

Characteristics of the Programs of the World Economic Forum in Davos and the Economy of Armenia

Samson Davoyan, Benik Balayan

Faculty of Economics and Management, Yerevan State University, Armenia

DOI : <https://doi.org/10.51583/IJLTEMAS.2025.140108>

Received: 20 January 2025; Accepted: 25 January 2025; Published: 03 February 2025

Abstract: The study investigated one of the most important international organizations- WEF for public – private cooperation. It includes the mission, the institutional framework, and flagship programs of the World Economic Forum. From the numerous programs The World Economic Outlook, Climate Sustainability, Technology, Innovation and Artificial intelligence, Geopolitical and Global Security, Health and Social Development, Industry and Trade and Global Poverty are represented in detail illustrated with charts. The next focus of the article is on the strategic importance of Armenia’s participation in the annual forums and achieved goals. This paper examines key themes discussed during Armenia’s engagement at the forum, such as economic development, technological innovation, and regional security. The article concludes by highlighting Armenia's GDP growth in the period 2014-2024 as a result of advancing national interest in the WEF. The World Economic Forum provides a platform for nations to foster collaboration, share ideas, discuss global challenges and try to find solutions. Here diversity of thought is respected and voices can be heard. This organization continues to strive for a better world, where cooperation and trust lead to lasting progress.

Keywords: 1. international organization, 2. global forum, 3. economic development, 4. global poverty, 5. world challenges, 6. cooperation, 7. transparent platform, 8 long term solutions

I. Introduction

The World Economic Forum, founded in 1971 by the German mechanical engineer, economist Klaus Schwab, is a yearly week-long summit uniting political, business, academic and civil society leaders in Davos, Switzerland (but once the meetings are over, WEF returns to its headquarters, in the suburbs of Geneva) to discuss the most important global concerns. Fostering respectful dialogue among participants it addresses large-scale global challenges, such as global security, technological innovation, economic growth, environmental sustainability and artificial intelligence. Despite the fact that this cooperation strives to bring long-term progress and strives for a better world the forum’s actual impact on participating countries remains a subject of debate.

Taking into consideration the fact that Armenia has actively participated in the forum in recent years, the paper analyzes the contribution of the WEF in the development of the Armenia’s economy and enhancement of its investment opportunities. It also investigates the obstacles Armenia faces in tapping into WEF’s resources, one of them being geopolitical constraints.

Despite its influential role, the WEF has faced criticism on several fronts. It is often dubbed as a chamber for the elite, lacking transparency and being fairly unequal. A member of the private sector must pay tens of thousands of dollars for membership and a ticket to the exclusive event. However, climate activists argue that the cost to attend Davos is nothing compared to the event’s impact on the environment. Among the concerns the disproportionate number of Americans attending the event (usually making up a quarter of attendees) is often a topic for criticism. Despite some progress, men still outnumber women at the event by at least three to one. Finally, in a world that has become accustomed to virtual meetings, some have questioned the necessity of such large in-person event. However, WEF argues that the best progress happens when you bring people together.

By addressing these issues, this paper examines the role of the WEF in small and developing economies. It brings forward a careful deliberation on whether the WEF serves as a meaningful driver of Armenia’s long-term economic growth or primarily functions as a diplomatic venue. Finally, the study gives policy recommendations to improve Armenia’s participation in the WEF for sustainable economic development.

The mission of the World Economic Forum

Taking into account the fact that it is impossible to solve the global problems like climate change, economic inequality, technology disruption and geopolitical tensions in isolation, the World Economic Forum has established its mission to provide an unbiased and neutral platform to discuss and find practical solutions which demand cooperative and coordinated efforts. This forum is special, as it provides insights into new global trends and influences future agendas. Being a not-for-profit platform for Public-Private Cooperation it establishes trust between stakeholders. In a word, at the heart of the WEF’s mission lies the commitment to bring together government, businesses and civil society to improve the state of the world.

