

ОЦЕНКА ЭФФЕКТИВНОСТИ ГОСУДАРСТВЕННОГО АНТИКРИЗИСНОГО РЕГУЛИРОВАНИЯ В РЕСПУБЛИКЕ АРМЕНИЯ

Аннотация. В статье обосновывается, что для совершенствования государственных антикризисных мероприятий важное значение имеет оценка эффективности последних. Для анализа и оценки эффективности государственного антикризисного регулирования конкретной страны нужно рассмотреть такие задачи как анализ причин и последствий кризиса в экономике, анализ особенностей антикризисных мероприятий, а также количественная и качественная оценка этих мероприятий.

В статье представлена динамика макроэкономических показателей в РА, основные направления антикризисных мероприятий правительства по их финансовым ассигнованиям, а также их качественная оценка. В результате анализа антикризисных мероприятий, выявлено что основная их часть классифицируются как селективные, преобладание которых оснащены такими рисками, как неэффективное администрирование и коррупционные риски.

В статье отмечается, что среди антикризисных мер правительства Армении были включены ряд мероприятий, которые по своей природе считались реформами, но с точки зрения антикризисной эффективности последние не были достаточно таргетированными. В статье также отмечается, что для оценки эффективности антикризисных мероприятий необходимо руководствоваться не формальным принципом рассматривая официально объявленные государством меры, а уделять особое внимание тем мерам, которые обладают потенциальными перспективами для стимулирования долгосрочного экономического роста в стране.

В статье также приводится ряд рекомендаций, применение которых будет способствовать повышению эффективности антикризисного регулирования.

Ключевые слова: государственное антикризисное регулирование, анализ, количественная и качественная оценка, эффективность, инструменты, селективные меры, риски.

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EVALUATION OF THE EFFECTIVENESS OF STATE ANTI-CRISIS REGULATION IN THE REPUBLIC OF ARMENIA

Abstract. The article justifies that in order to make crisis response (anti-crisis) measures implemented by the government more effective, assessment of these measures plays a key role in increasing the effectiveness and efficiency of these programs. For analyzing and evaluating the effectiveness and efficiency of crisis response regulation of a given nations, it is required to consider the followings such as analysis of cause-and-effect relations of the crisis in an economy; analysis of characteristics of crisis response measures; and quantitative and qualitative assessment of these measures.

The article presents the dynamics of macroeconomic indicators in the Republic of Armenia, main directions of crisis response measures of the government based on funding allocation, and qualitative assessment of these measures. Based on the of analysis results of anti-crisis measures the author identifies that the majority of these measures could classified as selective ones and are subject to risks such as inefficient administration and corruption risks.

The article states that among crisis response measures and programs implemented by the government of Armenia some were considered as reforms by their nature, however from the viewpoint of crisis response effectiveness these measures and programs were not targeted enough. The article states that in order to assess the efficiency of crisis response measures it is required not only to rely on the formal guidelines while considering the measures officially announces by the government, but also to pay a special attention to those measures and programs that potentially could have chances to stimulate economic growth over the long-run in the country.

The article presents also a number of recommendations, the application of which will increase the efficiency of anti-crisis regulation.

Keywords: State anti-crisis regulation, analysis, quantitative and qualitative assessment, effectiveness, tools, selective measures, risks.

It goes without saying that the evaluation of the effectiveness of anti-crisis measures is crucial in terms of their further improvement. The following issues can be touched upon in terms of analyzing and evaluating the effectiveness of anti-crisis measures.

1. analysis of causes and aftermath of slumps in economy;
2. analysis of the essence of measures included in the state anti-crisis program;
3. quantitative evaluation of exercised measures by analyzing the dynamics of main macroeconomic indicators in both pre- and post crisis period;
4. qualitative evaluation of anti-crisis measures according to the following parameters:
 - equivalence of the implemented anti-crisis measures to the causes bringing forth economic slumps;
 - orientation of the measures toward longterm and sustainable economic development;
 - description and peculiarities of the selected anti-crisis measures;
 - risk control and cutback in the sphere of anticrisis regulation.

As regards to the specific directions of anti-crisis measures the following should be mentioned:

- anti-crisis tools, measures and its targeted orientations, initial estimation of financial costs;
- evaluation of the effectiveness of anti-crisis measures in terms of their correspondence to the long-term state development strategies;
- identification of the main beneficiaries of the state anti-crisis measures, evaluation of appropriateness of anti-crisis measures;
- evaluation of the stimulating potential on the economy of anti-crisis measures;
- identification, analysis and evaluation of the main risks accompanying the anti-crisis measures;
- evaluation of the specificities of implementing anti-crisis tools in the phases of economic slumps and uplifts, as well as evaluation of the possibility of their effective matching;
- identification and analysis of the factors essentially influencing the efficiency of implementing anti-crisis tools.

