



ARMENIA

Financial Reporting For Debt and Investment Transparency

Regional Europe and Central Asia

Public Officials Workshop

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Country Overview



Format of Government
Parliamentary Republic



Head of State
President



Capital
Yerevan



Declaration of Independence
21 September 1991



Territory
29,743 km²



Population
2.96 million



Diaspora
8 million worldwide



Nominal GDP
US\$ 13.7 billion (2019)



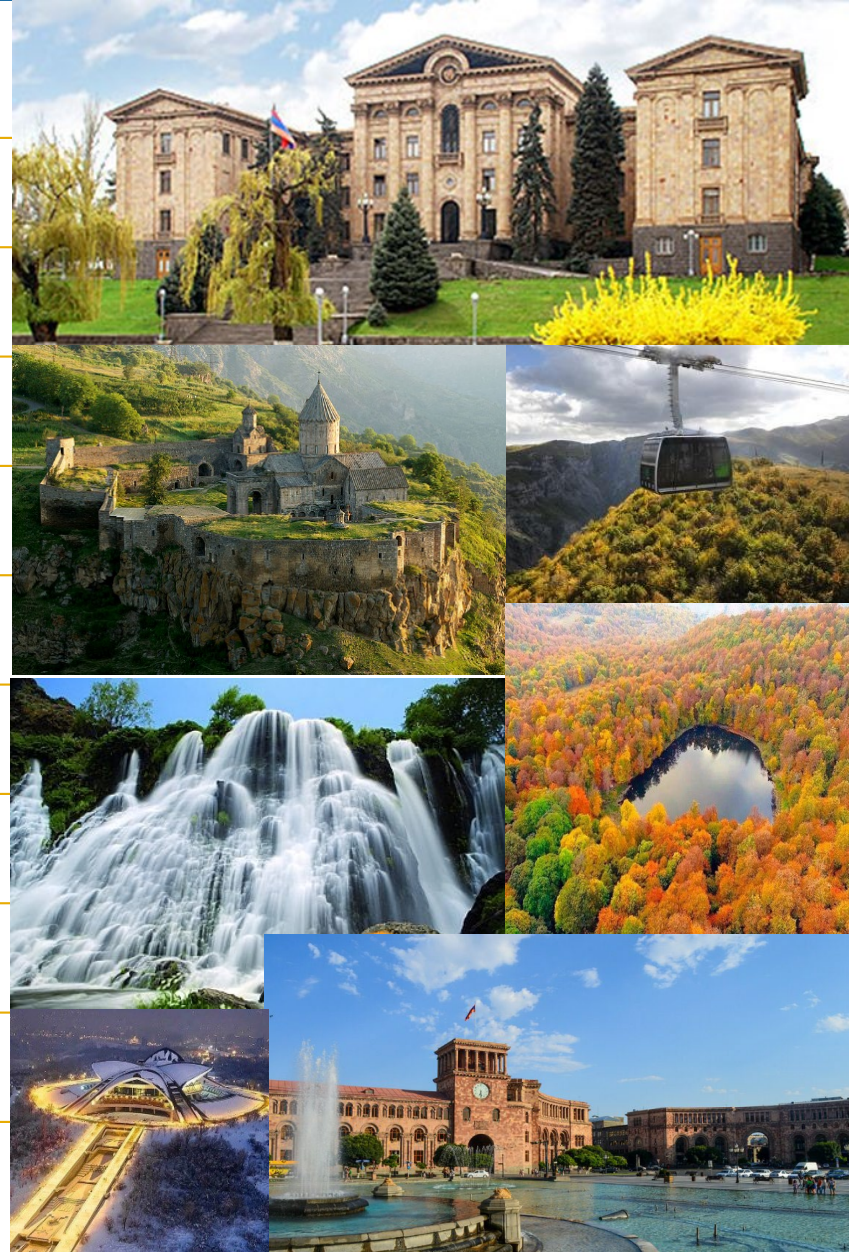
GDP per capita
US\$ 4,615 (2019)



Currency
Armenian Dram (AMD)



Sovereign Rating
Moody's: Ba3 (Stable)
Fitch: B+ (Stable)



The **Legislation** of the Republic of Armenia on public debt consists of: the Law on Public Debt, the Civil Code of Armenia, Law on CBA, other legal acts and international treaties of Armenia.

Law on Public Debt

- The aim of the law.
- The main objective of the Government debt management.
- The purposes for raising public debt.
- Public debt structure.
- Public debt institutional coverage.
- The components of the public debt.
- The principles of debt management.
- The MoF and the CBA shall carry out public debt recording, accounting and shall be responsible for reliability of the records.

Law on CBA

- The external debt of the CBA is taken on behalf and by the CBA.
- It defines debt management objectives of the CBA.
- One of the secondary objectives of the CBA is compilation, summary and publication of public and private external debt statistics.

Public Sector Debt Statistics 1

The government accounting is cash based in Armenia and it is relied on GFSM 2001. However, central government debt statistics is based on National Framework.

