

# Armenia: Building Opportunity



Republic of Armenia

# YEREVAN

The capital of Armenia



- Area - Total 29.800 sq. km
- Population - 3,231,900
- Currency – Armenian Dram

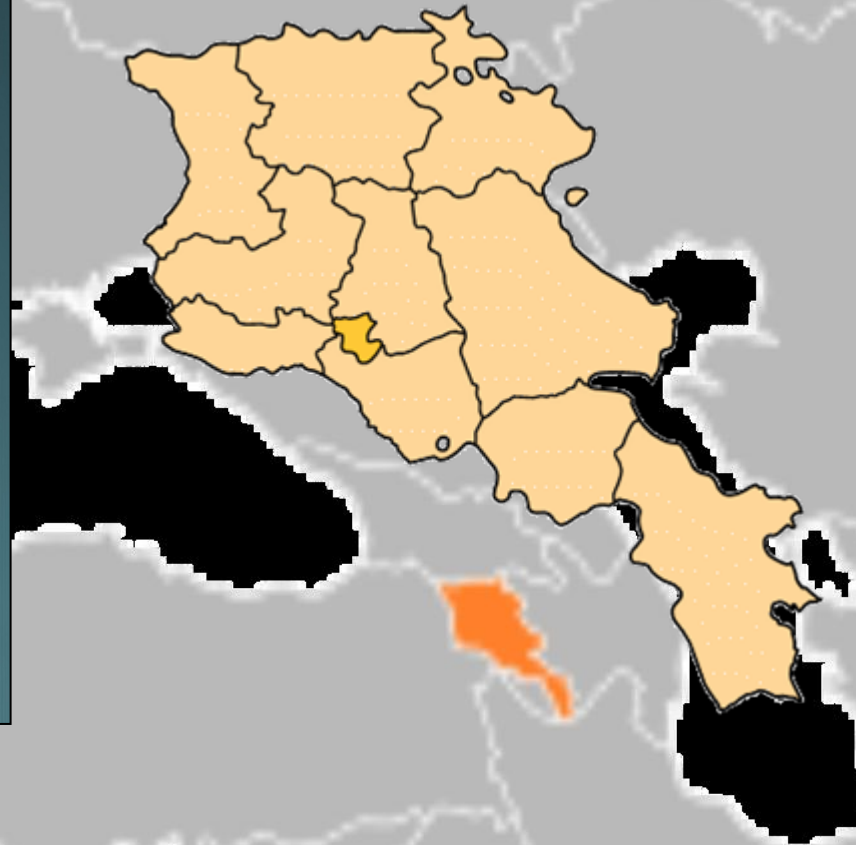
---

## BORDER COUNTRIES /

Border length in km.

1. Azerbaijan - 566 km,
2. Georgia - 164 km,
3. Iran - 35 km,
4. Turkey - 268 km

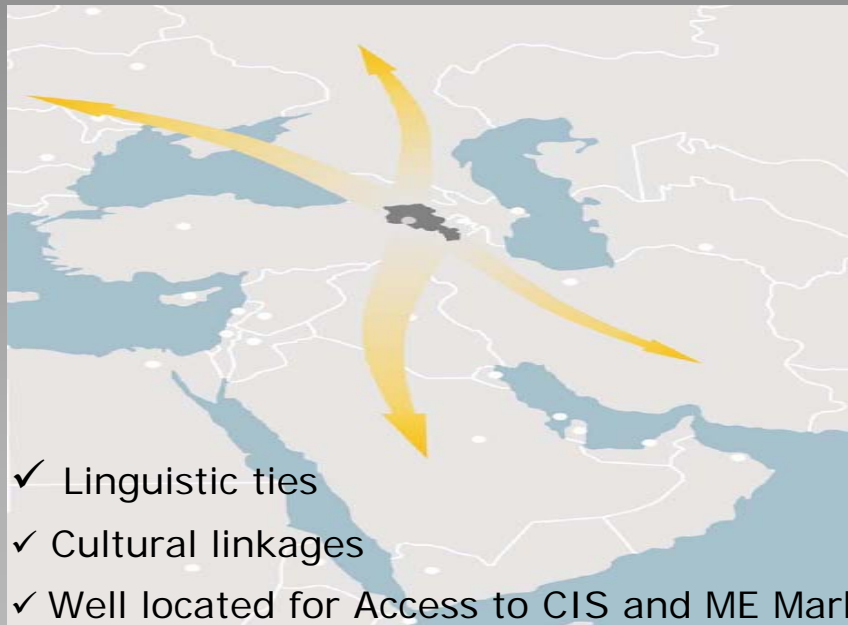
**Armenia**  
COUNTRY LOCATION



# Armenia: Building Opportunity

## Building Bridges

**Armenia as a platform for international partnerships**



- ✓ Linguistic ties
- ✓ Cultural linkages
- ✓ Well located for Access to CIS and ME Markets
- ✓ Trading agreements
- ✓ Active Diaspora and Talented workforce
- ✓ Favorable Investment Legislation
- ✓ No Restrictions on Foreign Investor Ownership
- ✓ Free Repatriation of Profit

