

EU4BUSINESS | EBRD Credit Line

Finance and Advisory Programme supporting SMEs

**Building modern, green,
and profitable SMEs in
Armenia through loans
with grant support**



European Bank
for Reconstruction and Development



EU4Business



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WHAT IS THE EU4BUSINESS-EBRD CREDIT LINE?

The EU4Business-EBRD Credit Line is a joint initiative of EU and EBRD to help Armenian SMEs to access EU markets, align with EU standards through sustainable investments in technologies, and meet the best standards in the field of product quality, occupational health and safety, environmental protection and promoting the use of green technologies.

The EU4Business-EBRD Credit Line offers:

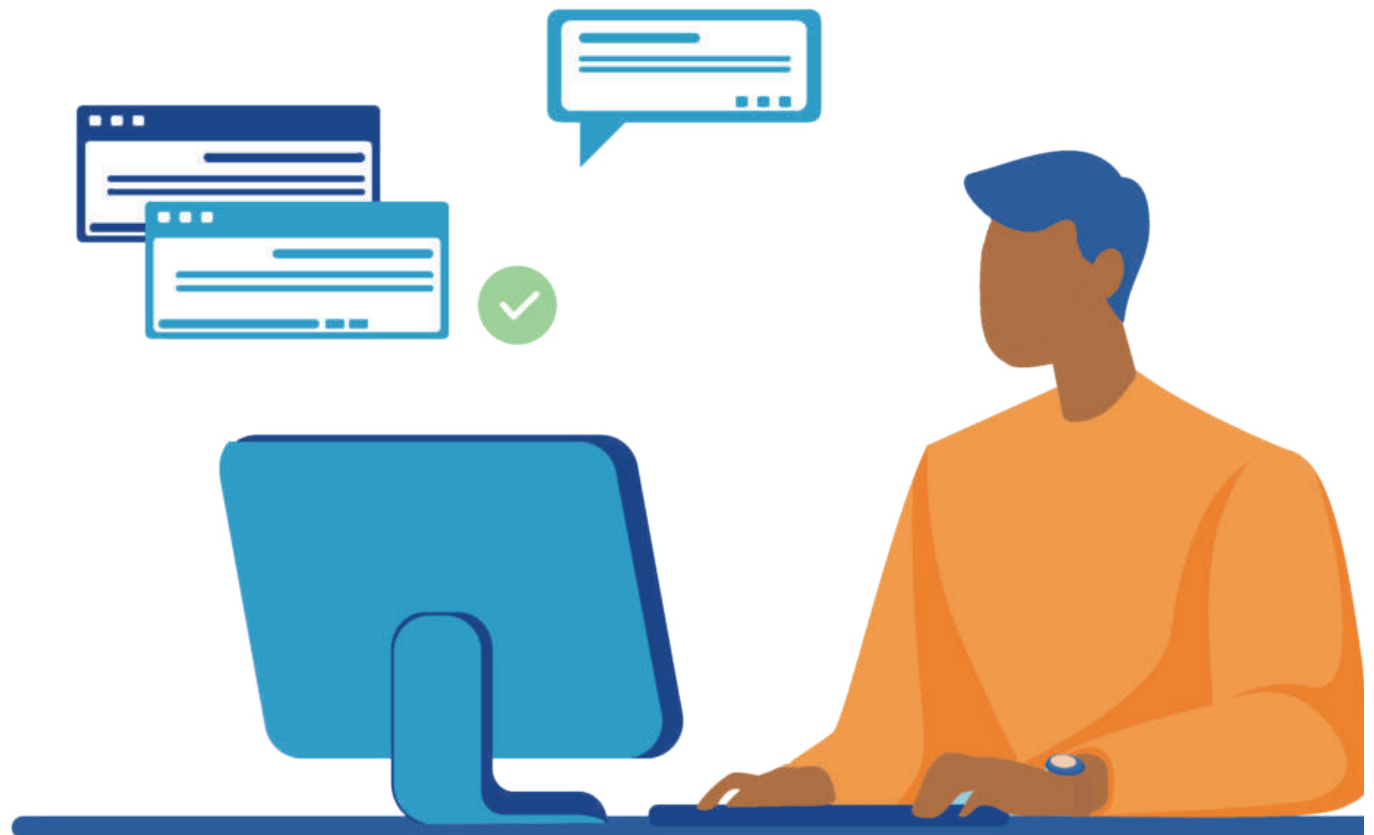
- EBRD loans, available from local Partner Banks and Leasing Companies in Armenia
- Cash-back grants for successfully verified projects, funded by the EU4Business initiative
- Free-of-charge technical assistance provided by an international group of technical experts, who help SMEs to find the best solution for their desired investment targets

Improve your product quality and compete effectively in Armenia and in the EU markets.

