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"TRANSLATION CENTRE OF THE MINISTRY OF JUSTICE
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STATE NON-COMMERCIAL ORGANISATION

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DIRECTOR

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LAW

OF THE REPUBLIC OF ARMENIA

(Law edited by HO-484-N of 17 December 2025)

(Law HO-484-N of 17 December 2025 has a final part and transitional provisions)

ON PUBLIC DEBT

CHAPTER 1

GENERAL PROVISIONS

Article 1. Subject matter of the Law

1. This Law shall regulate the relations pertaining to the public debt of the Republic of Armenia, as well as those related to the publicity of public sector debt.

Article 2. Main concepts used in the Law

1. The main concepts used in this Law shall be as follows:
 - (1) **debt obligation** — an amount received through the instruments provided for by part 1 of Article 5 of this Law and outstanding as of a certain point, including interest amount not paid within the prescribed time limit;
 - (2) **public debt** — the consolidated aggregate amount of debt obligations assumed by the Government on behalf of the Republic of Armenia and by local self-government bodies on behalf of the communities of the Republic of Armenia (hereinafter referred to as "the communities") and existing as of a certain point (excluding debt obligations between the Government and the communities, as well as inter-community debt obligations);
 - (3) **government debt** — the aggregate amount of debt obligations assumed by the Government and existing as of a certain point;
 - (4) **communities' debt** — the aggregate amount of debt obligations assumed by local self-government bodies and existing as of a certain point;
 - (5) **domestic public debt** — the consolidated aggregate amount of debt obligations assumed by the Government and local self-government bodies towards residents and existing as of a certain point (excluding debt obligations between the Government and the communities, as well as inter-community debt obligations);
 - (6) **public external debt** — the aggregate amount of debt obligations assumed by the Government towards non-residents and existing as of a certain point;
 - (7) **public sector debt** — the consolidated aggregate amount of the public debt and the debt obligations assumed by financial and non-financial organisations of public sector and existing as of a certain point (excluding debt obligations towards each other);

- (8) **public debt management** — a process carried out through the development and implementation of programmes for raising, reprofiling, repayment and servicing of borrowed funds, within the framework of the objectives set under Article 8 of this Law;
- (9) **debt repayment** — fulfilment of debt obligation;
- (10) **debt servicing** — repayment, interest amount, penalty, commission fee, liability fee and other fees provided for under a debt obligation;
- (11) **authorised body** — republican body of executive authorities of the Republic of Armenia which develops and implements the policy of the Government in the sphere of public financial management;
- (12) **non-financial organisation of the public sector** — non-financial commercial organisation with more than 50% state or community participation;
- (13) **financial organisation of the public sector** — state and community organisation and financial commercial organisation with more than 50% of state or community participation operating in the finance sector, as provided for by the Constitution of the Republic of Armenia and laws of the Republic of Armenia;
- (14) **resident** — as per the meaning established by the Law "On currency regulation and currency control";
- (15) **non-resident** — as per the meaning established by the Law "On currency regulation and currency control";
- (16) **state treasury bond** — state bond which is issued in national currency by an authorised body on behalf of the Republic of Armenia, in the territory of the Republic of Armenia or outside of the territory of the Republic of Armenia;

- (17) **foreign currency bond** — state bond which is issued in foreign currency by an authorised body on behalf of the Republic of Armenia, in the territory of the Republic of Armenia or outside of the territory of the Republic of Armenia;
 - (18) **community bond** — bond which is issued in national currency by local self-government bodies, in the territory of the Republic of Armenia;
 - (19) **primary placement** — the first alienation of bonds of an issuer to the participants of a market by the issuer or other body upon the assignment of the issuer;
 - (20) **primary market** — market where the primary placement of bonds of an issuer is carried out;
 - (21) **liabilities management operations** — all operations which are carried out with the instruments provided for by part 1 of Article 5 of this Law in order to change the debt structure and improve the composition thereof, including smoothing the repayment schedule;
 - (22) **contingent liability** — liability of the Republic of Armenia, fulfilment whereof is conditioned by the occurrence of conditions or events underlying them.
2. In this Law, the concepts used in the Law "On the budget system of the Republic of Armenia" shall apply within the meaning of the Law "On the budget system of the Republic of Armenia", where another meaning for use thereof does not arise from the provisions of this Law.