II. Features of flagship programs

The World Economic Forum has combined its collaboration platforms into 10 distinct centers where 130 programs are being implemented. These initiatives include the Reskilling Revolution, the Edison Alliance and It.org, which aim to provide 1 billion people with good education, affordable access to digital services, as well as restoring and growing 1 trillion trees by 2030. These

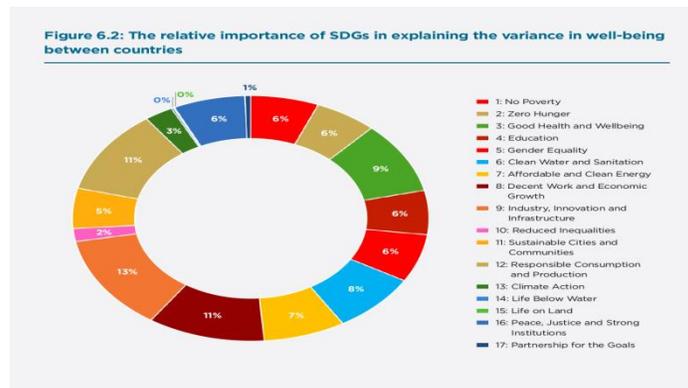
flagship programs help improve the lives and livelihoods of people around the world. This paper will examine a few key programs with particular relevance to Armenia’s economic landscape.

World Economic Outlook

The program aims to examine the global economic outlook and deliver a thorough analysis of both the present and the future of the world economy. Macroeconomic trends, such as inflation, interest rates, fiscal policies and dynamics of international trade are the main topics of discussion. Participating in this program Armenia, as well as other participants identify global risks and opportunities, examine the disruptions in global supply chain, trade conflicts, fiscal policies and other issues. Given Armenia’s strategic location and the ongoing challenges it faces, such as regional security and economic diversification, this program is a good opportunity for Armenia to share its economic development and attract international attention to its economic policies.

In the framework of this program, in the 2023 session, experts projected a slowdown in global GDP growth to 2.7%, reflecting persistent economic challenges, including inflation, supply chain disruptions, and geopolitical tensions. Inflation emerged as a primary concern, with global inflation anticipated to remain around 6.5% in emerging markets and 4.0% in advanced economies. The issue of unemployment was also discussed, with modest reductions expected, particularly in advanced economies, where rates were predicted to stabilize at approximately 4%. (1)

Figure 3. Ratio of Sustainable Development Goals by Importance (Source: Sustainable Development and Human Well-being- <https://worldhappiness.report/ed/2020/sustainable-development-and-human-well-being/>)



Sources: 1. KPMG Global Economic Outlook - <https://kpmg.com/dp/en/home/medtmliia/press-releases/2023/03/global-economic-outlook-h1-2023.h>

IMF: Global Inflation Expected to Decline in 2023 and 2024 Amid Subdued Economic Growth - <https://www.imf.org/en/Publications/WEO/Issues/2023/01/31/world-economic-outlook-update-january-2023>

Climate Sustainability and Green Economy Initiatives

Climate change and sustainability are central themes on the WEF agenda, reflecting the urgent need to address the global environmental crisis. The WEF’s Environmental Solutions Initiative promotes forest restoration and conservation efforts, aiming to protect 30% of the planet’s land and oceans by 2030. Additionally, the Race to Zero campaign, supported by over 7,000 organizations, seeks to achieve zero carbon emissions by 2050. However, Armenia faces challenges in fully aligning with these sustainability goals due to its energy dependence and economic constraints. However, discussions at the WEF may help Armenia to enhance funds for fostering practical implementation of green policies. The urgency of the climate crisis has made this program one of the WEF’s most prominent in recent years. (2)

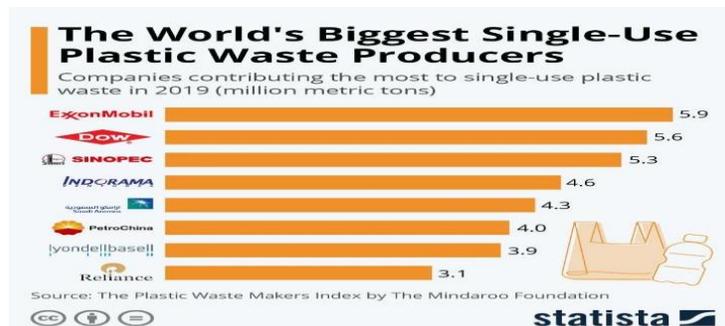


Figure 4: Organizations that generate the most plastic waste in the world (million tonnes) (Source: World's largest producers of single-use plastic waste - <https://www.statista.com/chart/24881/companies-contributing-the-most-to-single-use-plastic-waste/>)