Based on the analyses we can as well mention those factors which influence the peculiarities of anti-crisis measures in different countries: the reasons of economic crisis, the influences on the economy, the sizes of the real sector of the economy, the structure and the level of development of the state governing structure, the rate of economic growth in the pre-crisis situation and the resources available for exercising anti-crisis measures.

The reasons why economic crises penetrate into the real sector of economy are different, e.g. for the USA and European countries the reason of the economic crises was the crisis of liquidity in the banking system, while for Russia, China and Japan it was the rapid reduction of gross demand in the world markets. [1]. As for Armenia, the peculiarity of the crisis negative impacts was that neither collapse of financial markets nor crisis of liquidity was observed. Instead there emerged secondary influences of financial crisis, such as:

1. reduction of foreign private transfers;
2. reduction of metal prices in international markets;
3. devaluation of the Armenian currency.[2]

It should be mentioned that Armenia has adopted market economic relations not long ago, consequently, Armenian economy historically lacks prerequisites for supporting stable and reliable resistance to economic downfalls.

With a view to evaluating the efficiency of state anti-crisis measures exercised in Armenia let us now bring their quantitative characteristics incorporating both the dynamics of macro-economic indicators as well as the qualitative characteristics of the realized activities.

Table 1

2007-2014 Dynamics of RA macroeconomic indicators¹

Macroeconomic indicators	2007	2008	2009	2010	2011	2012	2013	2014
Current account balance, percent of GDP	-8.51	-14.96	-17.58	-13.62	-10.44	-9.96	-7.59	-7.29

¹ Source: IMF, World Economic Outlook Database: October 2015 Edition, (<http://www.imf.org/external/pubs/ft/weo/2015/02/weodata/index.aspx>). ILO, ILOSTAT online database (<http://www.ilo.org/ilostat>); National Statistical Service of Armenia, Employment and Unemployment Online database (www.armstatbank.am). World Bank, World Development Indicators Online Database (Last Updated: 02/17/2016, <http://data.worldbank.org/products/wdi>).

Table 1

Macroeconomic indicators	2007	2008	2009	2010	2011	2012	2013	2014
Exports of goods and services (annual % growth)	-3.51	-13.08	-10.44	26.50	14.70	8.40	8.60	13.94
General government final consumption expenditure (annual % growth)	5.22	-1.86	-1.22	3.90	1.90	-1.40	7.60	6.40
General government gross debt, percent of GDP	14.24	14.63	34.13	33.74	35.69	36.47	37.95	41.32
General government net lending/borrowing, percent of GDP	-2.33	-1.75	-7.68	-4.97	-2.87	-1.49	-1.59	-1.93
Gross domestic product, constant prices (percent change)	13.74	6.94	-14.15	2.20	4.70	7.13	3.53	3.43
Gross fixed capital formation (annual % growth)	18.17	11.90	-25.35	-2.90	-11.70	-1.90	-7.00	-2.40
Household final consumption expenditure (annual % growth)	13.24	5.38	-4.38	3.85	2.89	9.10	0.90	0.50
Imports of goods and services (annual % growth)	12.99	7.28	-19.15	12.80	-1.40	-2.80	-2.10	1.83
Industry, value added (annual % growth)	11.26	7.43	-28.55	7.42	1.77	4.99	0.85	-0.78
Inflation, average consumer prices (percent change)	4.55	9.01	3.54	7.27	7.65	2.54	5.78	2.98
Total investment, percent of GDP	38.16	43.80	33.82	29.41	27.00	24.05	19.53	19.35
Unemployment rate, percent of total labor force	16.7	16.4	18.7	19.0	18.4	17.3	16.2	17.6

It must be mentioned that as a result of the crisis, there was registered a downfall in the Armenian economy already in the year 2008, the economic growth amounted only to 6.8 %. In 2009 the Armenian economy was in deep crisis with 16% economic downfall in the 3rd quarter².

