

MINISTRY OF FINANCE OF THE REPUBLIC OF ARMENIA

# 2024 ANNUAL BORROWING PLAN



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## 1. General description

*The 2024 annual borrowing plan presents the structure and the volumes of 2024 State budget deficit financing, the description of Government debt redemption and servicing, as well as the projection of Government debt as of the end of 2024 and its indicators.*

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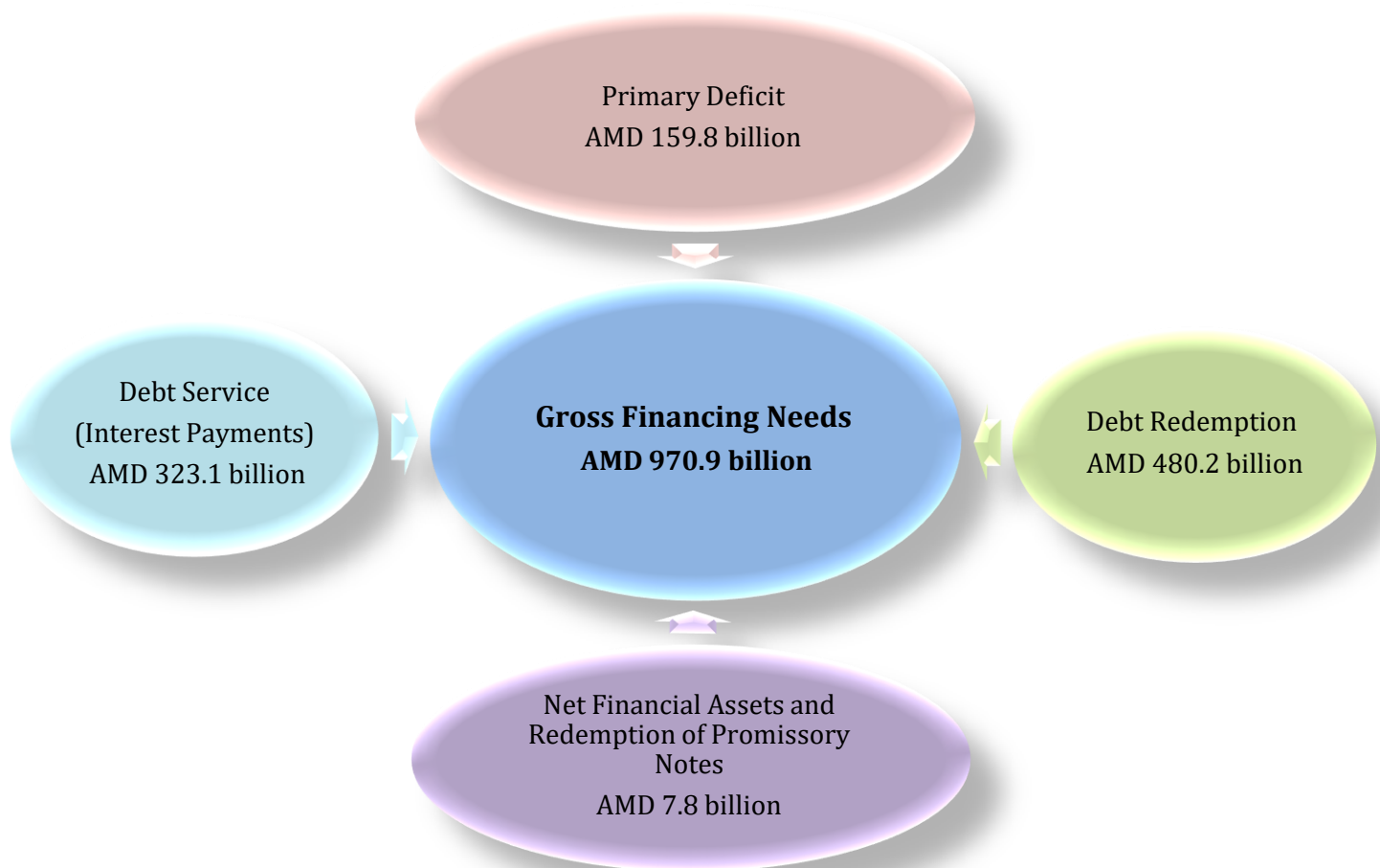
The 2024 annual borrowing plan has been developed in accordance with the targets and benchmark indicators of 2024-2026 Government Debt Management Strategy and is based on the macroeconomic and fiscal frameworks used for 2024 State Budget drafting.