Align with EU Directives and increase your profitability.

Prioritize investments in Green Technologies for responsible performance, and cost reductions.

This credit line is for SME companies who wish to modernise their facilities in order to increase their export business.



HOW DOES THIS WORK?

Three credit types to suit the varied requirements of different companies:



PRE-APPROVED TECHNOLOGIES

For simple equipment upgrades up to €300,000, based on our List of Eligible Technologies (LET). A cash-back **incentive of up to 10%** applies.



SIMPLIFIED PROJECTS

Fast track process for technology upgrades in SPS and food safety, for investments up to €300,000. A cash-back **incentive of up to 15%** applies.



COMPLEX PROJECTS

For investments up to €3 million for almost any business, in almost any sector. A cash-back **incentive of up to 15%** applies.

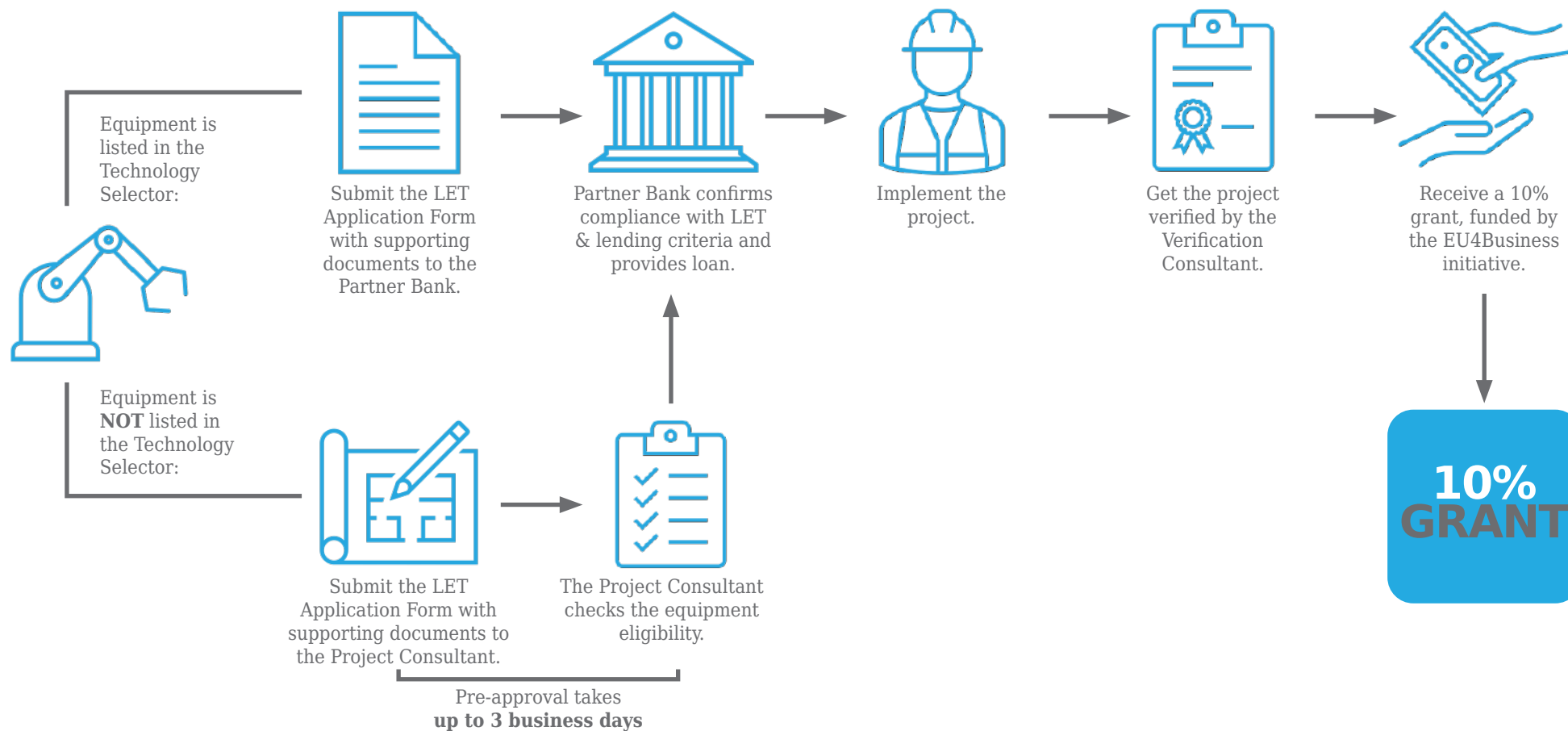
HOW DOES THE APPROACH FOR PRE-APPROVED TECHNOLOGIES WORK?