## Closing Opportunity Gaps

**Untapped potential as a vehicle for growth**



- ✓ Highly trained human capital
- ✓ Unexploited resources
- ✓ A government ready for partnerships in:

**Technology,**

**Education, Life Sciences,**

**Tourism, Energy and Infrastructure**

# Political Environment and Reforms



Post- election stable situation

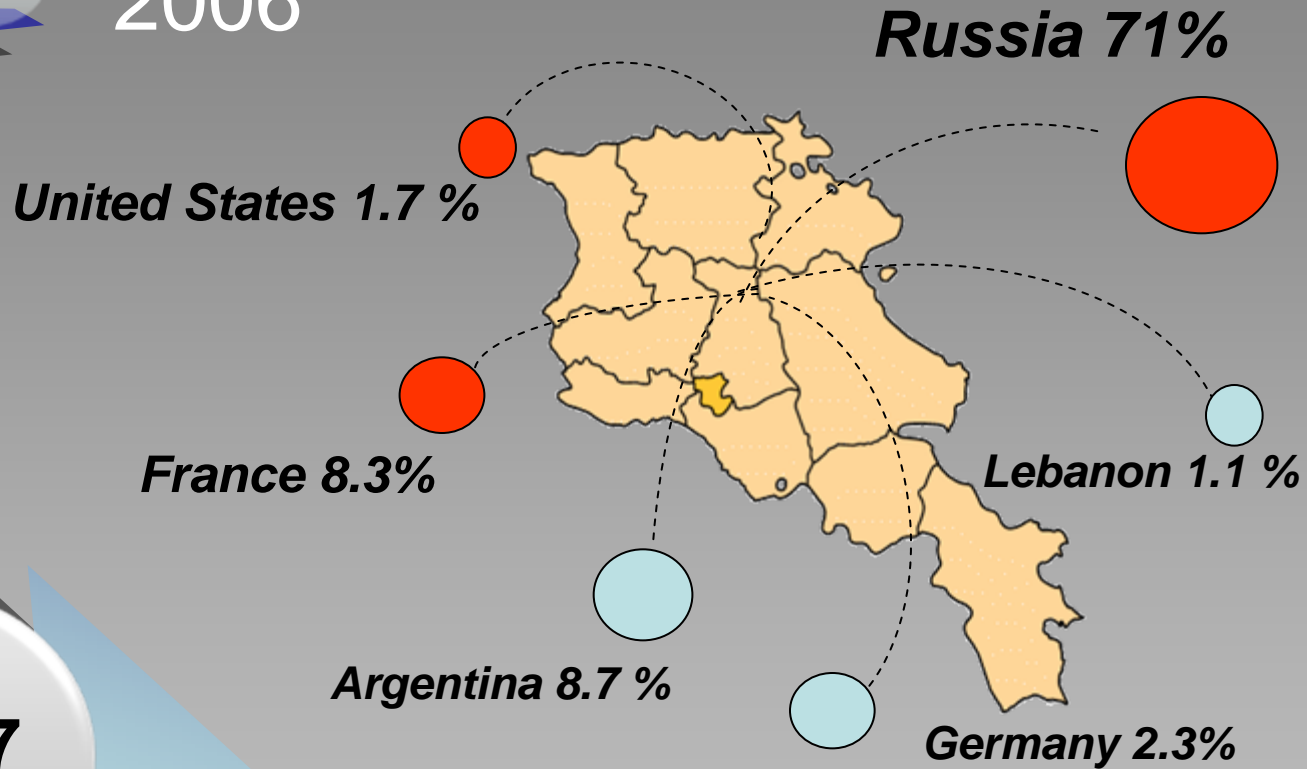
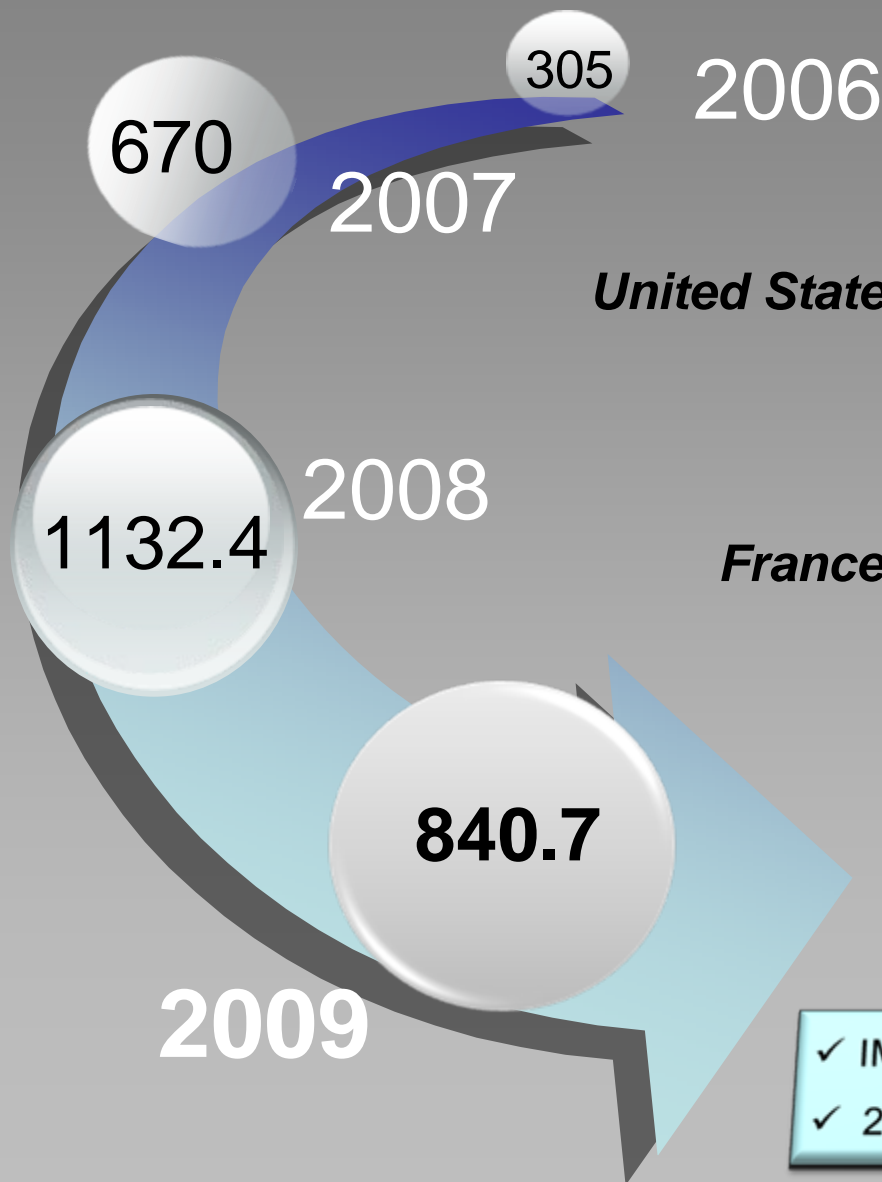
Ambitious tax reforms

