



Eurasian  
Development  
Bank

# **Progress Report on the EDB Country Strategy for the Republic of Armenia: 2023**



# 1

## Overview of Country Strategy Progress in 2023

Armenia  
Yerevan

### Executive Summary

In 2023, the EDB significantly increased its contribution to the development of Armenia's economy in line with the goals and objectives of its 2022–2026 Country Strategy for the Republic of Armenia ("Country Strategy").

The diversification of investments in strategically important sectors, enhanced use of technical assistance, expansion of the project pipeline, and initiatives to develop the institutional environment led to substantial outcomes in the Bank's operations in Armenia during the second year of its Country Strategy.

As of 31 December 2023, the following results were achieved:

→ **In 2023, the EDB maintained high investment activity in Armenia.**

The Bank's cumulative investments in Armenia for 2022 and 2023 totalled US \$183 million, or 64% of its five-year investment target under the 2022–2026 Country Strategy.

→ **The most notable progress was made in facilitating the development of sustainable infrastructure.**

The EDB approved a record US \$76 million in financing for the modernisation of the Sevan-Hrazdan HPP Cascade. As an international development institution, the Bank provided financing on terms unavailable in the market, including subsidising the interest rate through its Technical Assistance Fund (TAF) with a total of US \$0.9 million.

→ **The portfolio of grants for technical assistance projects in Armenia grew significantly.**

The EDB continued to provide technical assistance in project preparation, reducing borrowers' financing costs under its projects and scaling up investments in Armenia. In 2023, the TAF launched five technical assistance projects, totalling almost US \$1.4 million, including a landmark initiative to support the investment project for modernising the Sevan-Hrazdan HPP Cascade. By the end of 2023, projects in Armenia accounted for about 25% of the TAF's current portfolio.

→ **With support from its Fund for Digital Initiatives, the Bank scaled up important applied digital solutions.**

In 2023, the Fund for Digital Initiatives focused on the digital transformation of Armenia's economy and public governance, as well as on scaling and developing available digital solutions.

→ **For the first time, the EDB financed a project aimed at promoting institutional development in Armenia's higher education sector.**

To encourage public-private partnerships (PPPs) in Armenia, the Bank approved US \$120,000 in technical assistance for the Russian-Armenian University, an interstate higher education institution, to develop a PPP training programme, certify teachers, upgrade classrooms and establish a scholarship fund for prospective students.

→ **The EDB's pipeline of potential projects in Armenia is approximately US \$300 million.**

The Bank is exploring opportunities to finance large projects in transport, mining, logistics infrastructure and the financial sector.

# Year 2023 in Figures

As of 31 December 2023



**\$442m**

Cumulative portfolio



**\$174m**

or 3.7% of the Bank's current investment portfolio

Current investment portfolio

↓ Significant progress was achieved in 2023 with regard to new project signings



At the end of 2023, the portfolio included 7 projects in 4 sectors



The Bank's current portfolio in Armenia was entirely formed by projects signed in the first two years of the Country Strategy

**\$83.4m**

Financing for new projects

↓ The EDB maintained steady growth in its investments in the real sector

↓ Armenia led in terms of approved funding from the TAF to support new investment initiatives in 2023



**\$1.4m**

new technical assistance projects



**Almost 1/3**

of all grants allocated by the TAF

In 2023, all investments were directed toward real sector initiatives



Energy



Agriculture

**\$178.4m**

The EDB's cumulative investments in Armenia's real sector in 2022 and 2023

The technical assistance project to support investments in the modernisation of the Sevan-Hrazdan HPP Cascade became the second-largest TAF initiative since the start of the EDB's operations in the country



The EDB's current portfolio investments contribute to:



