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## Armenia: Public Efficiency and Financial Markets Program (Subprogram 2)

Ordinary capital resources       US\$ 50.00         Strategic Agendas       Inclusive economic growth         Drivers of Change       Governance and capacity development Partnerships Private sector development         Sector / Subsector       Finance - Finance sector development - Money and capital markets Public sector management - Public expenditure and fiscal management         Gender Equity and Mainstreaming       No gender elements         Description       The proposed program is the second of two subprograms within the current programmatic assis approach of ADB in Armenia. It supports the government reform efforts in the areas of public de fiscal risk management, and financial and capital markets development. Specifically, the propos program will continue to: (i) strengthen public debt and fiscal risk management, in support of th Authorities' fiscal consolidation efforts and attempts to reduce financial risks in the economy: to corporate debt and equity markets, by enhancing corporate transparency. by depending the opeyment securities market and improving money market infrastructure; and (iii) foster the development to corporate debt and equity markets, by enhancing corporate transparency and development on proves on loctober 2012. It this second sub-program, for \$50 million, is expected to be approvee October 2018. A transaction technical assistance (TA) has facilitated reform preparation and implementation during both subprograms.         Project Rationale and Linkage to Country/Regional Strategy       Subprogram 2 reforms bring to fruition a number of key legal and institutional game-changers fo financial markets development framework will help bring to fruition. In general, financial/Capital mai can improve risk sharing and the nossit connonic growth and w	oject Name	Public Efficiency and Financial Markets Program (Subprogram 2)		
Project Status         Approved           Project Type / Modality of Assistance         Loan           Source of Funding / Amount         Loan: Public Efficiency and Financial Markets Program (Subprogram 2) Ordinary capital resources         US\$ 50.00           Strategic Agendas         Inclusive economic growth         US\$ 50.00           Drivers of Change         Governance and capacity development Partnerships Private sector development         Finance - Finance sector development - Money and capital markets Public sector management - Public expenditure and fiscal management           Gender Equity and Mainstreaming         No gender elements         The proposed program is the second of two subprograms within the current programmatic assis approach of ADB in Armenia. It supports the government reform efforts in the areas of public de fiscal risk management, and financial and capital markets development. Specifically, the propose program will continue to: (i) strengthen public debt and fiscal risk management, in support of th Authorities' fiscal consolidation efforts and attempts to reduce financial risks in the economy; (i) improve money market liquidly and financial and capital markets becompt and the development corporate debt and equity markets, by enhancing corporate transparency, by depending legisis frameworks for new instruments and investment vehicles. The first sub-program for 40 million approved in October 2017; this second sub-program, for 50 million, is expected to be approved october 2018, A transaction teamical and transcus turbus during in the benefits of complementary reform processes implemented in Subprogram 1, and puts in motion new reform processes that the pro prost-program gragement finamework will help bring to million. In general, financi/2/apit	oject Number	51060-003		
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	nkage to Country/Regional rategy	financial markets development in Armenia, thus sustaining the benefits of complem processes implemented in Subprogram 1, and puts in motion new reform processes post-program engagement framework will help bring to fruition. In general, financial can improve risk sharing and the risk-management efficiency with which financial r allocated in a real economy. This can boost economic growth and welfare. But in pa development of the financial markets is crucial for Armenia because it would: 1. Support government funding in the domestic market, thereby reducing the curre foreign currency exposure; 2. Support the traction of monetary policy levers and provide suitable instruments deal with macroeconomic shocks and the increased risks to financial stability of hig 3. Develop local capital markets, on the back of the development of an effective go market, to enable banks' maturity transformation, companies' and households' acc borrowing (reducing foreign currency exposures in private sector balance-sheets or 4. Improve efficiency of capital allocation and intermediation between investors an particularly where adequate disclosure and legal framework to protect investor and	nentary reform s that the proposed al/Capital markets resources are articular, the ently very-high for the authorities to by dollarization; overnment securities ess to local currenc ver time); d borrowers,	
	ipact	Fiscal sustainability and resilience in the finance sector increased by 2020		
Project Outcome	oject Outcome			
Description of Outcome Depth of financial markets increased	escription of Outcome	Depth of financial markets increased		
Progress Toward Outcome	ogress Toward Outcome			

Public debt and fiscal risk management policies strengthened
 Government's securities market and money-market

infrastructure improved

3. Base of instruments and investors broadened, and corporate transparency enhanced

Status of Implementation Progress (Outputs, Activities, and Issues)				
Geographical Location	Nation-wide			
Safeguard Categories				
Environment	С			
Involuntary Resettlement	С			
Indigenous Peoples	С			
Summary of Environmental and Social Aspects				
Environmental Aspects				
Involuntary Resettlement				
Indigenous Peoples				
Stakeholder Communication, Participation, and Consultation	n			
During Project Design				
During Project Implementation				
Responsible ADB Officer	Forinha Fornandos, João Podro			
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Responsible ADB Department Responsible ADB Division	PPFDPFFM			
Executing Agencies	Ministry of Finance (MOF)			
Executing Agencies	1 Melik Adamyan, Yerevan Armenia			
Timetable				
Concept Clearance	-			
Fact Finding	17 Jun 2018 to 26 Jun 2018			
MRM	03 Sep 2018			
Approval	09 Nov 2018			
Last Review Mission	-			
Last PDS Update	09 Nov 2018			
Project Page https://www.adb.org/projects/	https://www.adb.org/projects/51060-003/main			
Request for Information http://www.adb.org/forms/req	http://www.adb.org/forms/request-information-form?subject=51060-003			
Date Generated 13 November 2018	13 November 2018			

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