The main indicators of 2024 State Budget of RA:

<i>Indicators</i>	2024 (State Budget)
GDP, AMD billion	10,516.1
Real growth, %	7.0
GDP deflator, %	4.0
State Budget revenues, AMD billion	2,723.6
<i>State Budget revenues/GDP, %</i>	25.9
State Budget expenditures, AMD billion	3,206.5
<i>State Budget expenditures/GDP, %</i>	30.5
State Budget deficit, AMD billion	(482.9)
<i>State Budget deficit/GDP, %</i>	(4.6)
USD/AMD exchange rate	402.39

## 2. Gross financing needs and deficit financing sources

According to general indicators of 2024 State Budget, the gross financing needs will be AMD 970.9 billion.



It is planned to finance 67.6% of gross financial needs through the domestic borrowings, and 32.4% through the external borrowings. The proceeds from Treasury Bonds placements are projected to AMD 655.9 billion, and the disbursements from external loans will be AMD 315 billion.

The deficit of the 2024 State Budget is projected to AMD 482.9 billion, and it is planned that AMD 351.2 billion will be financed from domestic sources, and AMD 131.7 billion from external sources.

2024 State Budget deficit financing sources are the following:

<i>Financing sources, AMD billion</i>	<b>2024 (State Budget)</b>
<b>Total deficit</b>	<b>482.9</b>
including:	
<b>Domestic sources</b>	<b>351.2</b>
of which:	
<b>Net borrowings</b>	<b>350.8</b>
Proceeds from allocation of treasury bonds	655.9
Treasury bonds redemption/buyback	(305.1)
Redemption of promissory notes	(0.003)
<b>Net financial assets</b>	<b>0.4</b>
Provision of loans and borrowings (net)	(23.4)
Free residue of 2022 State Budget at the beginning of the year	10.0
Use of the stabilization deposit account	13.8
<b>External sources</b>	<b>131.7</b>
of which:	
<b>Net borrowings</b>	<b>139.9</b>
Receipt of loans and borrowings	315.0
project loans	132.8
budget support loans	182.2
Redemption of the received loans and borrowings	(175.1)
Proceeds from allocation of Eurobond	-
Eurobond redemption/buyback	-
<b>Net financial assets</b>	<b>(8.2)</b>
Provision of loans and borrowings (net)	0.4
Acquisition of stocks and other participation in equity	(8.6)

### 3. Debt instruments for deficit financing

In 2024, it is planned to finance the state budget deficit through net borrowings in amount of AMD 490.8 billion, of which AMD 350.8 billion through government treasury securities, AMD 140.0 billion through external loans (considering the difference between the disbursements and the principal repayments). Deficit financing through Eurobond issuance is not planned.

### **3.1. Deficit financing by Treasury bonds (main principles of issuance, placement and buyback and 2024 auction calendar)**

The budget deficit financing by Treasury bonds will be done through the reopening of short-term (1 year), medium-term (3 and 5 years), long-term (10 and 30 years) bonds and saving bonds (6 months, 1, 2 and 3 years).

Auctions of T-Bills with tenor of 52, 39, 26 and 13 weeks will be organized at least once in every two months.

New Treasury Notes with the maturity of 3 and 5 years will be issued on 29 April 2024.

New Treasury Bonds with the maturity of 10 and 30 years will be issued on 29 October 2024.

10y T-Bonds due to 29 October 2033 and 30y T-Bonds due to 29 October 2052 will be allocated during 2024 (issuance dates are 29<sup>th</sup> of April and 29<sup>th</sup> of October 2022).

As a rule, the minimum auction size of 3y and 5y T-notes is AMD 25 billion, the minimum auction size of 10y T-Bonds is AMD 40 billion, and the maximum auction size of 30y T-Bonds is AMD 20 billion.