As is evident, dynamics of macro-economic indicators in Armenia has not reached the pre-crisis level even in 2014. Positive turn in terms of real GDP was recorded only 2010 amounting to 2.2 %. In 2011 the real GDP growth amounted to 7.13 %, which is higher the one recorded in 2008, though it is considerably lower that the pre-crisis index recorded in 2007, which amounted to 13.74%. It is worth mentioning as well that growth rates of the real GDP decreased in 2013 and 2014 amounting to 3.53% and 3.43% correspondingly.

In spite of a 5.52% rise in the actual industrial growth rate in 2010, it fell again by 0.01% in the year 2011. Later, in 2012, it again grew by 5.16%, in 2013 it again decreased by 0.87% and in 2014 it demonstrated a growth of 0.52%. It can be seen that the actual industrial volumes are still far from pre-crisis level and, in the meanwhile, they do not tend to manifest sustainable dynamics in the post-crisis period.

The indicator for gross investments in fixed assets has been showing negative dynamics since 2014. Preceding the minimum of -25.35% in 2009, the lowest indicator of -11.7% was observed in 2011. In 2013 this indicator amounted to -7.90%, and in 2014 it reached -1.90%. In order to form a better understanding, it is essential to recall that the pre-crisis level of mentioned indicator amounted to 18.16% in 2007.

Though household final consumption expenditure showed a slightly positive dynamics since 2010, resulting in 3.79%, it is still far from the pre-crisis level and, in the meanwhile, hasn't shown a sustainable growth either. Thus, in 2012 it made up 9.09%, but in 2013 it drastically decreased, amounting to 1.99% and in 2014 it continued falling and reached 0.49%.

Unemployment rate still remains a sore point for the republic, and its level has not decreased since the crisis. The highest unemployment rate for the post-crisis period was registered in 2010, reaching 19%. During the years 2011-2014 the latter amounted to 18.39%, 17.30%, 16.20% and 17.1% respectively.

Below are represented the main areas of Anti-crisis Action Plan of the RA Government, according to their financial allocations.

Regarding the analysis of the volume of the anti-crisis measures, it needs to be calculated as the absolute monetary value (cost) of the crisis response measures (145.0 billion)-to-GDP ratio (the monetary value of GDP of 3,141.7 billion AMD was used in the calculations³). The ratio accounts for 4.6% of GDP. By comparing the value of the given ratio with the same ratios of other nations, the value could be considered rather high for a developing nation such Armenia is, however, by taking into account the fact that the sources of funding of the majority of implemented crisis response measures were the loans provided to the government of the Republic of Armenia, hence, the above-mentioned ratio doesn't state about the high efficiency of crisis response measures.

² http://armstat.am/file/article/sv_11_09a_111.pdf

³ http://www.armstat.am/file/article/armenia_11_2.pdf

Table 2

The main areas of Anti-crisis Action Plan of the RA [3]

No	The areas of anti-crisis measures	Value, billion AMD	Share in overall allocations, %
1	SME support, including the provision of guarantees, subsidies, direct loans, business projects financing	54.6	37.7
2	Ensuring access to credit resources for population, including consumer loans, car loans and housing loans for reconstruction and renovation of apartments and private residential houses	42.0	29
3	Financial support for strategic enterprises, including business projects funding	38.9	26.8
4	Financing infrastructure, including road construction	8.0	5.5
5	Support farm households, including subsidies of interest rates and financial assistance	1.5	1
	Total	145.0	

As it can be deduced from the afore-mentioned, the financial support to SMEs had the highest density among anti-crisis measures, comprising AMD 54.6 billion, which accounted for 37.7% of the anti-crisis assistance of the economy. In this area, the following measures can be distinguished among others [4]:

1. With a view to providing direct support to the real sector, an Operative Staff has been formed in order to process business programs received from private sector representatives and decide on their appropriateness to receive funding and its possible format. Among others, it has been planned to carry out the following funding forms- subsidies, loans, guarantees, direct loans, venture capital participation. The Operative Staff has so far received about 300 applications, with 44 projects endorsed for support to a total budget of AMD 11.4 billion.[5]

2. As of 1st of September of 2009, AMD 233.5 million worth credit guarantees have been provided to 45 SME entities by the SME DNC of Armenia within the SME Loan guarantees provision program, providing a loan package of around AMD 415 million worth [5].

3. Under the interstate Russian stabilization credit of USD 500 million, a loan program for economic has been set up, which shall aim at fostering GDP growth by partially satisfying the credit needs of business entities during the financial crisis. The total amount of AMD 90 billion (USD 250 million):

4. Resources coming from international financial institutions, too, are used to finance small and medium-size enterprise in Armenia. Namely, USD 50 million out of USD 85 million worth of World Bank loan proceeds have already been injected into local small and medium-size enterprises with the balance having to be spent on road building activities.