Government Commitment to FDI Attraction

Open international relations

*Armenia is a member of IMF, WTO, MIGA, Council of Europe and etc. As a member of MIGA it is possible to get MIGA guarantees to insure investment against political risk. Armenia is a member of more than 40 international organizations.*

# FDI Inflows (mln. USD)



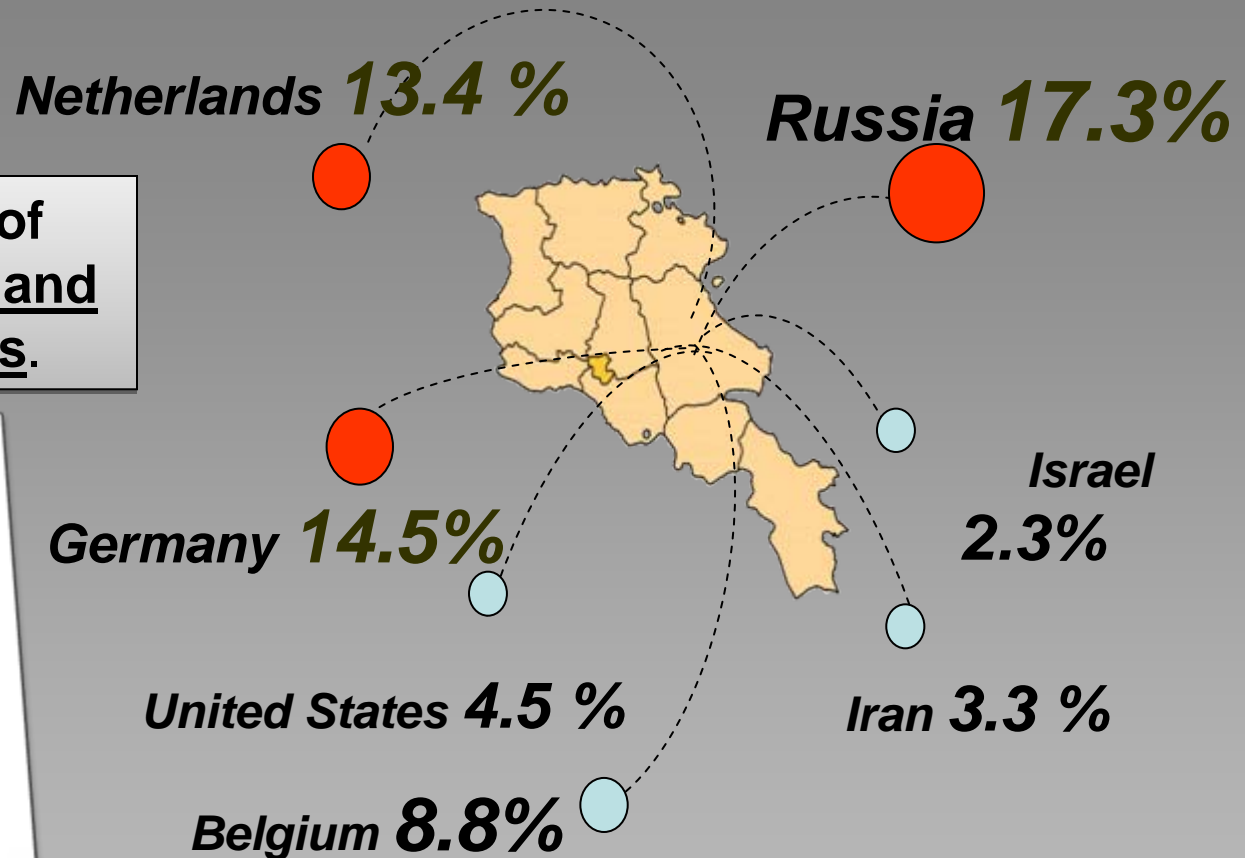