Increased outputs in Armenia's economy exceeding

**\$80m** per annum

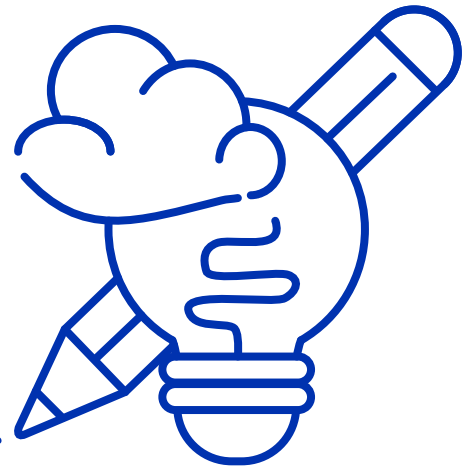


Additional tax revenues of

**\$1.5m** per annum

# 2

## Progress in Strategic Objectives in 2023



In 2023, Armenia's economic growth slowed after the surge of the previous year but remained strong. Over the first nine months of 2023, the economic activity indicator went up by 9.2% year-on-year, largely driven by the services sector amid increased outputs in information technology, air transport and catering. Financial activities and manufacturing saw a decline in January–October 2023, following last year's substantial growth. The economy continues to be supported by significant cash transfers and active tourism. Armenia's economic growth in 2023 is projected at 8.3% year-on-year.

## Objective 1



# Facilitating the development of sustainable infrastructure

↓ What we do



↓ Achievements



**Focus: projects contributing to the modernisation of energy infrastructure and energy security in Armenia**

### 1.1 Developing and modernising energy infrastructure

Preparing an investment project to modernise the Sevan-Hrazdan HPP Cascade

Providing technical assistance to audit financial statements under a project to construct and operate solar power plants with a total installed capacity of 35 MW

### 1.2 Developing sustainable and safe industrial and transport infrastructure

Reviewing transport and social infrastructure development projects such as the construction of a hospital and a metro station in Yerevan and a transport and logistics hub in Gyumri

## Financing provided for the modernisation of the Sevan-Hrazdan HPP Cascade

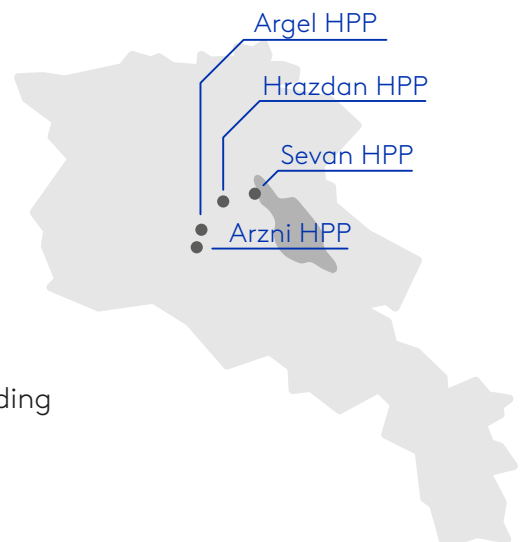
**\$76m**

Amount

**4 HPPs**

Covered  
by the project

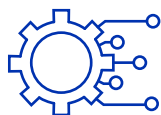
Focus on financing part of the investment programme, including equipment replacement and modernisation



Initiator: Tashir Group, one of Russia’s largest diversified industrial and construction groups

Approved technical assistance from the TAF to subsidise the loan interest rate, worth **\$960,000**

Objective 2



Diversifying industry and exports

↓ What we do



↓ Achievements



2.1 **Modernising and setting up new high-performance enterprises**

Evaluating the possibility of participation in financing the Amulsar gold mine development project, one of the largest investment initiatives in Armenia, with a total project value of approximately US \$250 million

2.2 **Developing tourism and increasing the share of services, including digital ones, in foreign trade**

Exploring promising areas of collaboration on initiatives by Armenian businesses

**Laid groundwork for further negotiations on the EDB’s potential involvement in financing the Amulsar gold mine development project**

- Approved US \$50,000 in technical assistance from the TAF for the socio-economic impact assessment

