

# Coronavirus response in 2021: building back better

## Update on Armenia (16 June 2021)



### Covid-19 policy response

- **Immediate relief measures in 2020 aimed to preserve jobs and protect the most vulnerable.** The authorities, with bank support, allocated US\$ 367 million (2.9 per cent of gross domestic product) to support the economy in 2020. Measures included subsidised loans for the most affected sectors and businesses, private-sector grants, direct wage subsidies for micro-, small and medium-sized firms and a strengthened social assistance programme. Banks were advised to undertake voluntary loan restructuring and offer limited payment holidays.
- **The government approved the Economic Response Programme** and the associated Action Plan in February 2021 to support the economic recovery. Through 12 targeted actions and 14 assistance programmes, the government aims to restore economic activity in 2021, maintain viable and reliable business and consumer environments and develop a medium-term economic policy agenda.
- **Access to external funding was maintained.** The authorities concluded the third review under the country's International Monetary Fund programme in December 2020 and tapped external markets by issuing Eurobonds in early 2021.

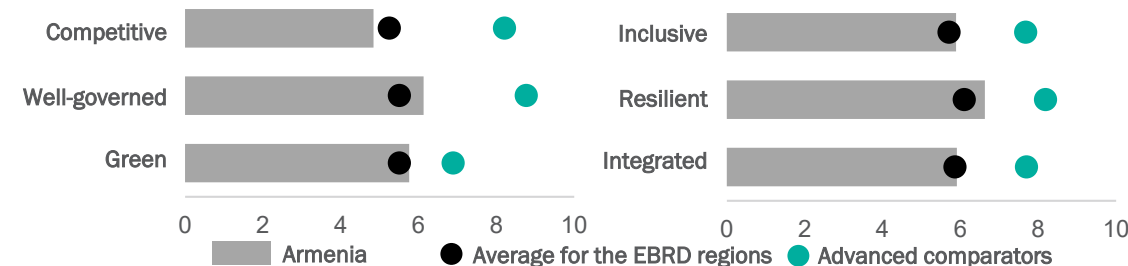
### Macroeconomic indicators (%)

	2018	2019	2020	Short-term indicators
GDP growth	5.2	7.6	-7.4	<b>EBRD GDP growth forecast (June 2021)</b> <b>2021: 4.0%; 2022: 5.0%</b>
Annual inflation (end-year)	2.5	1.4	1.2	Quarterly GDP growth: -3.3% y/y (Q1 2021)
Government balance/GDP	-1.8	-1.0	-5.4	Indicator of economic activity: 23.2% y/y (April 2021), 2.6% y/y (Jan-Apr 2021)
Current-account balance/GDP	-6.9	-7.3	-3.1	Industrial production: 16.9% y/y (April 2021)
Net FDI/GDP	-2.0	-2.9	-1.1	Trade turnover: 47.8% y/y (April 2021), 4.8% y/y (Jan-Apr 2021)
Public debt/GDP (end-year)	55.7	53.7	67.4	Annual inflation: 5.9% y/y (May 2021)
Unemployment rate (end-year)	19.0	18.3	n/a	

### Key short-term priorities

- Refocus on structural reforms as soon as the country's snap elections are over.
- Use the natural potential for renewables to tilt the economic recovery to green.
- Find the right balance between higher public debt levels and huge infrastructure investment needs.

### EBRD assessment of transition qualities (ATQs), 2020<sup>1</sup>



### Building back better: key ongoing initiatives

#### Competitive

- Reforms are underway to improve the tertiary education management system, upgrade licensing and accreditation requirements and improve state financing principles, the supervision mechanisms for the quality of education services and the efficiency of funding of higher education and science.

#### Green

- Armenia has increased the ambition of its Nationally Determined Contributions, including doubling its share of renewables in energy generation by 2030.

#### Inclusive

- The government has amended legislation to improve disability assessment according to the extent of limited function and needs.

#### Digital

- A new digitalisation strategy was approved in January 2021 to advance the digital transformation of government, the economy and society.