- ✓ IMF indicates lowest inflation in Armenia in CIS in 2007
- ✓ 2001-2007 the average annual GDP growth was **13%**

# Armenian exports

**Rapid export growth of  
Construction materials and  
Semi-Precious Stones.**

**Major export items  
for Armenia are:**

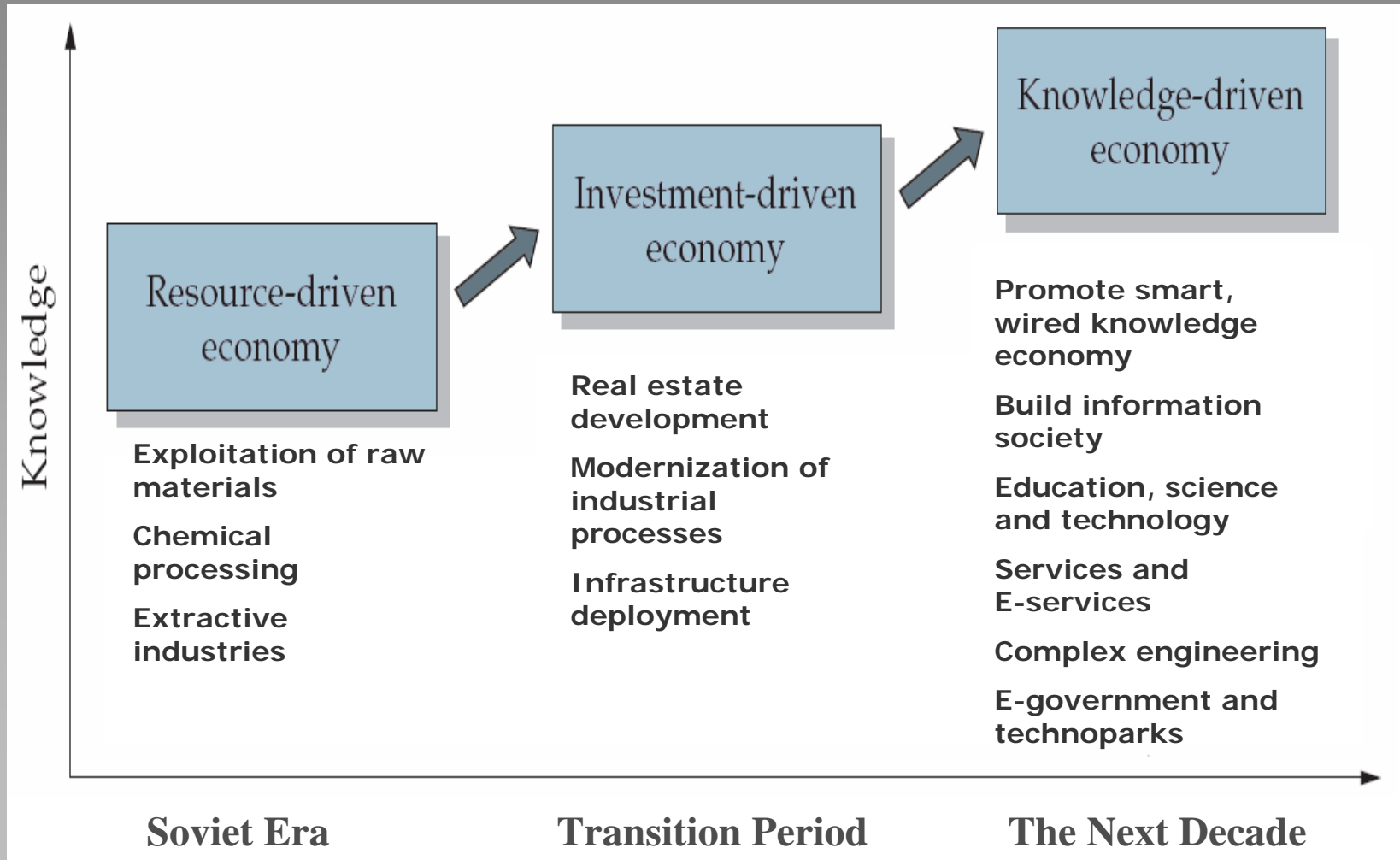
- Software
- Nonferrous metals
- Unwrought copper
- Diamonds
- Mineral products
- Foodstuff



