. An action plan to improve the general insurance market framework has already been prepared, including the implementation of a claims reporting system, a data base for actuarial projections, and prudential requirements. We intend to submit to parliament an amendment to the Law on Insurance that will eliminate the limitations on the range of services that insurance companies with substantial foreign ownership (above 49 percent of capital) can provide in Armenia (structural performance criterion, end-June 2006).[3] We will also encourage the entry of reputable foreign insurance companies to facilitate the availability of a large range of life and non-life insurance products.

27. We are planning a fundamental reform of the **pension system**. In this regard, we have finalized a comprehensive actuarial analysis considering various alternative scenarios for the establishment of a new multi-pillar system. We aim at reaching a decision on the new pension system by September 2006. Implementation will begin on January 1, 2008. We are aligning the Capital Markets regulatory framework with our current developmental needs. In this context, we aim to reduce the reporting and regulatory burden on non-traded and non-listed companies and to encourage listings in the Stock Exchange. To achieve the latter, we will partner with a reputable foreign stock exchange company and encourage cross-border trade in securities.

[3] According to Article 6 of the present law, insurance companies that have more than 49 percent foreign interest in their statutory capital may not carry out life insurance and mandatory insurance.

III. OTHER ISSUES

28. We have completed our **PRSP** progress report, which draws upon the results of the 2004 household survey to reflect the developments since the adoption of the PRSP in 2003. We plan to update our PRSP by end-2006 through a participatory process.

29. In the **energy sector**, we plan to complete the audit of Armenergo and its liquidation by September 2006. We will continue with our efforts to improve efficiency and reduce losses in the energy sector by strengthening technical and management links in midstream companies. We also intend to strengthen further the capacity of the water user associations and to restructure the state-owned water distribution company to move toward cost recovery in the irrigation sector. On governance, we intend to update our anti-corruption action plan at end-2006.

IV. PROGRAM MONITORING

30. Program monitoring will continue to be based on semi-annual quantitative performance criteria and quarterly indicative targets as well as structural performance criteria and benchmarks. The Technical Memorandum of Understanding (TMU) of October 2005 and the attached amendment to the TMU define the quantitative targets of Table 1, the program adjustors, and specific reporting requirements. Completion of the third review under the PRGF arrangement, scheduled for November 16, 2006, will require observance of the revised performance criteria for end-June 2006 shown in Table 1 as well as the structural performance criteria listed in Table 2. The completion of the fourth review under the PRGF arrangement scheduled for May 16, 2007 will require observance of the quantitative performance criteria for end-December 2006 shown in Table 1 as well as the December structural performance criteria listed in Table 2.

Table 1. Table of Structural Measures for the Third Review under the PRGF

Measure	Type of Conditionality	Target Date (End of Period)
Tax policy		
Submit to parliament an amendment to the Law on Simplified Tax that narrows access to the simplified tax regime by excluding activities that require state licenses with annual stamp duties of AMD 1 million or more.	Structural Performance Criterion	September 2006
Tax administration		
Complete a 2006-08 IT and acquisition plan for the STS based on the strategy paper and secure budget resources.	Structural Benchmark	June 2006
Start applying universal VAT cross-checks.	Structural Benchmark	June 2006
Customs administration		
Establish a dedicated Risk Management Unit in the SCC. One of the objectives of the unit will be the regular review and updating of examination selectivity criteria.	Structural Benchmark	June 2006
Expand the use of the examination selectivity module in ASYCUDA to all customs houses and customs points.	Structural Benchmark	September 2006
Financial Sector		
Submit to Parliament an amendment to the Law on Insurance that eliminates the limitation on the range of services that insurance companies with substantial foreign ownership (above 49 percent of capital) can provide in Armenia.	Structural Performance Criterion	June 2006
Specify and implement a consolidated supervision framework for monitoring beneficiary owners beyond the licensing stage, in order to determine the appropriate structure of corporate governance and to identify how affiliate companies and related parties impact on bank's operations.	Structural Benchmark	June 2006

Table 2. Armenia: Quantitative Targets, September 2005 – December 2006 1/
(End of period ceilings on stocks, unless otherwise specified)