## Treasury bonds auctions calendar

January 2024							
Week	MON	TUE	WED	THU	FRI	SAT	SUN
1	1	2	3	4	5	6	7
2	8	9	10	11	12	13	14
3	15	16	17	18	19	20	21
4	22	23	24	25	26	27	28
5	29	30	31				

February 2024							
Week	MON	TUE	WED	THU	FRI	SAT	SUN
5				1	2	3	4
6	5	6	7	8	9	10	11
7	12	13	14	15	16	17	18
8	19	20	21	22	23	24	25
9	26	27	28	29			

March 2024							
Week	MON	TUE	WED	THU	FRI	SAT	SUN
9					1	2	3
10	4	5	6	7	8	9	10
11	11	12	13	14	15	16	17
12	18	19	20	21	22	23	24
13	25	26	27	28	29	30	31

April 2024							
Week	MON	TUE	WED	THU	FRI	SAT	SUN
14	1	2	3	4	5	6	7
15	8	9	10	11	12	13	14
16	15	16	17	18	19	20	21
17	22	23	24	25	26	27	28
18	29	30					

May 2024							
Week	MON	TUE	WED	THU	FRI	SAT	SUN
18			1	2	3	4	5
19	6	7	8	9	10	11	12
20	13	14	15	16	17	18	19
21	20	21	22	23	24	25	26
22	27	28	29	30	31		

June 2024							
Week	MON	TUE	WED	THU	FRI	SAT	SUN
22						1	2
23	3	4	5	6	7	8	9
24	10	11	12	13	14	15	16
25	17	18	19	20	21	22	23
26	24	25	26	27	28	29	30

July 2024							
Week	MON	TUE	WED	THU	FRI	SAT	SUN
27	1	2	3	4	5	6	7
28	8	9	10	11	12	13	14
29	15	16	17	18	19	20	21
30	22	23	24	25	26	27	28
31	29	30	31				

August 2024							
Week	MON	TUE	WED	THU	FRI	SAT	SUN
31				1	2	3	4
32	5	6	7	8	9	10	11
33	12	13	14	15	16	17	18
34	19	20	21	22	23	24	25
35	26	27	28	29	30	31	

September 2024							
Week	MON	TUE	WED	THU	FRI	SAT	SUN
35							1
36	2	3	4	5	6	7	8
37	9	10	11	12	13	14	15
38	16	17	18	19	20	21	22
39	23	24	25	26	27	28	29
40	30						

October 2024							
Week	MON	TUE	WED	THU	FRI	SAT	SUN
40		1	2	3	4	5	6
41	7	8	9	10	11	12	13
42	14	15	16	17	18	19	20
43	21	22	23	24	25	26	27
44	28	29	30	31			

November 2024							
Week	MON	TUE	WED	THU	FRI	SAT	SUN
44					1	2	3
45	4	5	6	7	8	9	10
46	11	12	13	14	15	16	17
47	18	19	20	21	22	23	24
48	25	26	27	28	29	30	

December 2024							
Week	MON	TUE	WED	THU	FRI	SAT	SUN
48							1
49	2	3	4	5	6	7	8
50	9	10	11	12	13	14	15
51	16	17	18	19	20	21	22
52	23	24	25	26	27	28	29
1	30	31					



Short-term

Medium-term

Long-term

The official holidays and memorial days							
January 1-2	New Year	April 24	Genocide Victims' Commemoration day	May 28	The Republic day		
January 6	Christmas day	May 1	Labour day	July 5	Constitution day		
January 28	Army day	May 9	Victory and Peace day	September 21	Independence day		
March 8	Women's day						

The information about the indicative volumes of the auctions will be published quarterly, 10 days before each quarter.

The information about the indicative volumes of the auctions will be published quarterly, 10 days before each quarter. The information about the volume (range) and tenor of bonds subject to allocation

will be published within the last ten days of previous month before the auction date, after the discussion with Primary Dealers.

Additional T-Bills issuances may be implemented, moreover, issuances with maturity period of up to 3 weeks can be done for cash flow management purposes, whereas issuances with maturity period of 3-12 months can be done in frames of coordination of the fiscal and monetary policies.

April 29 and October 29 are considered reserve auction dates and interest payments and redemption of coupon bonds are consolidated on these dates.

In exceptional cases, the Ministry of Finance may cancel or announce additional auction dates due to borrowing needs and market trends.

During 2024 the switch auctions will be implemented for the purposes of consolidation and refinancing risk management of outstanding Treasury Bonds. Pilot issuance of inflation-linked bonds is planned for the expansion of domestic debt instruments structure.