- ❑ **NO EXPORT DUTY**
- ❑ *favorable import tariffs 0% or 10%*
- ❑ *simplified taxation for sme*
- ❑ *profit tax – 20%*
- ❑ *income tax – max.20%*
- ❑ *value added tax – 20 %*



# ...Now Accelerating through Structural Change



# Investment Driven Growth

- ❑ Increase Armenia's global competitiveness
- ❑ Improve business and investment environment
- ❑ Promote the entry of Multinationals
- ❑ Extend PPP by building infrastructure
- ❑ Form knowledge economy infrastructure

## Enabling Environment

- ❑ Reach top 10% of Doing Business Index
- ❑ Reform governance
  - Simplify tax filing
  - Simplify customs
  - Simplify licensing
  - Increase corporate social responsibility
  - Install E-governance in five years



# Ambitions for the Near Future



Information Technology



Education



Health Care



Tourism



Energy



Infrastructure



**Microsoft**

**SYNOPSYS**  
Predictable Success

**Sun**  
microsystems

**VIRAGE**  
LOGIC

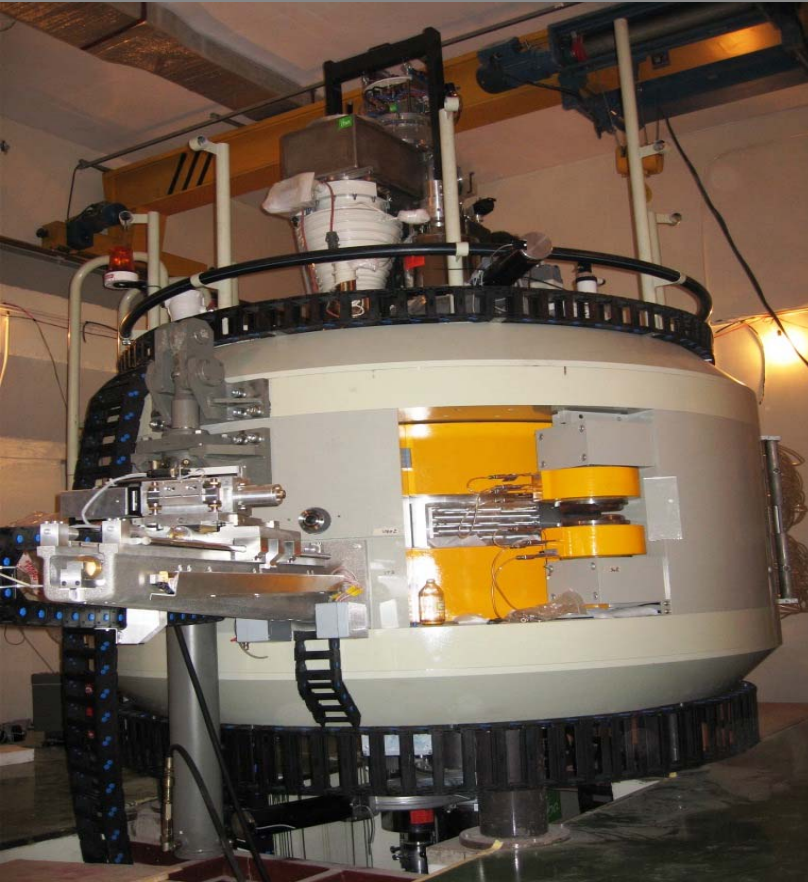
## Information Technology

- Armenian IT sector is dominated by foreign investors
- The annual growth of IT companies' establishment - 20%
- Export of 63% of IT output to over 20 countries (USA, Europe and the CIS)
- Support of Government of Armenia through its declaration of IT as a priority sector and by being itself a lead user of IT, e.g. e-VISA applications
- Monthly salary of experienced software developer in Armenia is USD 800 (10 times lower than the US and a third of the cost of similar labor skills in India)
- Existence of Skillful and Creative Cost-Efficient Labor Force
- Long Tradition in IT Sector
- More than 6800 IT related Students

## Nationwide Broadband

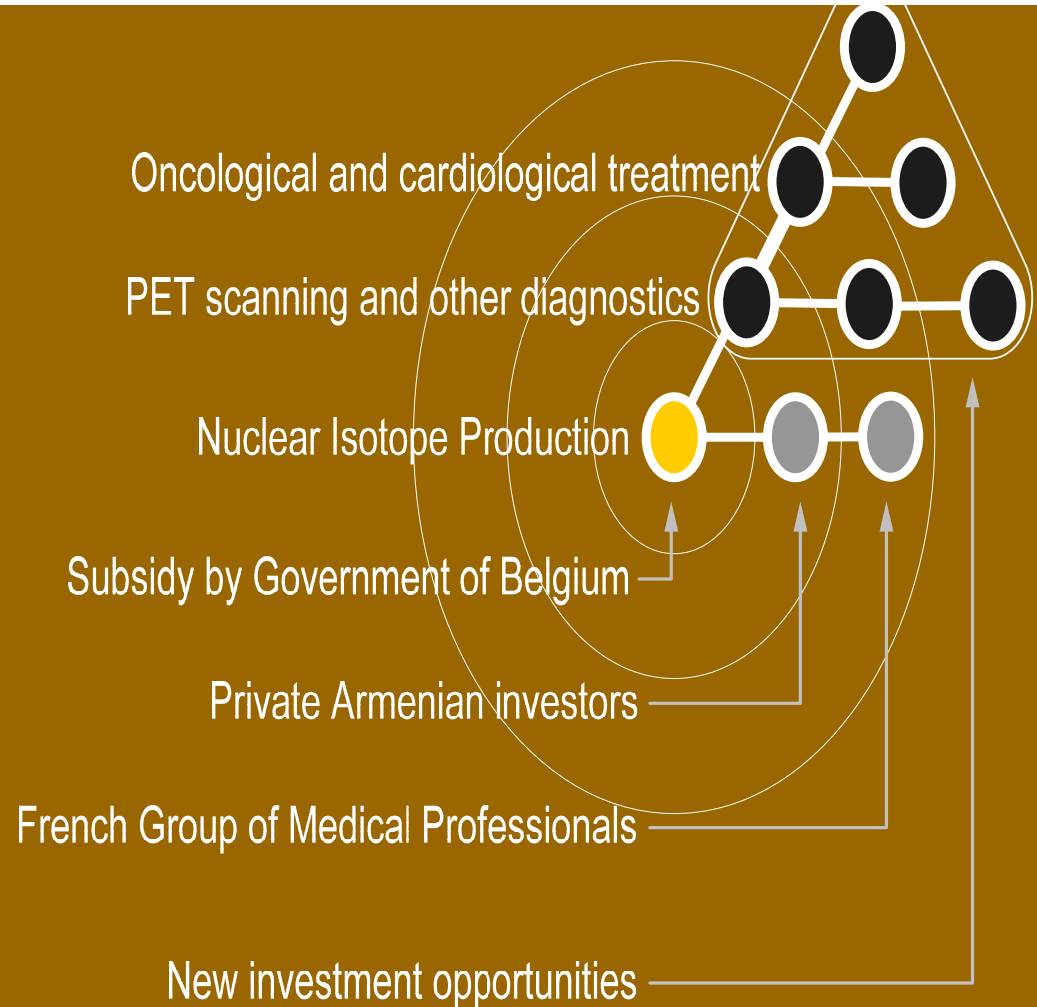
The Government is developing a comprehensive broadband strategy to provide access for all and create major new opportunities for international investment

