

 Early Warning System

EBRD-55640

FIF - EaP SMECI - Araratbank



Quick Facts

Countries	Armenia
Financial Institutions	European Bank for Reconstruction and Development (EBRD)
Status	Approved
Bank Risk Rating	U
Voting Date	2024-10-15
Borrower	Araratbank OJSC
Sectors	Finance, Industry and Trade
Investment Type(s)	Loan
Investment Amount (USD)	\$ 5.00 million
Loan Amount (USD)	\$ 5.00 million
Project Cost (USD)	\$ 5.00 million



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## Project Description

According to the EBRD, the project consists of the provision of a senior loan to Araratbank ("AB") of up to USD 5 million under the SME Competitiveness and Inclusion Programme in Eastern Partnership established by the European Bank for Reconstruction and Development in cooperation with the European Union to be on-lent to eligible micro, small and medium sized enterprises ("MSMEs").

The project will enable AB to finance long-term investments of Armenian MSMEs in upgrading their production facilities and processes to achieve compliance with the EU standards, including investments in sustainable and green technologies, thus facilitating competitiveness of Armenian MSMEs in the European and domestic markets. In addition to long-term financing, eligible sub-borrowers will benefit from investment incentives upon successful completion of their investment projects. At least 70 per cent of all financed sub-loans are expected to be compliant with EBRD Green Economy Transition approach.

The project will also introduce, for the first time, a new voluntary window Refugee Response Window for Armenia ("RRWA") dedicated and designed to address challenges faced specifically by displaced people as well as MSMEs in host communities. In addition to SMECI investment incentives, the RRWA will offer enhanced incentives to underserved, yet bankable refugee population, as well as, MSMEs in host communities to integrate and on-board refugees into their workforce.

The project includes a comprehensive technical cooperation programme funded by the EU. The objective of the technical cooperation is to assist financial intermediaries in Armenia, including AB, in successful implementation of the project, including marketing, pre and post finance assessment of sub-projects as well as general monitoring and reporting. Furthermore, the loan is complemented by EU funded grant of EUR 0.58m to be allocated to eligible sub-borrowers in form of investment incentives to stimulate investments in technologies meeting EU standards including investments in sustainable and green technologies.

In addition, the RRWA enables standard EaP SMECI investment incentives to be further enhanced offering greater support to sub-borrowers who are SMECI eligible but also meet additional RRWA criteria.



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## Early Warning System Project Analysis

The EBRD categorized the project risk as FI.



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## Investment Description

- European Bank for Reconstruction and Development (EBRD)

## Financial Intermediary

Financial Intermediary: A commercial bank or financial institution that receives funds from a development bank. A financial intermediary then lends these funds to their clients (private actors) in the form of loans, bonds, guarantees and equity shares. Financial intermediaries include insurance, pension and equity funds. The direct financial relationship is between the development bank and the financial intermediary.

- [ARARATBANK OJSC](#) (Financial Intermediary)



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## Private Actors Description

As stated on the project disclosure page, Araratbank OJSC is a long standing EBRD partner bank. AB is a mid-sized bank in Armenia, ranking the 10th largest by total assets and the 9th by loan portfolio with 4.4% and 3.9% respective shares in the system as of YE 2023.



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## Contact Information

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## ACCESS TO INFORMATION

You can request information by emailing: [accessinfo@ebrd.com](mailto:accessinfo@ebrd.com) or by using this electronic form:

<https://www.ebrd.com/eform/information-request>

## ACCOUNTABILITY MECHANISM OF EBRD

The Project Complaint Mechanism (PCM) is the independent complaint mechanism and fact-finding body for people who have been or are likely to be adversely affected by an European Bank for Reconstruction and Development (EBRD)-financed project. If you submit a complaint to the PCM, it may assess compliance with EBRD's own policies and procedures to prevent harm to the environment or communities or it may assist you in resolving the problem that led to the complaint through a dialogue with those implementing the project. Additionally, the PCM has the authority to recommend a project be suspended in the event that harm is imminent.

You can contact the PCM at: [pcm@ebrd.com](mailto:pcm@ebrd.com) or you can submit a complaint online using an online form at:

[http://www.ebrd.com/eform/pcm/complaint\\_form?language=en](http://www.ebrd.com/eform/pcm/complaint_form?language=en)

You can learn more about the PCM and how to file a complaint at: <http://www.ebrd.com/work-with-us/project-finance/project-complaint-mechanism.html>