As needed, Treasury bonds buybacks will be implemented during 2024. In 2024, the 70-80% of the buybacks is planned for smoothening the redemption profile, and 20-30% - for enhancing the liquidity. As a rule, treasury bonds buybacks will be carried out on mid-term and long-term treasury bonds auction dates. During the placement period of each issue, the Ministry of Finance does not implement buyback of those bonds (on-the-run).

The list of benchmark bonds is published quarterly, 10 days before each quarter on the official website of the Ministry of Finance ([www.minfin.am](http://www.minfin.am)).

A meeting with Primary Dealers will be arranged on the penultimate Thursday of each month. A meeting with other institutional participants of Government bonds market will be arranged on second Thursday of third month of each quarter.

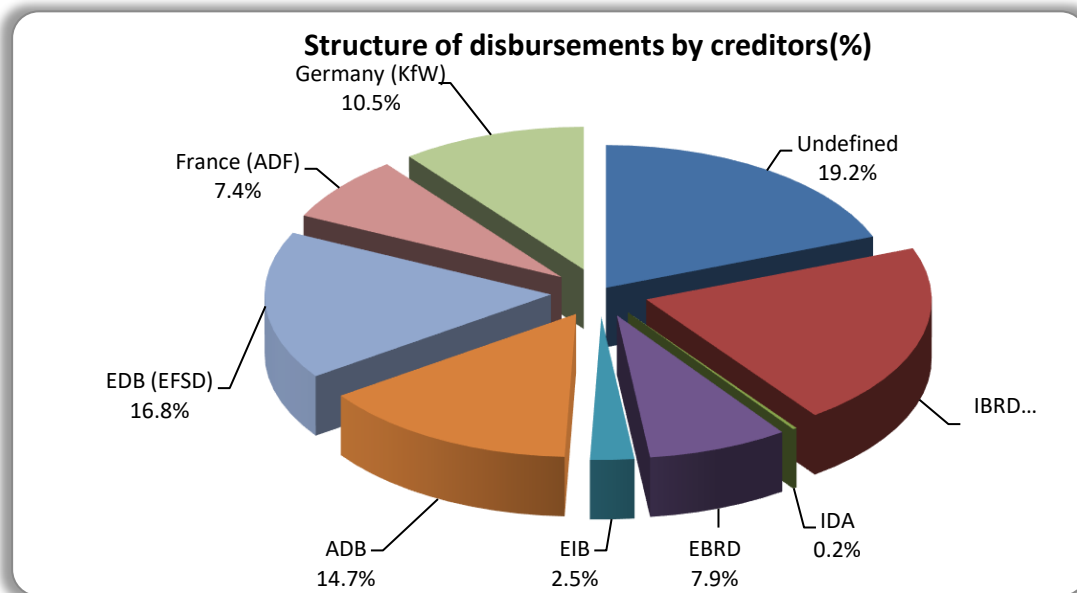
### **3.2. Deficit financing by external loans (disbursement plan)**

For financing the State budget deficit in 2024 it is planned to disburse AMD 315.0 billion (USD 782.9 million) from external loans. Moreover, disbursements from project loans will be AMD 132.8 billion (USD 330.1 million) and disbursements from budget support loans will amount to AMD 182.2 billion (USD 452.7 million).

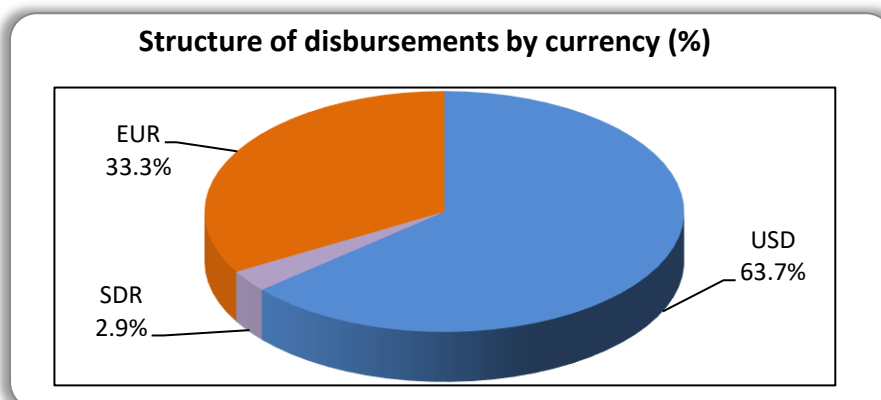


In 2024 it is planned to borrow budget support loans from International Bank for Reconstruction and Development (USD100 mln), Eurasian Fund for Stabilization and Development (USD100 mln), Asian Development Bank (USD 50 mln), French Development Agency (100 mln Euro) and USD 150 mln from other sources.