Article 3. Government debt ceiling

1. As of 31 December of each year, the ceiling on the ratio of government debt to the Gross Domestic Product of the Republic of Armenia is 60%, and in case it

exceeds, the provisions prescribed by point "c" of part 8.2 and point "b" of part 8.4 of Article 21 of the Law "On the budget system of the Republic of Armenia" shall be applied.

2. Where, as of 31 December of the previous year, the government debt has exceeded 50% of the Gross Domestic Product of the Republic of Armenia of the previous year, the provisions prescribed by point "b" of part 8.2 and point "a" of part 8.4 of Article 21 of the Law "On the budget system of the Republic of Armenia" shall be applied, and in case it exceeds 40% — the provisions prescribed by point "a" of part 8.2 of Article 21 of the Law "On the budget system of the Republic of Armenia" shall be applied.

CHAPTER 2

COMPOSITION OF PUBLIC DEBT AND CONTINGENT LIABILITIES, SET OF INSTRUMENTS FOR FORMATION OF PUBLIC DEBT AND OBJECTIVES OF RAISING

Article 4. Composition of public debt

1. The components of public debt shall be the domestic public debt and the public external debt. Cash liabilities arising from the components of public debt shall have the same priority.
2. Public debt, according to maturity of issuance and before repayment, shall be short-term (up to 1 year inclusive), mid-term (1-5 years inclusive) and long-term (for more than 5 years).

Article 5. Set of instruments for formation of public debt

1. The instruments for formation of public debt shall be:
 - (1) borrowing or loan agreements concluded with financial and credit organisations, foreign countries, international organisations, multilateral crediting institutions, as well as natural and legal persons;
 - (2) state treasury bonds, foreign currency bonds and community bonds;
 - (3) liabilities of third parties reprofiled as public debt in consequence of the transaction for transfer of debt as prescribed by the legislation of the Republic of Armenia;
 - (4) contracts on reprofiling of public debt;
 - (5) transactions to recognise contingent liability as debt obligation.
2. Where the debtor, for which a budget guarantee has been granted, fails to fulfil his or her liability within the prescribed time limit, and the creditor demands fulfilment of budget guarantee, the liabilities that are guaranteed and are not fulfilled within the prescribed time limit, shall be recognised as debt obligation of the Government.
3. Contingent liability (except for budgetary guarantee) shall be included in the public debt, where incidents or conditions underlying the contingent liability occur. When the incidents or conditions underlying the contingent liability of the Government occur, they shall be recognised as debt obligation of the Government. When the incidents or conditions underlying the contingent liability of a community occur, they shall be recognised as debt obligation of the community.

Article 6. Composition of contingent liabilities

1. Contingent liabilities shall include:
 - (1) budgetary guarantees;
 - (2) the contingent liabilities assumed towards the private sector within the framework of public-private partnership.

Article 7. Objectives of raising public debt

1. The objectives of public debt raising shall be:
 - (1) financing the deficit of the State Budget and ensuring current liquidity or financing the deficit of the funds part of communities' budgets;
 - (2) maintaining and developing domestic public debt market;
 - (3) refinancing the public debt;
 - (4) crediting from the state budget;
 - (5) replenishing the stabilisation account funds.

CHAPTER 3

PUBLIC DEBT MANAGEMENT

Article 8. Objectives of public debt management

1. The main goal of public debt management shall be to provide the constant opportunity to meet the financial needs of the Government and communities in the medium-term and in the long-term and ensure fulfilment of payment

liabilities with minimum expenses and at a reasonable level of risks of the debt structure.

2. The goals of public debt management shall be:
 - (1) to shape the optimal structure of government debt and communities' debt, taking into account the potential risks;
 - (2) to co-ordinate the public debt management and monetary-credit policies, including the assistance to the payment balance and replenishment of reserves within the framework thereof.