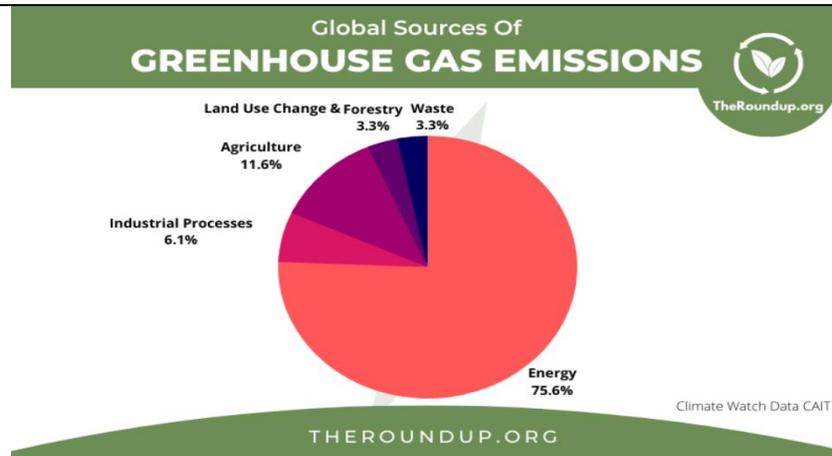


Figure 5. The percentage of sectors responsible for greenhouse gas emissions in 2023 (Source: <https://ar.inspiredpencil.com/pictures-2023/co2-emissions-graph-2022>)

Sources:

1. Paris Agreement - <https://climat.mit.edu/explainers/paris-agreement>
2. Launch of UN Race-to-Zero Emissions Breakthrough - <https://unfccc.int/news/launch-of-un-race-to-zero-emissions-breakthroughs>

Innovation and Artificial intelligence and Armenia’s Technological Growth

The WEF is known for its focus on technology and innovation, particularly in the context of the fourth industrial revolution. The WEF Technology and Innovation Program examines the role of emerging technologies in shaping the future of economies, industries and societies. These discussions cover topics such as artificial intelligence (AI), blockchain, robotics, quantum computing, and biotechnology.

One of the defining features of this program is its focus on how technology can help tackle global challenges like poverty, access to healthcare, and climate change.

Leaders from education, business, and government come together to discuss strategies for improving digital literacy and ensuring that the benefits of technological and artificial intelligence advances are shared equitably across societies.

More than 200 organizations cooperate within these frameworks. The program also highlights innovation ecosystems, with more than 100 global startups involved in WEF's Tech Pioneers program.

Armenia, with its rapidly growing IT sector, which contributes about 5% of the nation’s GDP, makes every effort to build on these advancements. Participating in the forum Armenia aims to showcase its tech and innovation centers and position itself as a hub for technology in the region attracting investment. (3)

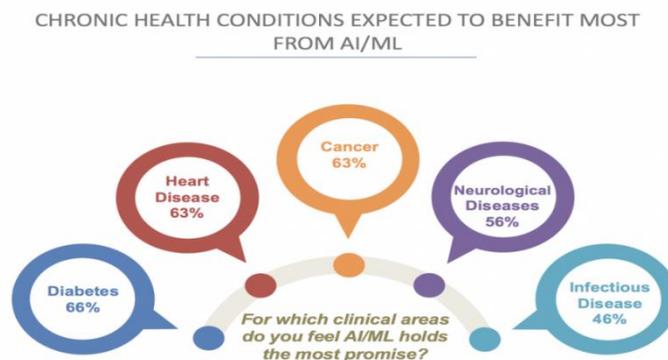


Figure 6. Forecasting the potential impact of AI on diverse healthcare sectors. (<https://mavink.com/explore/Artificial-Intelligence-Charts-and-Graphs>)

(3) Sources:

1. "These 10 new Lighthouse factories show that the future of manufacturing is here" - <https://www.weforum.org/agenda/2020/09/manufacturing-lighthouse-factories-innovation-4ir/>

2."Global "Lighthouse" Network. Transforming Advanced Manufacturing" - <https://www.weforum.org/impact/advanced-technologies-manufacturing-factories-scaling-innovations/>

3. "Lighthouses promote sustainability by transforming the Fourth Industrial Revolution" - <https://www.weforum.org/press/2021/09/lighthouses-boost-sustainability-with-fourth-industrial-revolution-transformation/>