The structure of disbursements by lenders is as follows:



In 2024, 63.7% of disbursements will be made from the loans provided in USD and 33.3% of disbursements will be made from the loans provided in Euro.



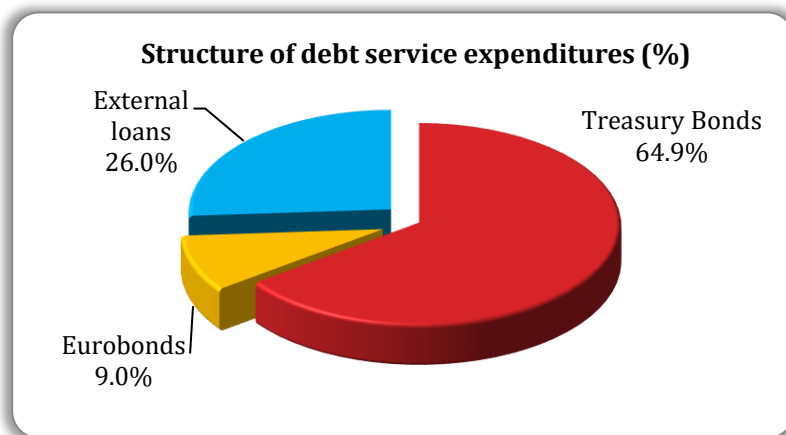
### 3.3 Deficit financing from international capital markets

The Government of Armenia is not planning new Eurobond issuance or buyback in 2024.

#### 4. Redemption and servicing of Government debt

In 2024, AMD 803.3 billion is required for the redemption and servicing of the Government debt, of which the debt redemptions will constitute AMD 480.2 billion, and the interest payments - AMD 323.1 billion.

AMD billion	Redemption	Interest payments	<b>Total</b>
Treasury bonds	305.1	209.9	515.0
Eurobonds	-	29.2	29.2
External loans	175.1	84.0	259.1
<b>Total</b>	<b>480.2</b>	<b>323.1</b>	<b>803.3</b>



Planned amount of AMD 305.1 billion for the redemption of Government treasury securities also includes AMD 30 billion buyback amount.

Interest and redemption expenditures for Government foreign currency denominated debt are calculated based on USD/AMD exchange rate as of November 1, 2023 (applying the appropriate adjustment coefficient, as the actual payments will be made at the exchange rates set by the Central Bank of Armenia as of the transaction date), and planned on the assumption that in 2024 the average SOFR rate will be 6.0%, 6-month Euribor will be 4.5% and SDR will be 6.0%.

It is planned to pay AMD 259.0 billion (USD 643.7 million) for the redemption and servicing of external loans. The structure of the planned payments by lenders is as follows.

USD million	Interest payment	Redemption	Total
International Bank for Reconstruction and Development	67.0	28.2	95.2
International Development Association	18.1	71.0	89.1
European Bank for Reconstruction and Development	5.4	4.8	10.3
European Investment Bank	4.2	6.1	10.3
International Fund for Agricultural Development	0.5	3.8	4.3
OPEC Fund for International Development	4.8	5.2	10.0
Asian Development Bank	49.9	54.6	104.5
European Union	2.4	-	2.4
International Monetary Fund	15.6	159.8	175.4
Eurasian Development Bank	14.0	4.1	18.0
Germany (KfW)	8.3	31.7	40.0
Russian Federation	8.5	42.1	50.6
France	8.3	9.5	17.9
USA	0.2	1.8	2.0
Japan	1.1	7.8	8.9
Abu Dhabi Fund for Development	0.1	0.6	0.7
Export-Import Bank of China	0.3	1.5	1.8
KBC Bank (Belgium)	0.0	0.5	0.5
Raiffeisen Bank (Austria)	0.0	0.9	1.0
Erste Bank (Austria)	0.1	0.7	0.8
<b>Total</b>	<b>208.9</b>	<b>434.8</b>	<b>643.7</b>