Article 9. Instruments of public debt management

1. To ensure implementation of the objectives of public debt management, the authorised body and local self-government bodies shall apply the debt management instruments accepted in financial markets, including debt reprofiling or restructuring, debt repurchase, debt exchange, debt swap and more.

Article 10. Principles of public debt management

1. Public debt management shall be carried out based on the following principles:
 - (1) transparency — clear definition and disclosure of the public debt management objectives and policies;
 - (2) accountability — accountability before the legislative body and the public with regard to public debt management;
 - (3) predictability — transparency and predictability of liabilities management operations (including raising and servicing of borrowed funds);

- (4) publicity — timely, proper and full disclosure of information about the public debt and liabilities management operations and public access to the information.

Article 11. Public debt management bodies

1. Assuming and managing debt obligation of the Government shall be carried out by the authorised body, assuming and managing debt obligation of communities—by local self-government bodies.
2. Local self-government bodies shall assume debt obligation upon the consent of the authorised body. The procedure for giving consent to assumption by local self-government bodies of debt obligation shall be established by the authorised body.
3. The authorised body shall register, record the government debt and shall be responsible for the reliability of that records. The procedure for registering and recording of government debt shall be established by the authorised body.
4. Local self-government bodies shall, as prescribed by the council of elders of the community, carry out registration, recording of communities' debt and shall be responsible for the reliability of that records.

Article 12. Audit of public debt management

1. External audit of public debt management shall be conducted as prescribed by the Law "On the Audit Chamber".
2. Internal audit of public debt management shall be conducted as prescribed by the Law "On Internal Audit".

CHAPTER 4

MEDIUM-TERM STRATEGY FOR GOVERNMENT DEBT MANAGEMENT AND ANNUAL BORROWING PLAN

Article 13. Medium-term strategy for government debt management

1. The medium-term strategy for government debt management is a programme that the Government carries out in the medium-term, for the purpose of achieving the desired government debt structure. The strategy shall be developed and reviewed each year, for the upcoming three years.
2. The medium-term strategy for government debt management shall be included in the composition of the State Medium-Term Expenditures Programme and shall be approved by the Government.
3. The medium-term strategy for government debt management shall include the benchmark indicators, the goals of government debt and the actions to be implemented, an assessment of the debt structure and potential risks.
4. The medium-term strategy for government debt management shall be posted on the official website of the authorised body.

Article 14. Annual borrowing plan

1. The authorised body shall, within a 20-day period upon adoption of the Law "On the State Budget" for each year, develop and post on its official website the annual borrowing plan, which presents the volumes and structure of financing of the deficit of the State Budget for the year concerned at the expense of borrowed funds, the set of instruments, the calendar of auctions for placement of state treasury bonds, the servicing of government debt and other indicators characterising the debt.

CHAPTER 5

PUBLICITY OF PUBLIC DEBT AND PUBLIC SECTOR DEBT

Article 15. Publicity of public debt

1. Public debt shall be made public in the national currency of the Republic of Armenia. It may be made public also in other currencies.
2. The authorised body shall prepare and, prior to 1 May of the next year, post on its official website an annual report on the public debt for the year concerned, which contains information about the volume and structure of the public debt, the operations carried out during the year, as well as analyses on the risks in the government debt structure and performance of the benchmark indicators enshrined in the medium-term strategy for government debt management.
3. After the end of each month, local self-government bodies shall, as prescribed by the joint order of the authorised body and the authorised body in the field of territorial administration, submit to the authorised body in the field of territorial administration information regarding communities' debt, and the authorised body in the field of territorial administration shall sum up the information and submit it to the authorised body.
4. The authorised body shall, within a 15-day period after the end of each month, prepare and post on its official website a monthly statistical bulletin of the government debt, which contains information about the volume and structure of the government debt, as well as the risks of the government debt structure and other indicators.
5. The authorised body shall, within a 40-day period after the end of each month, prepare and post on its official website a monthly statistical bulletin of the public debt, which contains information about the volume and structure of the public debt, as well as the risks of the government debt structure and other indicators.

