

Coronavirus response in 2021: building back better

Update on Armenia (06 December 2021)



Covid-19 policy response

- **The government rolled out a combination of economic and social support programmes.** The Economic Response Programme and the associated Action Plan were approved in February 2021 to support the economic recovery. Through 12 targeted actions and 14 assistance programmes, the government aimed to restore economic activity in 2021, maintain a viable and reliable business and consumer environment, and develop a medium-term economic policy agenda.
- **Access to external funding was maintained.** Armenia received US\$ 100 million from the International Monetary Fund's (IMF) Special Drawing Rights (SDR) allocation in August 2021. In November 2021, the authorities also reached a staff-level agreement on the combined fourth and fifth review under the country's IMF programme, with board approval expected in December. This would unlock a further US\$ 72.5 million.

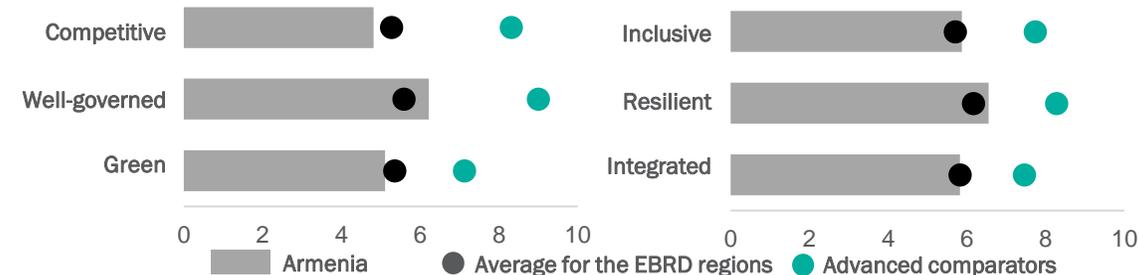
Macroeconomic indicators (per cent)

	2018	2019	2020	Short-term indicators
GDP growth	5.2	7.6	-7.4	EBRD GDP growth forecast (Nov 2021) 2021: 5.0%; 2022: 5.3%
Annual inflation (year end)	2.5	1.4	1.2	Quarterly GDP growth: 2.7% y/y (Q3 2021)
Government balance/GDP	-1.8	-1.0	-5.4	Indicator of economic activity: 3.6% y/y (Oct 2021), 4.3% y/y (Jan-Oct 2021)
Current-account balance/GDP	-7.0	-7.4	-3.8	Industrial production: 3.9% y/y (Oct 2021), 1.1% (Jan-Oct 2021)
Net FDI/GDP	-2.1	-1.7	-0.6	Trade turnover: 12.7% y/y (Oct 2021), 7.0% y/y (Jan-Oct 2021)
Public debt/GDP (year end)	55.7	53.7	67.4	Annual inflation: 9.6% y/y (Nov 2021)
Unemployment rate (year end)	19.0	18.3	18.2	

Key short-term priorities

- Structural reforms are needed to support the economic recovery and strengthen Armenia's resilience.
- The authorities should exploit the country's natural potential for renewables to tilt the economic recovery in a greener direction.
- Armenia needs to strike an appropriate balance between its higher public debt levels and large infrastructure investment needs.

EBRD assessment of transition qualities (ATQs), 2021¹



Building back better: key ongoing initiatives

- Competitive**
 - Reforms are underway to improve the tertiary education system, upgrade licensing and accreditation requirements and to improve state financing principles, the supervision mechanisms for the quality of education services and the efficiency of funding for higher education and science.
- Well-governed**
 - The creation of an Anti-Corruption Committee and an Anti-Corruption Court, approved in March and April 2021, respectively, aims to strengthen the rule of law and governance.
- Green**
 - Armenia has stepped up the ambition of its Nationally Determined Contributions, including doubling the share of renewables in overall energy generation by 2030 and increasing forest cover.
- Inclusive**
 - The government has amended legislation to improve disability assessment according to the degree of limited function and needs.
- Digital**
 - A new digitalisation strategy was approved in February 2021 to advance the digital transformation of government, the economy and society.

To learn more about the EBRD's support for Armenia, visit: <https://www.ebrd.com/armenia.html>.

¹ For more details on ATQs, see EBRD (2021), *Transition Report 2021-22: System Upgrade: Delivering the Digital Dividend*, London.