The second main area includes the measures towards ensuring access to credit resources for population, which received a total of AMD 42 billion worth allocations or the 29% of overall allocations for the anti-crisis assistance of the economy. This area included providing financial resource allocations to commercial banks and credit organizations aimed at population-oriented consumer loans, car loans and housing loans for reconstruction and renovation of apartments and private residential houses.

The subsequent main area, according to its volume, is the financial support for large backbone enterprises, amounting to AMD 38.9 billion or the 26.8% of overall allocations. This area involved funding of business projects of enterprises.

Financing infrastructure, primarily spent on road construction activities, has received an allocation of AMD 8 billion worth or the 5.5% of the overall anti-crisis allocations to economy.

1% of anti-crisis allocations or AMD 1.5 billion worth has been provided for the support of farm households, including subsidies of interest rates, financial assistance for the development of grain crops in high mountainous and borderland communities.

Thus, considering the main directions of anti-crisis measures we came to definite conclusions with respect to their essence. Hence, approximately 65.5 per cent of anti-crisis measures are of selective character, while the remaining 34.5 percent could be ascribed to general economic policy. It is to be mentioned that the prevalence of selective measures is full of risk like inefficient administration and

corruption. Particularly, the public was left unaware as to in what directions was 38.9 million AMD (constituting 26.8 percent of overall allocations) allocated to big enterprises was spent. The same refers to the support rendered to SMEs, the budget of which was 54.6 million AMD (37.7 percent of overall allocations). Particularly the public was not informed about the criteria of the choice of SMEs and the whole procedure was not given to publicity.

As is evident from the table shown above the ration between the absolute value of means directed to the support of the real sector of Armenian economy and the GDP is rather low, taking into account the fact that the it incorporates cost of credit resources. All this is the evidence of the insufficient volume of activities toward boosting the real sector of economy and of anti-crisis measures, with the view of the fact that a considerable amount of measures has been taken on the account of credit resources.

The next major direction of RA anti-crisis program which can be regarded as part of general economic policy was the maintenance of availability of financial resources for the population, including consumer crediting, car loans, and mortgage loans provided by commercial banks. Let us mention that on the other hand this can be regarded as a support to bank system, as far as the means have been allocated to commercial banks. Besides, there can be no clear evaluation of the total amount of means allocated to natural persons.

Another component of anti-crisis measures was the development of infrastructures. This component received allocation of 8 billion AMD (amounting to 5.5 percent of total allocations) and was directed to road building.

Let us mention that the RA Government had also announced of other measures within the frames of development of infrastructure programs, including:

- North-south road corridor program, the first stage of which will be funded by credit resources by the Asian Development Bank;
- Iran-Armenia railway construction program;
- Rural roads program, which received allocation of 48 million AMD from the Asian Development Bank;
- Free trade zone establishment program at Zvartnots airport;
- Construction of a new nuclear power plant;
- Housing in Disaster Zone program;
- Program on irrigation and drinking water system renovation.

The above mentioned measures were majorly of declarative character, meanwhile the Housing in Disaster Zone program had started long before the crisis, hence this program cannot be regarded as anti-crisis. Thus the allocation of 8 billion AMD for infrastructure development (constituting 5.5 percent of total amount of allocations) was majorly directed to road building.

This indicator (the ration between the GDP and measures directed to infrastructure) as can be seen is quite high in comparison with the same indicator in other countries, for example Russia.

The next direction of anti-crisis measures is the support to farming including subsidizing of interest rates and the financial support for development of grain sowing areas in mountainous and border communities. In this direction the total allocation amounted to 1.5 billion (1 percent of the total amount of allocations).

As to education and science sectors, the following measures can be viewed among the anti-crisis ones:

1. Establishment of the international center based on CANDLER project, aimed at development of fundamental and applied research in Armenia;
2. Cyclotron produces isotopes at Yerevan Physics Institute;
3. Establishment of Gyumri Technopark aimed at development of innovative, technological and educational systems.

As is seen, the mentioned measures are more of declarative character, lacking financial allocations and specifications on their sources. Hence, it is clear that in the frames of anti-crisis measures no funding was allocated for education and science sectors.

As is evident from the official sources the list of the anti-crisis measures is limited to the ones mentioned above, at least any official statement contradicting this point was not found.