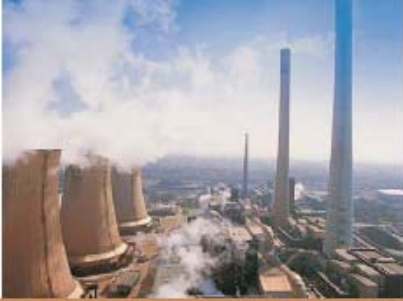
# Health Care



Cyclotron accelerator used to produce nuclear isotopes used for diagnostics and treatment

## NEUCLEAR MEDICINE





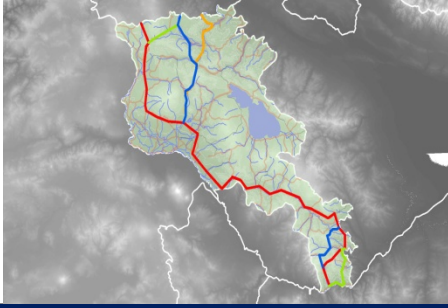
## Energy & Infrastructure

- The energy sector is one of the most developed sectors of the Armenian economy
- Nuclear, thermal, hydro power production
- The Government has decided to build a new 1,200 Megawatt reactor that will generate surplus electricity for sale across borders
- Renewable and alternative energy, including wind energy and biofuels

### **Unique business opportunity for investors.**

**\* Government according to the law buys green energy from suppliers for the period of 10 years, thus securing the market for the producers for that period.**

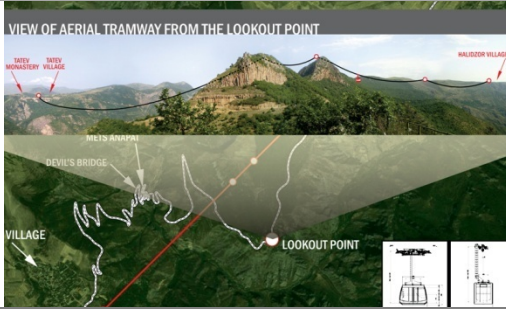




# North-South Transportation Corridor



**Armenia is a natural corridor linking transportation routes North from the Caspian Sea and the Gulf, through Iran, up to the Black Sea and Russia, through Georgia.**



# Tourism

## Tatev Revival Project



## Jermuk



## Revival and Development

- ❖ Tatev monastery was founded in the 9th century and served as the political center of Syunik principality.
- ❖ To rehabilitate Tatev creating solid scientific and educational basis for its further development as a tourism and education hub of the region.
- ❖ To create necessary infrastructure for easy access to the monastery by introducing cable car lines over the Halidzor gorge.

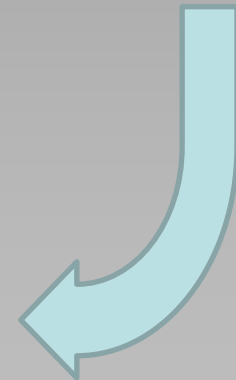
## “Center for Healthy and Active Living”.

- ❑ Jermuk used to be a well-known spa center during Soviet times with 25,000 tourists per year.
- ❑ The town has good conditions for ski vacation, a ski lift was built recently by Swiss that attracted 15,000 guest during the summer of 2008. Establishing and reviving superior accommodation, medical treatment, winter sports, chess competition, youth camps, restaurants, shops, transport, communications, agriculture, religious and cultural sites.



# Free Economic Zone and Agricultural Logistic Centre near Zvartnots Airport

- Surplus value increase of agriculture
- Involvement of farmers in economic development
- Improvement of socio-economic situation in rural areas
- Sustained investment in agriculture to provide technologically advanced manufacturing
- Share increase of agricultural exports
- Brand formation, Armenia
- as a producer of quality
- agricultural products







# Environment and Urban Development

## The MSW management in Yerevan

- Investment: AMD 10 bn – AMD 12 bn
- The contract term should be 10 years, not 1 year to allow investment
- Waste quantity is about 800,000 m<sup>3</sup> per year, the largest shares are for food
- waste (35% - 50%) and paper/ cardboard as well as plastics (both around 10% – 12%).