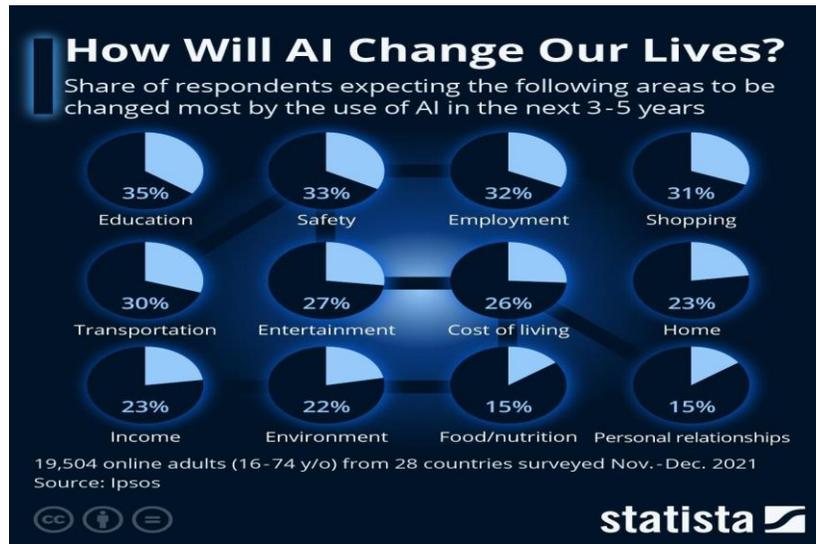
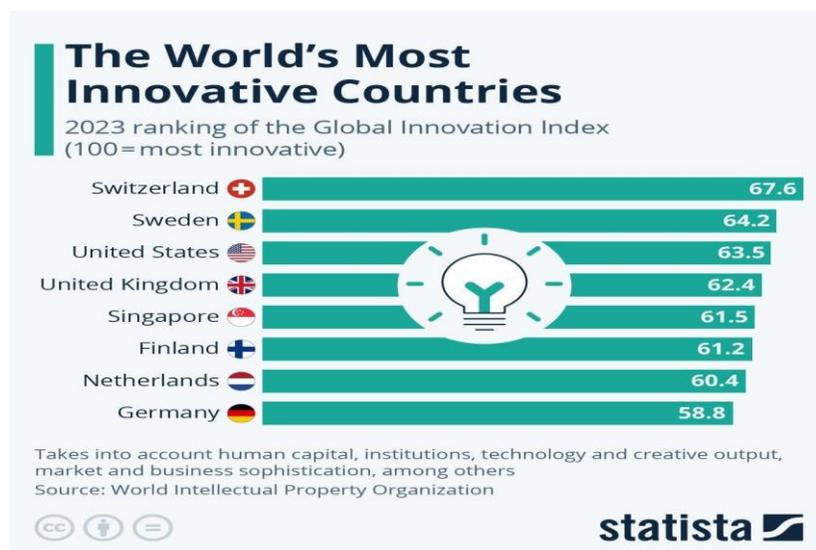


Figure 7: Predicting the impact of artificial intelligence on different areas of life in 3-5 years (Source: How will AI change our lives? - <https://www.statista.com/chart/29229/areas-of-life-most-expected-to-change-by-the-use-of-ai/>)



8. Countries of the world according to the Global Innovation Index (GII - Global Innovation Index - 0-100)

(Source: <https://louissettewnessi.pages.dev/uizgaia-global-innovation-index-2024-rank-zyjdndv/>)

III. Geopolitical and Global Security

The World Economic Forum's Geopolitical and Global Security Program has grown in importance as an important platform for tackling global disputes and safety concerns. A unique space where global leaders can engage in discussions about some of the world's most challenging geopolitical problems is provided by the WEF's neutral stance. The program is particularly notable for its commitment to promoting peace and strengthening international security cooperation. According to WEF insights, nearly 70% of world leaders now see geopolitical instability as a major obstacle for economic growth. Over 120 organizations, including international agencies and think tanks, are partners in the program, which aims to provide valuable perspectives and solutions to build a safer world. Over 200 discussions on global security were held at the WEF in 2022, bringing together experts from over 80 nations. Over 40 multinational corporations are actively contributing to security and defense under the program.

In the framework of this program Armenians often emphasize the vital importance of peace and stability in the region. They are particularly concerned about the implementations of their initiative, called "THE CROOSROADS OF PEACE". This program, if accepted by its neighboring countries, would be a game-changer in the region leading to stability and peace.