## Objective 3



### Food security

#### ↓ What we do



#### 3.1 Improving agricultural productivity

Continuing collaboration with the Yeremyan Projects Group of Companies, a leader in Armenia's catering, agriculture and food production sectors

Reviewing additional financing for Yeremyan Farm's ongoing investment project in agriculture and food production

#### 3.2 Supporting the development of an agricultural goods distribution network

Exploring promising areas for cooperation on initiatives by Armenia's businesses

#### ↓ Achievements



#### Increased the financing limit for Yeremyan Farm

- o The EDB raised its financing limit for investment projects in Armenia's agriculture and food industry
- o Approved US \$130,000 in technical assistance from the TAF to cover the services of Yeremyan Farm's external consultant for verifying the project's financial and operational indicators

**\$7.4m**  
Increase in the financing limit



#### Worked on identifying promising initiatives to promote cooperation

- o Focus: the construction and modernisation of infrastructure facilities in the agricultural sector



**Objective 4**



# Developing accessible financial services

↓ What we do



↓ Achievements



## Implementing joint initiatives

Financing targeted lending programmes by partner commercial banks in Armenia

## Laid groundwork for the EDB’s participation in financing new SME lending programmes

- o Focus: lending programmes by Armenia’s key commercial banks, including Ameriabank, ID Bank and Armeconombank

**\$45m**  
Amount

**Objective 5**



# Digital transformation of the economy and public governance

↓ What we do



**Focus: progress in the digital transformation of the economy and public governance**

## 5.1 Promoting the development of safe and sustainable digital solutions and infrastructure

### The Fund for Digital Initiatives:

- Expanding the functionality of the “Work in the EAEU” app in collaboration with Armenia’s Ministry of Labour and Social Affairs
- Increasing the number of users of the International Platform of Skills and Professions
- Conducting a Digital Project Competition to encourage collaboration among the Bank’s member countries through digital projects



### **Programme to Promote the Digital Transformation of SMEs in Armenia**

Developing the project in partnership with the United Nations Industrial Development Organisation (UNIDO) and Armenia's Ministry of Economy



### **Implementing an electronic vehicle passport system in Armenia**

- o Focus: digitising the process of issuing vehicle passports and ensuring their compliance with unified standards of the Customs Union
- o Project development in collaboration with EKENG
- o The project facilitates a free market for vehicles in Customs Union countries



### **Electronic document management in cross-border trade**

Reviewing a project to implement electronic document management for cross-border trade among Russian, Belarusian and Armenian businesses

Focus: establishing key elements of seamless digital interactions between Armenia's government agencies and businesses with their counterparts in Russia and Belarus

## **↓ Achievements**



### **Promoted the development of safe and sustainable digital solutions and infrastructure**

The Fund for Digital Initiatives launched Armenia's national segment in the "Work in the EAEU" app

The app was presented to Armenia's Prime Minister, Nikol Pashinyan, at the Digital Almaty 2023 Forum



**Increased the number of users of the  
BEE-ONLINE.ru international digital platform**

The platform  
supports the  
development and  
scaling up of light  
industry businesses

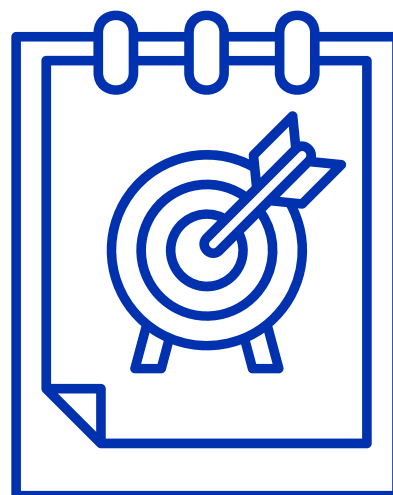
**24 new  
participants/factories**  
connected from Armenia

**Increased the number of users of the  
Worldskills International Platform of Skills  
and Professions**

**10 new users** connected from Armenia

# 3

## Strategic Objectives for the Next Period



## Plans

Armenia's GDP growth in 2024 is projected at 5.7%. Economic growth is expected to become more balanced as demand stabilises after the highs of 2022 and 2023. Monetary conditions are forecast to have a neutral effect on demand in 2024, while fiscal policy is anticipated to be stimulative. Construction at the Amulsar mine, along with the inflow of investments and revenues from its subsequent operation, is expected to support GDP growth and enhance the country's economic potential.