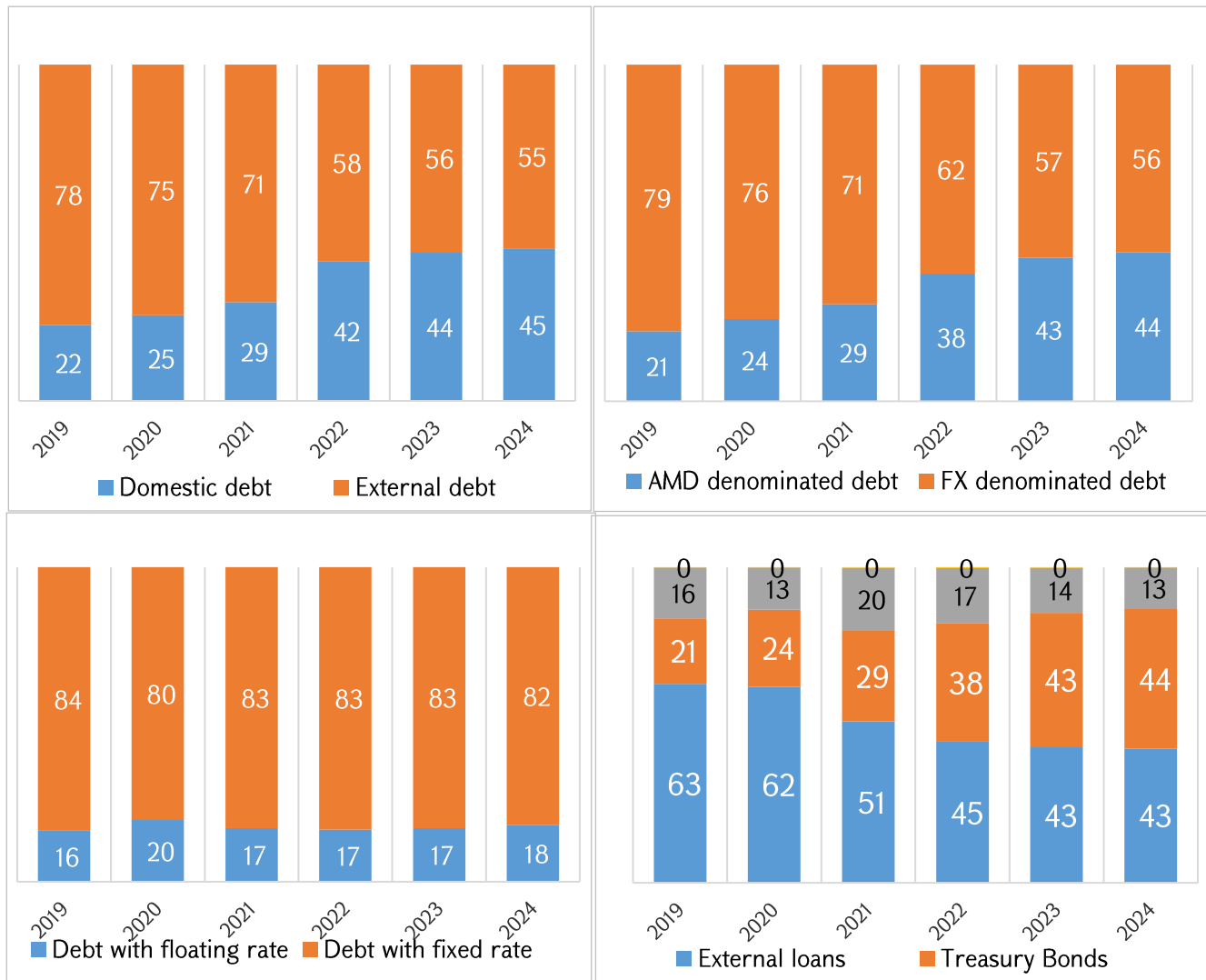
## 5. Government debt projection as of the end of 2024

