Responding to the Coronavirus Crisis
Update on Armenia (20/04/20)

Key short-term priorities
Provide liquidity to the economy, particularly SMEs, and revenue support to vulnerable workers and other individuals

EBRD Policy Comparator

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Economic channels of disruption
Private consumption, commodity prices, remittances, tourism
- Virus containment measures would hurt Armenia’s tourism sector, which is largely dependent on visits from diaspora
- Likely drop in money transfers from abroad (roughly half of transfers are from Russia) will impact households’ disposable incomes
- Low commodity prices will affect the economy directly via a decrease in exports of mining products, and indirectly through economic links with Russia
- The exchange rate has been adjusting following five years of relative stability

Selected crisis impact indicators
EBRD GDP growth outlook (April 2020) (new forecasts out on May 13)
2020: recession
2021: strong recovery
Money transfers from abroad % change
January 2020: -5.4%
2019: 9.7%
Goods exports % change, in nominal values
January: 22.2% y/y
February: -1.3%
Exchange rate change (minus means depreciation)
March: -5.1% m/m
1 – 20 April: +4.5%

Crisis response measures to date
Support for vulnerable population and businesses, particularly agriculture
- Total package of US$ 300 million (2.2% of GDP) announced.
- Support to companies operating in strongly impacted sectors and companies in the agriculture sector with subsidised loans for a specific purpose such as to pay salaries or taxes, or to finance raw materials or equipment.
- Postponement of mortgage loan repayments for 6 months, ban on turning off utilities in case of delayed payment, one-off support for families with minor children whose parents are laid off due to covid-19, and increased spending on healthcare as core social support measures.

Selected crisis response indicators
Support to employee salaries
20% of the salary fund paid by the state for companies with 2-5 employees under the condition of keeping the employees
Loan subsidisation
US$ 210 million across a number of specific programmes
Monetary policy rate
Lowered by 0.25% to 5.25%
Committed external assistance
US$ 280 million will be available in mid-May after IMF Board approval of the second review of SBA