



ARMENIA LOAN FOR SMEs

FINANCED BY
EUROPEAN INVESTMENT BANK

IMPLEMENTED BY
PMU GERMAN-ARMENIAN FUND

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INTRODUCTION

The European Investment Bank (EIB) has made available a loan for SMEs in tourism and agriculture sectors of EUR 50 million (USD 62.3 million) for the Central Bank of Armenia to be disbursed to SMEs through partner financial institutions.

The Project implementation unit is German-Armenian Fund (GAF).

The Program Consultant IPC GmbH was selected jointly by EIB, CBA and GAF based on international tender.

Technical component is financed by Eastern Partnership Technical Assistance Trust Fund (EPTATF).

PROGRAM MAIN CONDITIONS

The loans are to be disbursed to SMEs and Mid-Caps on the following conditions:

- ◉ Local currency.
- ◉ Maximum amount of the sub-loan to be refinanced for SMEs is EUR 1 million equivalent AMD (with total project cost of up to EUR 2 million) and for Mid-caps is EUR 5 million equivalent AMD (with total project cost of up to EUR 10 million).
- ◉ Maturity is up to 7.5 years with maximum 2 years of grace period.
- ◉ Financial advantage transferred – min 25 basis points.
- ◉ Business activities' sensitivity levels are considered for financing – NACE codes.

SENSITIVITY LEVELS IN TERMS OF ENVIRONMENTAL AND SOCIAL IMPACT

Level 0 – low risk activities - generally do not require any mitigation actions;

Level 1 – medium risk activities - generally require mitigation actions;

Level 2 – high risk activities - are not eligible for the financing

EXAMPLES OF NON-ELIGIBLE ACTIVITIES:

- **Growing, manufacturing, trade of tobacco**
- **Mining of hard coal**
- **Manufacture, trade of weapons and ammunition**
- **Financial and insurance activities**
- **Buying and selling of residential real estate**
- **Gambling and betting activities**

DISBURSEMENT PROCEDURE

- ◉ **Step 1: SME/Midcap loan application submission to PFI;**
- ◉ Step 2: Preliminary estimation of SME/Midcap project eligibility to the Program requirements by the PFI;
- ◉ Step 3: Loan application submission to GAF in the content of the allocation proposal form by PFI;
- ◉ Step 4: Loan allocation proposal submission to EIB by GAF for the preliminary approval of EIB;
- ◉ Step 5: Allocation proposal consideration by EIB in terms of technical eligibility of the project;
- ◉ Step 6: Preliminary approve of the allocation proposal by EIB and the latter's submission to GAF;
- ◉ Step 7: Letter of preliminary approve to be sent to the PFI by GAF;
- ◉ **Step 8: Loan disbursement by the PFI to SME/Midcap;**
- ◉ Step 9: Loan refinancing application submission to GAF;
- ◉ Step 10: Loan package audit and refinancing by GAF.

PROGRAM PFIs

The Program has 17 PFIs

1. Acba Credit Agricole Bank
2. Acba Leasing
3. Ameriabank
4. Anelik Bank
5. Araratbank
6. ArmSwissBank
7. Converse Bank
8. Inecobank
9. Prometey Bank
10. SME Investments
11. Armbusinessbank
12. Ardshinbank
13. Unibank
14. CARD AgroCredit
15. FARM Credit Armenia
16. HSBC Bank Armenia
17. Armeconombank

PROGRAM PROGRESS

- As of October 31, 2016 the Program has the following progress:

	Number	Volume (bln. AMD)
Total Received Applications	145	33.4
Total Approved Applications	130	30.5
Total Financed Applications	108	22.9
Average SME Loan Amount	169 mln. AMD	
Average Interest rate	12.1%	

PROGRAM PROGRESS (CON'D)

Program Portfolio by Purpose (Number)



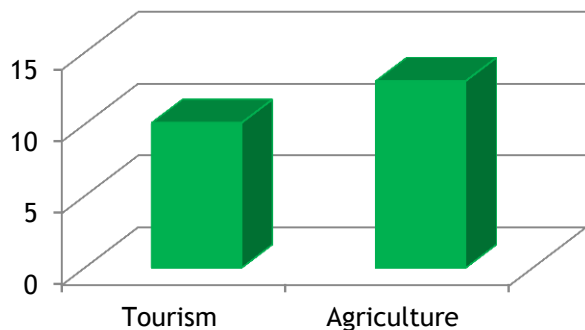
■ Investment ■ Working Capital

Program Portfolio by Purpose (Volume (bln.AMD))

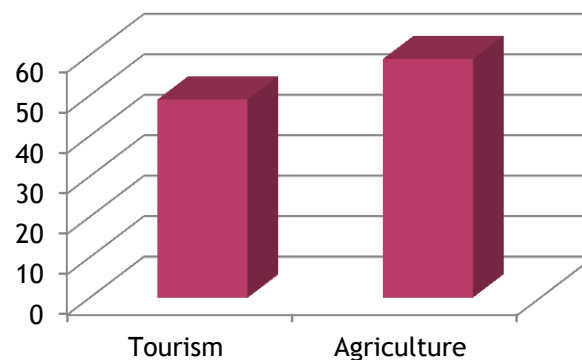


■ Investment ■ Working Capital

Program Portfolio by Sector (Volume (bln.AMD))



Program Portfolio by Sector (Number)



WORKSHOPS AND TRAININGS

- ◉ In October 2015 there was organized a workshop by the EIB specialists for PFI's and GAF staff.

The main purpose of the workshop was to clarify the requirements of the Program and to reveal the main issues.

- ◉ Trainings for PFIs' loan officers were organized during the Program implementation by IPC.

- ◉ In November 2016 there was organized a workshop by IPC (Program Consultant) and GAF specialists for the Program PFIs on Environmental review procedure.

The main purpose of the workshop was to clarify the requirements of the Program in terms of EIA procedure.

THE MAIN POINTS TO BE EMPHASIZED DURING ALLOCATION PROCESS

- Land acquisition;
- Taxes;
- Greenhouses;
- Irrigation systems;
- EIA in line with EU requirements (animal husbandry or aquaculture investments);
- Working Capital financing;
- Concise and accurate description of the project.

THANK YOU FOR ATTENTION

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