Figure 10. The safest cities in the world 2021 (Source: <https://www.statista.com/chart/3178/the-worlds-safest-cities/>)

Health and Social Development

The Health and Social Development Program at the World Economic Forum has become increasingly important, particularly following the global health crises triggered by the COVID-19 pandemic. This initiative focuses on tackling inequalities in healthcare access, improving healthcare infrastructure, and promoting global collaboration to ensure equitable distribution of resources around the world. The WEF's efforts in this realm are both ambitious and consequential. For instance, its work on pandemic preparedness involves collaboration with over 250 international organizations. Through these initiatives, the WEF has successfully raised roughly \$2.4 billion aimed at enhancing health outcomes in underdeveloped regions. The initiative also tackles noncommunicable diseases, accounting for approximately 41 million fatalities each year, and is aiding global efforts to ensure universal health coverage for at least an additional billion people by 2030. Furthermore, the WEF's initiatives concerning mental health aim to substantially decrease mental health issues by 2030, with about \$6 million allocated to furthering these objectives.

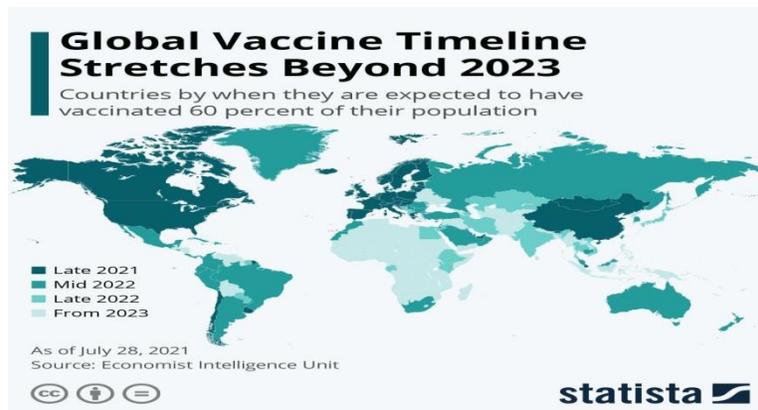


Figure 11: Timeline of vaccination against COVID-19 worldwide (Source: "Global vaccination schedule stretches beyond 2023" - <https://www.statista.com/chart/24064/covid-19-vaccination-timeline-global/>)

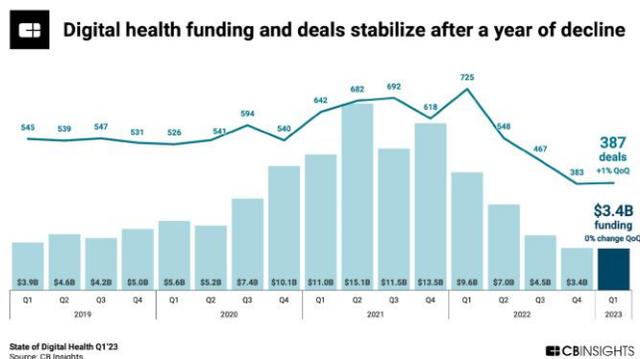


Figure 12: World investment in medicine 2019-2023 (Source: <https://www.cbinsights.com/research/global-healthcare-funding-mid-quarter-trends/>)

5. Sources:

1. "Health leaders emphasize the need for a coordinated global response to epidemics" – <https://www.weforum.org/press/2022/05/health-leaders-stress-need-for-coordinated-global-response-to-tackle-pandemics/>
2. World Health Assembly to prioritize ending the COVID-19 pandemic and preparing for future health crises. - <https://www.paho.org/en/news/22-5-2021-world-health-assembly-focus-ending-covid-19-pandemic-and-preparing-next-one>

Industry and Trade Program

The World Economic Forum’s Industry and Trade Program is focused on how global trade and industries are transforming in response to fast-changing trade dynamics, geopolitical challenges, and new technologies. As we witness more trade conflicts, supply chain disruptions, and shifts in what consumers want, the program explores ways for industries to adapt to these changes and remain resilient.

A big focus is on advancing manufacturing methods, creating more adaptable supply chains, and pushing for reforms in global trade practices. Its main goal is to make industries environmentally friendly by promoting cutting-edge technologies.

Despite the fact that WEF itself doesn’t directly finance development projects Armenia’s participation in the program has led to emerging some agreements and partnerships. It has facilitated discussions on trade policies, foreign direct investment (FDI) and market access. Though participating in such a high-level meeting, Armenia accepts that geopolitical stability and domestic economic reforms are the main contributors to the success of attracting foreign investment.