Now let us turn to the qualitative evaluation of the anti-crisis measures exercised by the RA gov-

ernment:

– Strategy: The measures were mainly oriented toward eliminating aftermath of crisis. Approximately 65.5 % of the measures were of selective character, while the rest of 34.5 % could be ascribed to overall economic policy.

– Elimination of the causes of crisis: The major part of the anti-crisis measures (65.5%) was of strategic character, aimed at reduction of losses. These measures were effective as long as they prevented the disorganization of economy, mass bankruptcies, deterioration of social condition.

– Characteristics of the applied tools: The measures of selective type prevailed over those of overall economic character. Measures of selective type were risky in terms of maintaining control which reduced their efficiency and augmented risks of corruption. The prevalence of the mentioned type of measures centralized the majority of resources which could have been utilized in projects aimed at long-term economic development. Tools providing efficient control over the implemented measures were not applied also.

– Risk control: Inefficient administration, lack of transparency of report of the implemented measures, corruption risks were not controlled sufficiently and there were not taken any measures to reduce these risks. Particularly, the criteria how the SMEs were chosen and the procedure of providing assistance was not given to publicity.

To guarantee effectiveness for anti-crisis measures it is firstly important that fundamental objectives of the measures should be defined. Particularly, as proof of the aforementioned, the case of Armenia can be mentioned: the anti-crisis measures exercised by the RA Government though were aimed at reformation, but from the perspective of anti-crisis orientation they were not targeted and addressable. For instance we can mention the reformations in the sphere of tax administration. As a primary countermeasure in the condition of economic fall measures aimed at relaxation of tax burden for the businesses and promotion of gross demand with the help of reducing indirect taxes are well known. However, we did not witness any of these measures in case of Armenia. In the condition of economic crisis simplification of tax and customs administration will fail to provide business revival and economic growth. Among other measures declared as anti-crisis North-south road corridor program, rural roads program, construction of a new block of nuclear power plant, Iran-Armenia railroad program can be mentioned [6] (by the way the last 2 measures still remain on the paper). To conclude the following statement is to be highlighted: in the process of evaluating the effectiveness of anti-crisis measures it is necessary not to be guided by formal principles considering the list of announced measures, but to highlight and evaluate the measures considering to what extent they are aimed at boosting economy, promoting business and providing scientific-technical progress.

Referring to the long-term strategic aims of economic development and related thereto problems caused as a result of lack of coordination in anti-crisis measures, it is important to mention that the risk of distorting the economic regulation system augments, resulting in growing uncertainties about the future among business circles and in violations toward maintaining effective economic competition. These drawbacks refer also to the measures aimed at one-time application (for instance, additional capitalization, purchase of bonds, which creates unjustified expectations for companies receiving such support). Extraordinary and specific anti-crisis measures, which distort the natural organizational institutional structure by essentially changing the rules in the economy, are often exercised without mentioning the dates and conditions of their applications.

We can assume that it is possible to avoid the drawbacks and shortcomings of the direct measures included in the list of anti-crisis measures by formulating definite claims for the addressees. Particularly, certain claims on price control, implementation of new industrial technologies and enhancement of the market competitiveness of products can be put forward to big businesses in monopoly position. These claims should be public and clearly formulated, otherwise risks associated with state sponsorship will result in reducing the efficiency of anti-crisis measures.

In the meanwhile we can mention that the more transparent the state anti-crisis regulation is, the more effective the relevant measures are, consequently, the higher the confidence in state will be. The latter will create an atmosphere of expectations for positive changes and will guarantee quick and smooth overcoming of crises.

Taking into account the afore-mentioned, below is presented a list of specific recommendations toward developing anti-crisis measures and improving the mechanisms of their implementation.

– The processes of development, adoption and implementation of anti-crisis measures should be well-grounded, public and transparent.

– The specific format of anti-crisis measures should be defined, including the detailed description of definite mechanisms of rendering support. This process should be based on the results of joint discussions of the anti-crisis programs and legal acts between representatives of both business media and society. In the meanwhile, it is important that the assessments of the initiated measures and legal acts received from the business units should be publicly announced. On the other hand, all the measures and legal acts should be under state control in view of making the process as transparent as possible.

– Specific time-tables for the implementation of anti-crisis measures with the indication of intermediate and final figures. This will enable the representatives of business and public sectors to supervise the whole process.

In case the afore-mentioned recommendations are taken into account, the efficiency of anti-crisis measures will be enhanced, in the meanwhile enabling the state economy to quickly switch to the phase of growth.

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