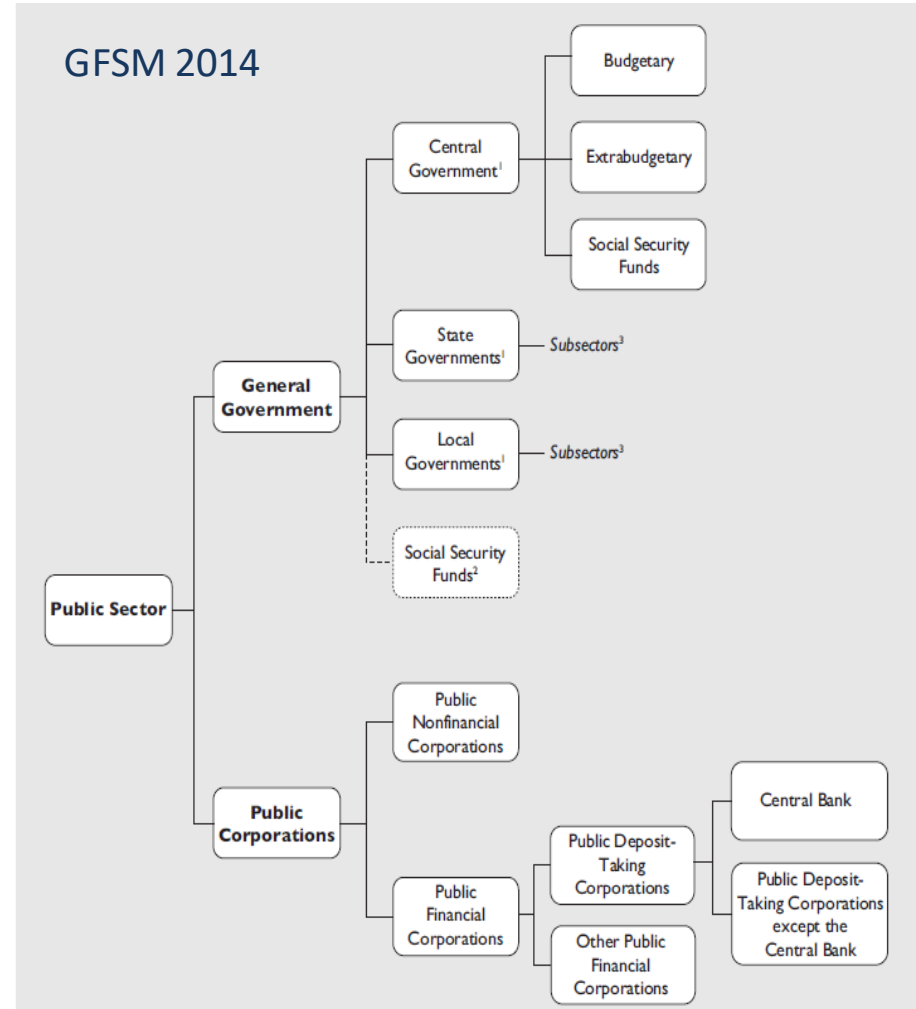
The Ministry of Finance of Armenia compiles central government subsector external and domestic debt data.

Local governments have right to borrow according to the Law on Local Self-Governance.

General government debt composition in Armenia.

Only CBA external debt data are included in the calculation of Public debt in Armenia.

Debt data of public nonfinancial corporations is not included in Public debt data in Armenia.



DMFAS 6, as well as excel spreadsheets are used for recording central government debt data. There is no interface with Financial Management Information System.

According to the national legislation arrears on debt securities and loans, including interests not paid within the deadline should be recognized in statistical records and be included on debt stock.

Public debt data consolidation.

Public debt securities are valued in Face value for compiling statistics.

Public Debt statistics compiled records are produced monthly, quarterly and annually by the Ministry of Finance and are published on the MoF website.

- **Statistical bulletin on public debt** is published monthly and covers domestic and external central government debt and loan guarantees, external debt of CBA, as well as Budget Loans and Subloans.
- **Quarterly report on public debt** is a part of the report on State budget, which presents also information on public debt and current liabilities.
- **Annual report on public debt** covers domestic and external central government debt, loan guarantees and external debt of CBA. Annual reports are also published in hard copies.

Ministry of Finance publishes on its website also other debt reports and information on DMO activities.

- Reports on government bonds auction results
- Terms of government external loans and credits
- Government debt management strategy
- Annual borrowing plan
- Other reports and information

Central government on-lendings and guarantees

The central government provides **guarantees** for State Owned Enterprises, Financial Institutions, Local Governments

- Government guarantees can be issued based on the positive conclusion of the MoF.
- Main terms for providing Budget guarantees.
- The MoF has the right to scrutinize the financial situation before repayment of the loan.
- The Government external guarantees issued to the Central Bank is recorded as a debt of CBA.

The central government provides **on-lendings** for State Owned Enterprises, Financial Institutions, Local Governments

- On-lendings under external borrowings by the government have been mainly provided to the the energy sector SOEs.
- External credits and loans have been investing through the Project Implementation Units. There have also been budget support loans. Outstanding amount is USD 4,572 mln.
- On-lendings under domestic borrowings by the government and at the expense of the state budget own incomes have also been provided.

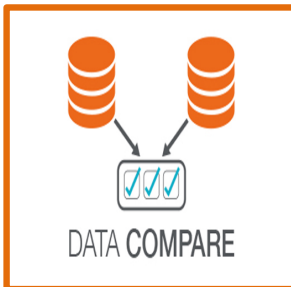
Public Sector Debt Scrutiny and Oversight



Audit Chamber of Armenia is responsible for external audit of public debt in Armenia.



Internal audit is currently outsourced service for the MoF.



Central government debt records and public investment projects records are periodically reconciled with corresponding debt sources.

The major issues hindering debt transparency and actions to improve it

The major issues hindering debt transparency

- The major issue hindering debt transparency is incomplete coverage of public sector debt by the legislation.
- Not fully usage of financial and accounting standards.

Actions to improve debt transparency

- To enhance the regulatory framework, as well as implementing GFSM 2014 and APSAS in Armenia.
- To go on staff capacity building focused on debt recording, reporting and management.
- To implement an adequate IT system supporting debt accounting and reporting. MoF currently works on the development of GFMIS system.



Thank You!