(6) Sources:

1. https://worldmanufacturing.org/wp-content/uploads/17/6-2022_World-Manufacturing-Report_E-Book.pdf
2. "Why do supply chains experience disruptions and how long will they last?"- <https://www.weforum.org/agenda/2022/07/supply-chain-disruptions/>

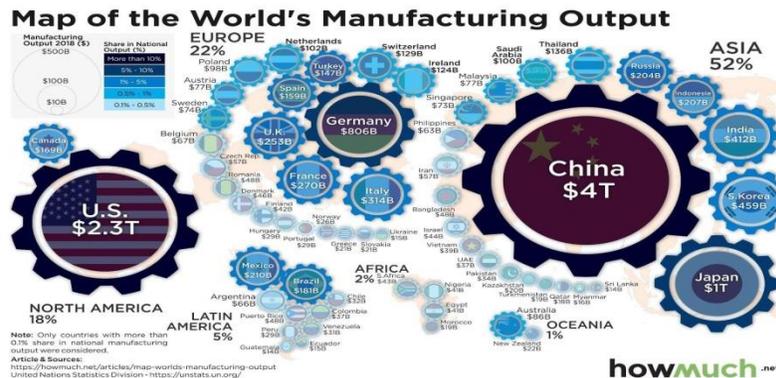


Figure 13. Industrial dependence of the countries of the world on each other

(Source: <https://formaspace.com/articles/industrial/us-manufacturing-productivity-compared-to-other-countries/>) <https://prasa-pl.com/blog/distribution-pattern-of-the-world-manufacturing-output/>)

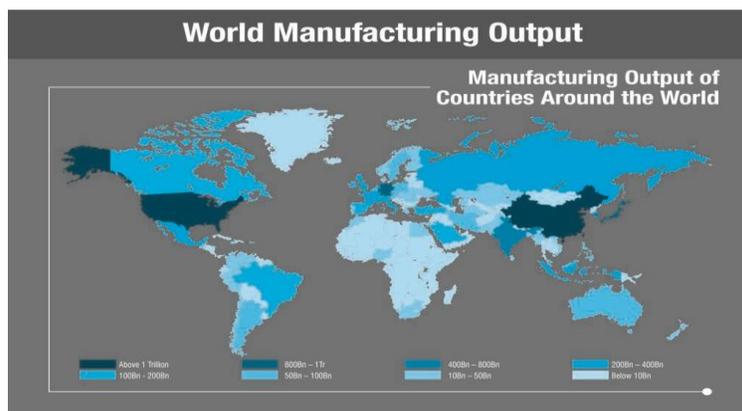


Figure 14. The total income of the industry of the countries of the world (Source: <https://prasa-pl.com/blog/distribution-pattern-of-the-world-manufacturing-output/>)

Global Poverty

Poverty reduction has been the main objective of the WEF. Participants of the forum discuss a number of important topics which significantly affect poverty rates. Among them are income inequality, weak economic performance, limited education opportunities, etc. They come to the conclusion that poverty might be reduced by up to 15% with a modest 1% reduction in the global wealth disparity. Experts also highlight that the funding for sustainable infrastructure and education could benefit the 258 million children who don't currently have access to schooling. They assure that in certain developing countries, poverty might be decreased by 40% by expanding access to education and vocational training.

The WEF hopes to promote long-term investments that raise living standards, provide jobs, and ultimately strengthen the foundation for people to transcend poverty globally by advocating for these collaborations.

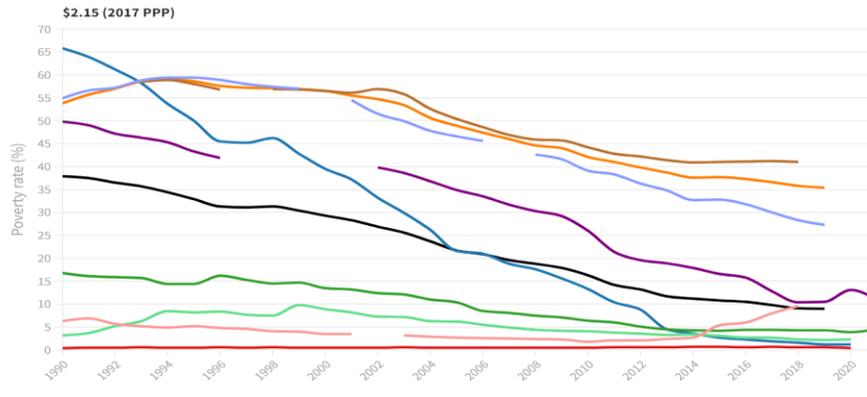


Figure 15. Percent movement of people living on less than \$2.15 per day in the regions of the world (8)