## Nubarashen landfill

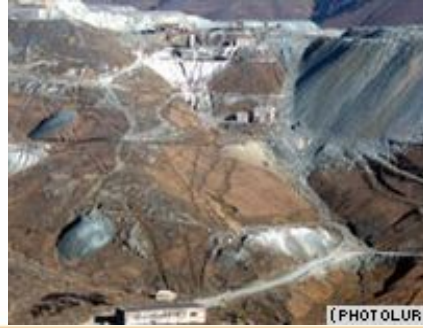
- ❑ Investment: AMD 38.5 bn.
- ❑ Nubarashen landfill is located about 12 km south of the center of Yerevan. 5.05 million m<sup>3</sup> of waste have been deposited at the site. Most districts are at a distance of less than 25 km (from center 12 km) to Nubarashen landfill. The unit operation costs are estimated to amount to about AMD 1000/t waste (US\$ 3.12/t) not including investment costs.

## Armenia Urban Development

- ✓ A modern and attractive urban infrastructure to attract investors and boost the economy
- ✓ A clean and sustainable system to improve the environment and the quality of life
- ✓ Private sector involvement to improve urban services management

## Yerevan Urban transport

- ❑ An efficient and integrated urban transport system to serve people's mobility
- ❑ A sustainable system to improve the environment, the quality of life and preserve it for future generations
- ❑ A modern and attractive urban infrastructure to attract investors and boost the economy
- ❑ A social, fair and accessible system which provide transport solutions with equity



## Mining

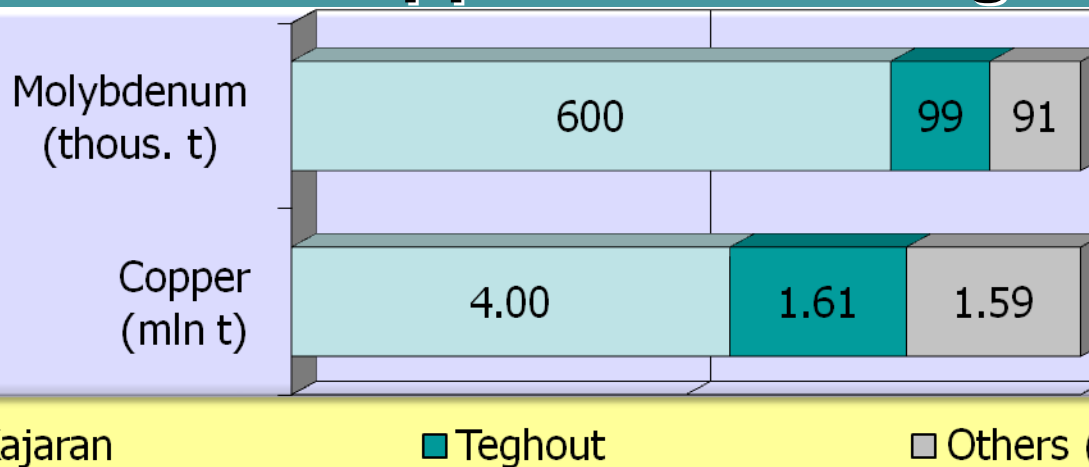
### Metals Produced

Copper	Molybdenum
Gold	Lead
Zinc	Chrome

### Mining Regulations

- Exploration license being provided for up to 5 year period, with the possibility to extend for 4 more years
- Guaranteed right to obtain mining license with successful exploration
- Mining license for up to 25 years, with the possibility to extend to up to 50 years
- Simplified procedures for shorter term exploration (<3 years) and mining (<12 years) licenses
- Exploration and mining licenses transferable upon formal approval of the government

## Investment Opportunities: Teghout



# Best Practices

## Armenian Railway Concession

- 2000: Canarail “Post Conflict Study”
- 2000: HWTSK 5 year business plan for AR
- 2005: WB study on private sector participation in railways in Eastern Europe and Central Asia
- 2005: HWTSK begins AR concession preparation work
- 2007: CPCS retained to advise on transaction

## Armenia Water Supply and Sewerage Company: A Good Practice of Private Sector Participation

- ☐ Urgent need to improve water supply and sanitation (WSS) infrastructure.
- ☐ Reforms to address WSS issues
- ☐ AWSC going private
- ☐ ADB supports private sector participation



Armenian  
Development  
Agency

ADA was established by the Government to facilitate foreign direct investment and promote exports. The Prime Minister of Armenia is the chairman of the board. The ADA acts as a **"one-stop shop"** agency for investors



Competitiveness  
Foundation  
of Armenia

The Competitiveness Foundation is an independent entity founded through a partnership between the Government of Armenia and a group of leading representatives of the private sector from the United States, Russia, the European Union and the Middle East.



**SME**  
DEVELOPMENT  
NATIONAL CENTER  
of Armenia

SME DNC is authorized to provide state support to small and medium entrepreneurship in the country. The support is provided through implementation of annual SME State Support Programs with resources allocated from State budget.



THANK YOU FOR  
YOUR ATTENTION



***INVEST IN ARMENIA***