Article 16. Publicity of public sector debt

1. Financial and non-financial organisations of the public sector shall submit to the authorised body information on their debt obligations, the procedure for provision whereof shall be established by the authorised body.
2. The authorised body shall, in the manner prescribed thereby, post on its official website a bulletin on the public sector debt, which contains information about at least the volume and structure of the public sector debt.

CHAPTER 6

SOURCES, SERVICING AND REPAYMENT OF PUBLIC DEBT

Article 17. Sources of public debt

1. The sources of public debt shall be:
 - (1) funds obtained from the placement of state treasury bonds and foreign currency bonds acquired by residents and non-residents;
 - (2) funds obtained from the placement of community bonds acquired by residents;
 - (3) borrowings and loans provided by residents and non-residents to the Government;
 - (4) borrowings and loans provided by residents to local self-government bodies;
 - (5) liabilities of third parties reprofiled as public debt to residents and non-residents as a result of a debt transfer transaction as prescribed by the legislation of the Republic of Armenia;

- (6) contracts on the reprofiling of public debt to residents and non-residents;
- (7) transactions to recognise contingent liabilities owed to residents and non-residents as public debt.

Article 18. Servicing of government debt

1. The sums subject to servicing of government debt shall be paid in full and in a timely manner. Where the funds envisaged by the State Budget of the year concerned are insufficient for servicing of government debt, the payments to be made for servicing of the government debt shall be made by adding funds envisaged for servicing of debt as prescribed by the Law "On the budget system of the Republic of Armenia", through change of revenues, expenses or deficit of the State Budget of the year concerned.

Article 19. Repayment of public debt

1. Public debt shall be deemed to be repaid, where all the payments envisaged by the relevant contracts have been made, or payment obligation has ceased in accordance with the Civil Code of the Republic of Armenia, as well as on the grounds for termination of obligation provided for by the the contract.
2. The authorised body and local self-government bodies shall be entitled to fulfil their debt obligations prematurely, unless it is proscribed by the relevant contract.

CHAPTER 7

RAISING BORROWED FUNDS

Article 20. Borrowed funds granted to the Government

1. Only the authorised body shall be entitled to conclude a borrowing agreement or loan agreement with residents on behalf of the Republic of Armenia.
2. Borrowings and loans may be raised from residents at an interest rate not higher than the profitability of bonds of the same maturity of the profitability curve of state treasury bonds on the 5th day preceding the day of signing of the borrowing agreement or loan agreement.
3. Upon entry into force of the international loan agreement, the authorised body shall, in the cases and as provided for by the agreement, be entitled to make changes in the fixed and floating interest rates provided for by the terms of the loan within the framework of risk management of the debt structure, a change of loan currency and other change enshrined by the international loan agreement or other document on general financial terms for provision of the loan.

Article 21. Issuance of state treasury bonds and foreign currency bonds

1. The exclusive right to issue state treasury bonds and foreign currency bonds on behalf of the Republic of Armenia shall pertain to the authorised body.
2. Changes in the conditions for issuance of state treasury bonds and community bonds which are in circulation shall be prohibited.
3. The procedures for issuance, placement, circulation of state treasury bonds and foreign currency bonds, debt management operations and repayment in the territory of the Republic of Armenia shall be approved by the Government.

4. Documents related to the processes of issuance, placement, circulation of foreign currency bonds, debt management operations and repayment outside of the territory of the Republic of Armenia shall be signed by the head of the authorised body.

Article 22. Selecting participants of primary market of state treasury bonds

1. The authorised body shall establish the procedure for assessing the behaviour of the participants and the procedure for selecting the participants of the primary market of state treasury bonds, and shall select the participants of the primary market in accordance therewith. The authorised body shall publish on its official website the criteria and results of the assessment of the behaviour and selection of the participants of the primary market of state treasury bonds.
2. The Central Bank shall, in a manner co-ordinated with the authorised body, provide the authorised body with necessary information — provided by the participants of the state treasury bonds market to the Central Bank on the basis of laws and other legal acts — for calculating the criteria for selection of participants of the primary market of state treasury bonds. The information provided to the authorised body may not contain bank secret.

**President
of the Republic of Armenia**

S. Sargsyan

18 June 2008,
Yerevan,
HO-78-N

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Comprises eight sheets.