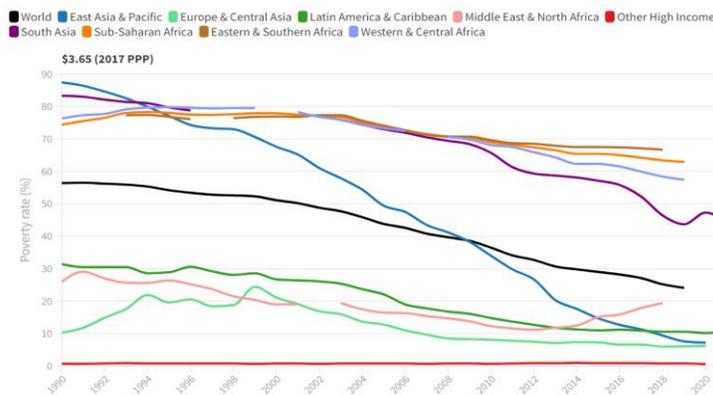


Figure 16. Percent movement of people living on less than \$3.65 per day in the regions of the world (8)

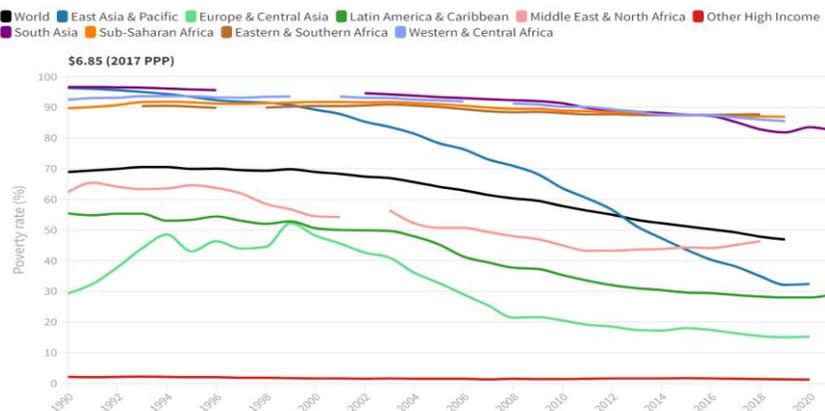


Figure 17. Percent movement of people living on less than \$6.85 per day in the regions of the world (8)

Sources:

1. "Global Progress to End Extreme Poverty" - <https://www.worldbank.org/en/news/press-release/2022/10/05/global-progress-in-reducing-extreme-poverty-grinds-to-a-halt-2>.

2. Financial inclusion and sustainable development: review and research agenda-
<https://link.springer.com/article/10.1057/s41264-024-00269-5>

(8) Source: (<https://blogs.worldbank.org/en/opendata/september-2023-global-poverty-update-world-bank-new-data-poverty-during-pandemic-asia>)

IV. Armenia’s Benefits from the WEF and Challenges in Maximizing its Participation in such a high-level event

In the spirit of cooperation, Armenia’s participation in the WEF aims to seek opportunities for trade, investment and partnerships with other nations worldwide. Striving to modernize its economy, diversify its industries, and forge solid international alliances has been the reason for Armenia to participate in the World Economic Forum (WEF). Being actively involved in WEF events since 2018, Armenia has represented its technological advancements and innovation-driven projects to draw in foreign investment and attention. Armenia's fast increasing IT sector, which has been rising at an astonishing rate of 20–25% yearly, is a perfect illustration of this accomplishment. Currently, around 5% of the nation's GDP comes from this industry. With more than 1,200 tech companies operating in fields like software development, fintech, artificial intelligence, and cybersecurity, technology exports reached over \$500 million by 2022. Now Armenia has become a regional hub and attracts foreign investment due to the WEF as well.

WEF has been an excellent platform for Armenia to introduce its strategic initiatives, including the **Crossroads of Peace project** as a testament to its commitment to global peace and cooperation. This project has the potential to transform the fragmented region with closed borders into a macro-regional cooperation hub, to unleash the whole potential of the Caucasus.

In 2020 Armenia attended the WEF annual conference in Davos and a number of important agreements were signed, among them the Memorandum of understanding (MOUs). It increased foreign direct investment (FDI) through strategic conversations. FDI increased Armenia’s GDP by 2.6% by 2021, as foreign investors were attracted by the favorable economic climate in the country. It helped establish Armenia as a center for innovation in the region.