In 2024, the Bank will pursue the following objectives:

→ **Maintaining focus on investment diversification.**

In 2024, the EDB will continue working with Armenia's real sector businesses to promote investment initiatives that increase value-added in the manufacturing sector and on projects that contribute to economic diversification and increase the share of services in GDP.

→ **Expanding support to Armenia's small and medium-sized enterprises.**

The EDB plans to establish new partnerships with commercial banks in Armenia while continuing to collaborate with existing partners to support SME lending programmes.

→ **The Bank will continue to explore participation in one of Armenia's largest mining projects.**

The EDB will continue to consider potential financing for the Amulsar gold mine project, a process that began in 2023.

→ **Potential use of TAF resources to prepare and implement promising real sector projects.**

The Bank anticipates strong demand for TAF financing in support of promising project initiatives in Armenia aligned with the EDB's key objectives of developing infrastructure, industry and agriculture.

The activities to implement the Bank’s strategic objectives are outlined below.

**Objective 1**



# Facilitating the development of sustainable infrastructure

↓ What we do



Objective

## 1.1 Developing and modernising energy infrastructure

Exploring initiatives to modernise the existing infrastructure and construct renewable energy facilities



Objective

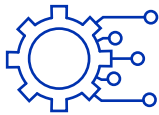
## 1.2 Developing sustainable and safe industrial and transport infrastructure

Reviewing transport and social infrastructure projects, including:

- o the construction of a hospital and a metro station in Yerevan
- o the construction of a transport and logistics hub in Gyumri

The Bank plans to actively utilise TAF resources for preparing new projects

Objective 2



## Diversifying industry and exports

↓ What we do

Objective



### 2.1 Modernising and setting up new high-performance enterprises

Focus on exploring and supporting new initiatives in 2024

Evaluating financing opportunities for the Amulsar gold mine project

Objective



### 2.2 Developing tourism and increasing the share of services, including digital ones, in foreign trade

Focus on exploring cooperation initiatives aimed at developing Armenia's tourism sector and telecommunications market

Objective 3



## Food security

↓ What we do

Objective



### 3.1 Improving agricultural productivity

Exploring and supporting new initiatives

Prioritising initiatives that enhance Armenia's agro-industrial potential as an exporter of agricultural produce to EDB member countries and create jobs

Objective



### 3.2 Supporting the development of an agricultural goods distribution network

Intensifying efforts to identify promising initiatives aimed at developing Armenia's agricultural goods distribution infrastructure

Objective 4



# Developing accessible financial services

↓ What we do



## Supporting small and medium-sized enterprises

Establishing new partnerships with commercial banks in Armenia while continuing to collaborate with existing partners to support SME lending programmes

Exploring further the Bank’s participation in financing new SME lending programmes by Armenia’s key commercial banks – Ameriabank, ID Bank and Armeconombank, a process started in 2023

Objective 5



# Digital transformation of the economy and public governance

↓ What we do



## 5.1 Promoting the development of safe and sustainable digital solutions and infrastructure

Developing the activities of the Fund for Digital Initiatives

Digital Project Competition

→

**Objective:**  
fostering cooperation between EDB member countries through digital projects

The Bank will continue to work on key digital transformation initiatives and implement the Fund’s ongoing projects



## 5.2 Improving the efficiency of data circulation

The EDB will work to expand cooperation using its available financing mechanisms, including the TAF, in projects to develop data exchange technologies and to modernise and establish relevant platforms, including with the use of TAF resources for priority projects identified by Armenia’s executive authorities

TELEGRAM



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