	2005				2006			
	Sep.		Dec.		Mar.	Jun.	Sep.	Dec.
	Prog.	Act. 2/	Prog.	Proj. 3/	Prog. 2/	Prog. 3/	Prog. 2/	Prog. 3/
Net domestic assets of the CBA 4/	-56.7	-56.7	-51.4	-42.5	-40.9	-29.8	-27.3	-15.4
Adjusted target 5/			-41.4					
Net banking system credit to the government	-20.8	-19.2	-4.8	5.16	2.6	-1.2	7.1	21.2
Adjusted target 5/			5.2					
Domestic arrears of the central government and the	0	0	0	0	0	0	0	0
Tax revenues of the central government (floor) 6/	224.2	224.0	314.0	321.5	74.1	162.1	259.1	364.3
Balance of the central government on a cash basis (floor) 6/	-23.3	-29.3	-52.0	-58.0	-11.4	-31.9	-48.5	-69.9
Reserve money (band/level) 2/	(169-176)	173.8	(181-188)	(197-205)	(189-197)	(199-207)	(216-225)	(234-244)
Contributions to the State Fund for Social Insurance 2/ 6/	46.4	43.7	64.8	60.1	16.1	34.0	52.4	74.0
Contracting or guaranteeing of new nonconcessional external debt 6/ 7/	0	0	0	0	0	0	0	0
External arrears (continuous criterion)	0	0	0	0	0	0	0	0
Net official international reserves (floor) 8/	437.8	437.8	449.9	458.4	494.6	492.0	527.2	542.1
Adjusted target 5/			439.9					

1/ All items as defined in the Technical Memorandum of Understanding.
2/ Indicative target.
3/ Performance criterion.
4/ At program exchange rate of 500 dram per U.S. dollar for 2005 and program exchange rate of 450 dram per U.S. dollar for 2006.
5/ The December 2005 target has been adjusted by AMD 10 billion on account of lower-than-expected World Bank project lending.
6/ Cumulative flow from the beginning of the calendar year until the end of the month indicated.
7/ 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.
8/ Excludes reserve money liabilities denominated in foreign currencies from September 2005 onwards.

AMENDMENTS TO THE TECHNICAL MEMORANDUM OF UNDERSTANDING (TMU)

The TMU dated October 26, 2005 will remain valid for the remainder of 2006, with the revised baseline assumptions for (program) exchange rates of the CBA, foreign-financed project loan disbursements, World Bank lending, and KfW loan disbursements as indicated in Tables 1 to 4, and the following amendments to apply from June 1, 2006.

1. Sentence 5 of paragraph 1 in the TMU will be replaced by the following sentence: "Gross reserves are reported separate from the balance on the government's Special Privatization Account (SPA) and Millennium Challenge Account (MCA) and exclude capital subscriptions in foreign financial institutions and illiquid foreign assets."

2. Sentence 3 of paragraph 2 in the TMU will be replaced by the following sentence: "To evaluate program targets, the dram-equivalent values of NIR, medium- and long-term liabilities, and reserve money in U.S. dollar are calculated at the program exchange rate of dram 450.00 per U.S. dollar."

3. In Section III on Structural Performance Criteria and Benchmarks, the performance criteria and benchmarks of the second review are replaced by those for the third review.

4. In Section IV on Data Reporting, the following amendments are made with regard to the timing of data provision to the IMF by the CBA:

- CBA balance sheet (weekly): Replace "Within 1 day of the end of each week" by "Each Friday";
- Monetary survey: Replace "Within 21 days of the end of each month" by "Within 25 days of the end of each month";
- International reserves (weekly): Replace "Within 1 day of the end of each week" by "Each Friday";
- International reserves (monthly): Replace "Within 2 days of the end of each month" by "Within 21 days of the end of each month";
- Foreign exchange market: Replace "Within 1 day of the end of each week" by "Each Friday";
- Bank liquidity: Replace "Within 7 days of the end of each month" by "Within 10 days of the end of each biweekly period".

Table 1. Armenia: (Program) Exchange Rates of the CBA
(As of December 30, 2005 for dollars per currency rates. Drams per currency rates are calculated using the 450 drams per U.S. dollar rate)

Country	Drams Per Currency	Dollars Per Currency
Australian dollar	328.05	0.729003
Canadian dollar	386.63	0.859171
Swiss franc	341.53	0.758946
Danish krone	71.87	0.159710
Euro	532.13	1.182501
Pound sterling	773.10	1.718008
Japanese yen	3.82	0.008483
Norwegian krone	66.78	0.148404
Russian ruble	15.63	0.034741
Swedish krone	56.39	0.125303
U.S. dollar	450.00	1.000000
SDR	643.17	1.429266
Gold 1/	7483.03	16.628956

1/ Per gram.

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

2006			
March	June	September	December
7.4	14.9	23.1	31.6

1/ Cumulative from December 2005, 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 drams)

2006			
March	June	September	December
9.0	9.0	9.0	9.0

1/ Cumulative from December 2005, at program exchange rates.

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

2006			
March	June	September	December
0	1.1	2.2	3.3

1/ Cumulative from December 2005, at program exchange rates.