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INTERNATIONAL FINANCE CORPORATION

INTERNATIONAL DEVELOPMENT ASSOCIATION

INTERNATIONAL CENTRE FOR SETTLEMENT OF INVESTMENT DISPUTES

MULTILATERAL INVESTMENT GUARANTEE AGENCY

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Statement by the Hon. **LEVON BARKHUDARYAN**,  
Governor of the Fund for the **REPUBLIC OF ARMENIA**,  
at the Joint Annual Discussion

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Honorable Mr. Chairman,  
Honorable Mr. President,  
Honorable Mr. Managing Director,  
Dear Governors,  
Distinguished Guests,  
Ladies and Gentlemen:

I want to thank first of all the organizers of the meetings for having everything well prepared, as well as for warm hospitality we all can feel here. The meetings in Prague are important to many Fund and Bank members in a sense that Czech Republic is one of the most advanced in transition, and being here gives us a chance to get the first-hand experience of the successful transition.

Mr. Chairman, on behalf of my authorities I would like to welcome again the new Managing Director of the IMF. Mr. Camdessus has done a lot to turn IMF into an efficient and cooperative organization, and we are full of hope that with the new Managing Director those efforts will be further enhanced.

The international community is currently facing new challenges associated with globalization. And the theme of the IMF Annual Report perfectly matches the main challenge – to make the global economy work for all. Not only the countries borrowing from the IMF and the WB shall liberalize their economies, but also industrialized countries shall open their economies to the developing ones – thus allowing them to fully capture the benefits of globalization. This is an area where we feel that International Financial Institutions, the Bank and the Fund in particular, in parallel with the WTO, shall be more specific.

Mr. Chairman, we all witness globalization providing enormous opportunities for growth, investment and transfer of know-how and technology, bringing about unprecedented economic expansion and welfare gains in the global economy. At the same time, the extreme income inequalities between nations are threatening to become a major source of political instability in the world. As stated in the Joint Statement by the Managing Director of the Fund and the President of the Bank, rapid growth in the world economy, fueled by expanding international trade and advancing technology, and resulting more rapid increases in living standards to more of the world's people than ever before in history is paralleled with severe deprivation and inequality, when one fifth of the world's population lives on less than a dollar a day. Particularly in this respect I would like to underscore the importance of regional cooperation initiatives – their inclusion in both IMF and WB programs to provide for more regional integration and thus increased economic efficiency to help overcome poverty.

In our efforts to combat poverty, it is of critical importance to rely more and more on country-owned strategies, and we are happy to see this idea getting more support throughout the international community. Despite well practiced measures to achieve macroeconomic stability and structural reforms, none of them is going to succeed if individual circumstances of a country are not taken into account. We do hope that in the forthcoming IMF and WB programs we will have a clear demonstration of this approach, which would provide for a strong guarantee for the success of the programs. It goes without saying that in the discussions of those strategies both the IFIs and the Governments shall rely on broad participation of civil society, thereby ensuring that it is the nation as a whole that accepts responsibility for its own development.

Participatory process is vital for development of sound and credible Poverty Reduction Strategies – process that Armenia is currently in. In developing our I-PRSP, with the help of multilateral institutions and in particular the World Bank we have involved ourselves in a broad-based participatory process with the civil society, represented by the NGOs, Parliament, political parties, as well as with the international donor community. We are confident that having the civil society participating in the development of PRSP, especially full PRSP will ensure successful implementation of poverty reduction strategies, with the civil society supporting our policies to reduce poverty and enhance economic growth.

We expect that the I-PRSP will be the basis for us to start new multi-year programs with both the IMF (PRGF) and the WB (SAC-IV). Despite several shocks to the economy, Armenia continues to have a stable macroeconomic environment and reform-oriented Government, which has had successful discussions with both institutions over the forthcoming programs, expected to be approved within this year.

The Government of Armenia is confident that, with the help of the international community, we will be able to achieve the goals set in the I-PRSP (further to be specified in full PRSP). Having the support of IMF in areas like macroeconomic stability (balance of payments and exchange rates, and fiscal and monetary policies), as well as in structural reforms needed to ensure the sustainability of the macroeconomic stability, and the WB assisting us in poverty reduction through institutional, structural and social reforms will enable the Government to push ahead with necessary reforms to foster economic growth and minimize poverty.

Thank you.