

 Early Warning System

ADB-59351-001

Armenia Multisector Opportunities for Reform



Quick Facts

Countries	Armenia
Financial Institutions	Asian Development Bank (ADB)
Status	Approved
Bank Risk Rating	U
Voting Date	2025-11-13
Borrower	Government of Armenia
Sectors	Law and Government, Technical Cooperation
Investment Type(s)	Advisory Services
Investment Amount (USD)	\$ 0.23 million



Project Description

As stated by the ADB, the proposed TA is designed to provide upstream diagnostic assessments, analytical work, and institutional capacity building to support the Government of Armenia to implement the next phase of policy-based lending (PBL) programs with ADB and Agence Francaise de Developpement (AFD), which will cover the period 2026-2032. The TA responds directly to the government's request, which was confirmed during the July 2025 joint ADB-Agence Francaise de Developpement consultation mission. Broad agreement was reached regarding the potential scope and design of the new PBL series, which will also sustain policy reform direction established under the Fiscal Sustainability and Financial Markets Development Program (three-subprogram series) while introducing reforms based on emerging priority areas.

The TA will support preparatory diagnostic and analytical work that will help to inform the policy dialogue for the new PBL series. Key focus areas that will be addressed include fiscal management and capital market reforms. These will involve strengthening medium-term and annual budget frameworks, enhancing tax and customs administration, and advancing reforms in the money market and for corporate governance. Building on previous reform efforts, the TA will also explore emerging areas such as climate- and gender-responsive fiscal planning, digital finance, business and investment climate, and inclusive capital market development.

TA activities will include the provision of technical advisory services, diagnostic assessments, and stakeholder consultations to ensure a deeper understanding of the structural bottlenecks to broad-based, resilient and inclusive economic development and to ensure strong alignment with the government's strategic development goals, as outlined in the Government Program for 2021-2026. The implementation period is expected to be 36 months, commencing in the fourth quarter of 2025, with the Ministry of Finance (MOF) as the executing agency and the Central Bank of Armenia (CBA), State Revenue Committee (SRC), Ministry of Environment (MOE), and Ministry of Economy (MOEC) as implementing agencies.

Armenia has made tangible progress in fiscal management, financial and capital markets development, and corporate governance reforms since 2017, supported by ADB, the International Monetary Fund (IMF), World Bank, and other development partners. The 2023 Public Expenditure and Financial Accountability (PEFA) assessment shows steady progress in fiscal transparency, macro-fiscal planning, tax administration, aggregate expenditure control, strong medium-term planning capacity within the Ministry of Finance and extensive publication of fiscal data. However, challenges remain in strategic planning, capital investment oversight, and internal audit systems, which are being addressed through ongoing reform initiatives. According to the 2025 European Bank for Reconstruction and Development (EBRD) diagnostic analysis of Armenia's financial sector, markets have benefited from a stable macroeconomic environment and a market-friendly regulatory framework led by CBA. While there has been incremental progress, further reforms are needed to deepen market depth, liquidity, and diversification.

Consultations with the MOF, CBA, MOEC, MOE, SRC, and other stakeholders concluded that there was need for further diagnostic work to help the government develop policy, and design legal and institutional measures to address longstanding structural constraints to sustainable economic growth. These findings are consistent with the Government Program 2021-2026, which prioritizes reform measures such as increasing the availability of capital and financial resources, enhancing business flexibility, expanding infrastructure access, and reducing risks for priority programs. The government also seeks to intensify efforts to develop the securities market to improve the business and investment climate, support the adoption of modern corporate governance systems, and promote corporate growth through the provision of targeted incentives. In parallel, it is advancing the digitization of the economy, improving access to information, and shaping a green economy to prepare for a low-carbon energy future.

The TA will serve as a bridge between the current Fiscal Sustainability and Financial Markets Development Program and the envisioned Fiscal Resilience and Financial Deepening Program (FRFMD). It will enable the Government of Armenia to



Investment Description

- Asian Development Bank (ADB)



Contact Information

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