Due to 2024 State budget projections, the Government debt of Armenia will constitute AMD 5,083 billion or 48.3% of GDP at the end of 2024, 1.3% higher than 2023 Debt/GDP ratio. Debt/GDP projections differ from the figures of 2024-2026 Medium-Term Government Debt Management Strategy mainly due to the differences in macroeconomic and fiscal frameworks, exchange rate projections, as well as actual debt operations executed by the Government.

	as of 31.12.2022	as of 31.12.2023	as of 31.12.2024
Government debt, AMD billion	3,970	4,442	5,083
Government debt, USD million	10,086	10,910	11,892
Government debt, % to GDP	46.7	47.0	48.3

It is planned to increase the share of AMD denominated Treasury bonds in the Government debt structure during 2023-2024, respectively to 42.5% and 44.2%.

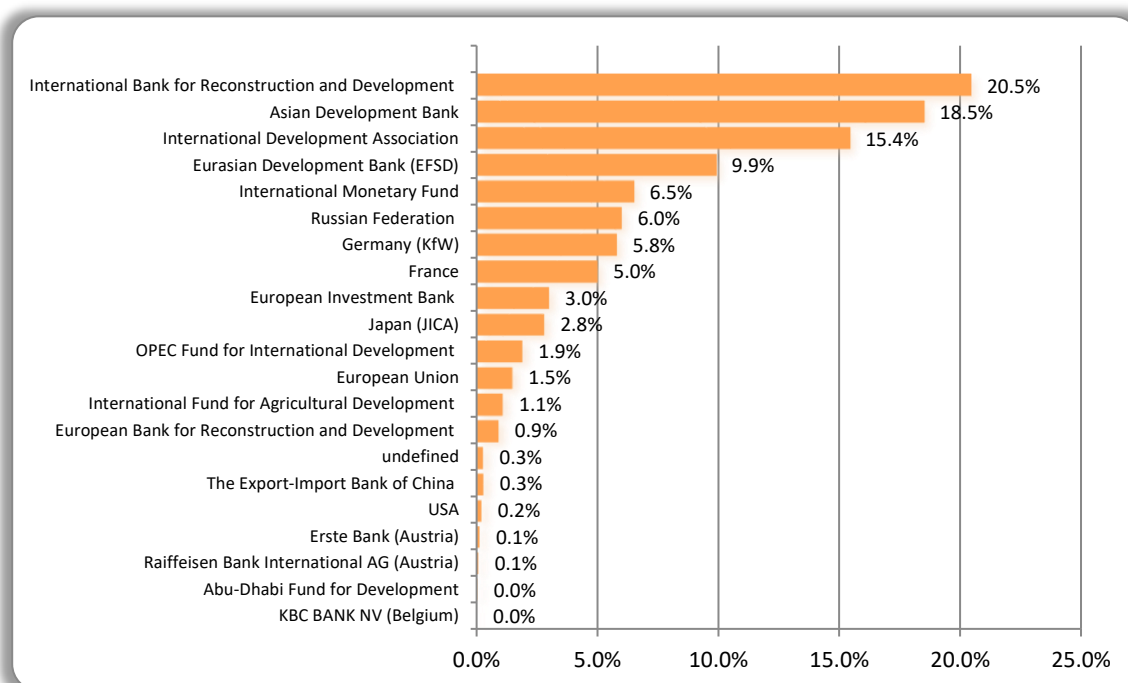
The Government debt will have the following structure:



Taking into account the forecasts and projected debt operations planned in 2024 State budget, the benchmark indicators set in 2024-2026 Medium-Term Government Debt Management Strategy will be the following.

	Benchmark	2024 (forecast)
<b>Refinancing risk</b>		
Average time to maturity	7-10 years	7.2 years
The share of debt maturing within next 3 years	max 35%	30.0%
The share of up to 1-year maturity Treasury bonds in the total Treasury bonds (at the end of the year)	max 20%	15.2%
<b>Interest rate risk</b>		
The share of fixed rate debt in the total debt	min 80%	82.0%
<b>Exchange rate risk</b>		
The share of domestic debt in the total debt	min 40%	45.2%
The share of AMD denominated debt in the total debt	min 40%	44.3%

The World Bank's (IBRD and IDA) share in external loans of Government outstanding debt will be 35.9% at the end of 2024. Government external loans structure by lenders will be the following:



As of the end of 2024 the Government debt redemption profile will be scattered until 2054.