Additionally, Armenia’s role was great in WEF’s Center for Fourth Industrial Revolution (C4IR).

Thanks to Armenia’s engagement in the forum it has integrated cutting-edge technologies into vital sectors including biotechnology, clean energy, aerospace and agriculture. As a result of the WEF’s dialogues and cooperation, Armenia is currently regarded as a regional leader in next -generation industries.

Besides technology, Armenia has improved trade relations through this platform.

By establishing new foreign commercial ties through WEF, Armenian Government aims to increase Armenia’s trade turnover and increase export prospects.

Nevertheless, several challenges hinder Armenia to fully benefit from the forum’s initiatives. One of the obstacles is its geopolitical constraints. Despite WEF discussions on economic cooperation, regional instability is a real challenge for Armenia to integrate into global trade networks.

Armenia’s dependence on foreign investment and external funding is another challenge for its economic vulnerability.

Slow national policy adaptations due to bureaucracy is also an economic barrier.

Thus, though Armenia has improved its economic flexibility and strengthened its position in the region as a result of its participation in the WEF there are some limitations and challenges which need to be addressed to maximize Armenia’s participation in the WEF.

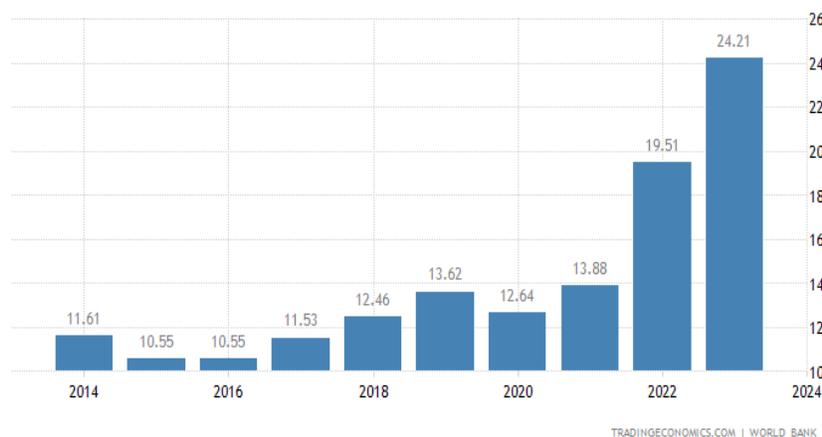


Figure 18. Armenia's GDP growth in the period 2014-2024

V. Conclusion

The World Economic Forum is a bridge-builder in the increasingly complex world. It strives to improve the world by providing a transparent platform for business, political, academic and other leaders of society to shape global, regional, and industry agendas. Its main goal is to promote cooperation and innovation and overcome the obstacles posed by inequality and geopolitical instability.

The WEF not only organizes annual meetings at the end of January in Davos, Switzerland, but also conveys regional conferences bringing together 3000 paying members and participants. The forum emphasizes the connection of all problems, including social, justice, technology, public health and climate change. These kinds of initiatives focus on developing resilient economies in addition to protecting the environment.

Armenia can maximize its engagement with the WEF and benefit from global economic cooperation by addressing its internal challenges, such as deeper structural reforms, investment in domestic industries, sustainable policy initiatives and its contribution to regional peace.

In one word, the WEF is not just an annual event. It is a vital forum for promoting deep communication, teamwork and change leading to a more inclusive, equitable and sustainable future for humanity.

References

1. www.weforum.org/about/world-economic-forum/
2. <https://www.weforum.org/agenda/2023/12/world-economic-forum-davos-at-50-history-a-timeline-of-highlights/>
3. <https://www.weforum.org/events/world-economic-forum-annual-meeting-2020/about/>
4. <https://www.mckinsey.com/featured-insights/mckinsey-explainers/what-is-davos>
5. https://en.wikipedia.org/wiki/World_Economic_Forum
6. <https://www.cnbcevents.com/wef2024/>
7. <https://justmarkets.com/trading-articles/learning/key-points-from-the-2024-world-economic-forum-in-davos>
8. <https://economymiddleeast.com/news/davos-2024-wef-outcomes-initiatives/>
9. <https://cib.bnpparibas/2024-world-economic-forum-in-davos-key-takeaways/>
10. <https://www.weforum.org/agenda/2024/01/armenia-crossroads-of-peace-global-cooperation/>
11. <https://byjus.com/free-ias-prep/world-economic-forum/>