LET stands for List of Eligible Technologies

For straightforward investments up to a value of EUR 300,000, we have developed a list of 'Automatically Eligible Technologies', containing several thousand items of pre-approved equipment. This list can be accessed by entering our LET Technology Selector, where you can select your preferred equipment and find suitable suppliers (www.list-of-eligible-technologies.com).

The LET approach is dynamic new technologies are added to the Technology Selector on a regular basis. Your preferred equipment is not listed? Contact our project team with the details and we will evaluate if your preferred equipment can be added to the list.

Visit our website www.eu4business-ebdcreditline.am/en/standard-approach/ for further details and the LET Application Form.



PRE-APPROVED TECHNOLOGIES INVESTMENT EXAMPLES

Examples of LET Technologies currently listed:

- *Building equipment*
- *Food processing equipment*
- *Heating/cooling systems*
- *Industrial auxiliary equipment*
- *Processing equipment*
- *Renewable energy*

If your equipment is not listed, please contact us with the details and we will evaluate the equipment eligibility for you.

A printing company, providing its clients with a range of printed products for interior and exterior use, invested in a new UV-printer and auxiliary equipment. The main benefit this printing technique is the higher level of precision of the image and the final products are weather-resistant and offer increased resistance to fading. With the investment, the company improved product quality and export capacity while substantially reducing its energy consumption and carbon emissions.

Loan amount: € 99,276

Grant amount: € 9,927

Primary energy savings: 17.4kWh/year

GHG savings: 1.2 tonnes CO₂/year



A manufacturer of steam boilers, metal tanks, reservoirs and containers invested in a Laser Cutting machine, improving product quality, minimizing material waste and improving the health and safety of its workers.

Loan amount: € 270,126

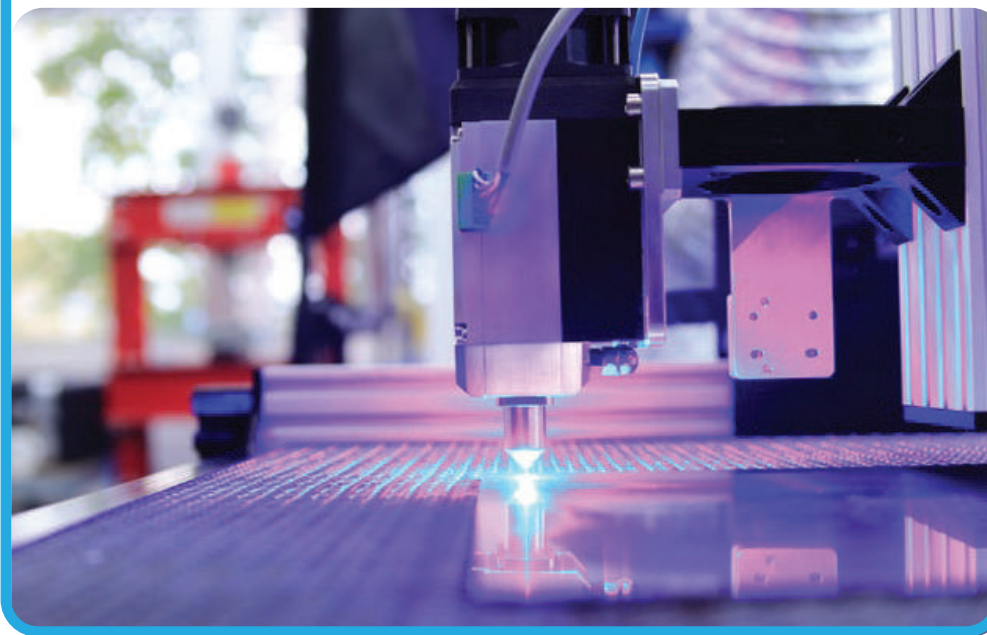
Grant amount: € 27,013

Primary energy savings: 106kWh/year

Material savings: 146 tonnes/year

GHG savings: 17kgCO₂/year

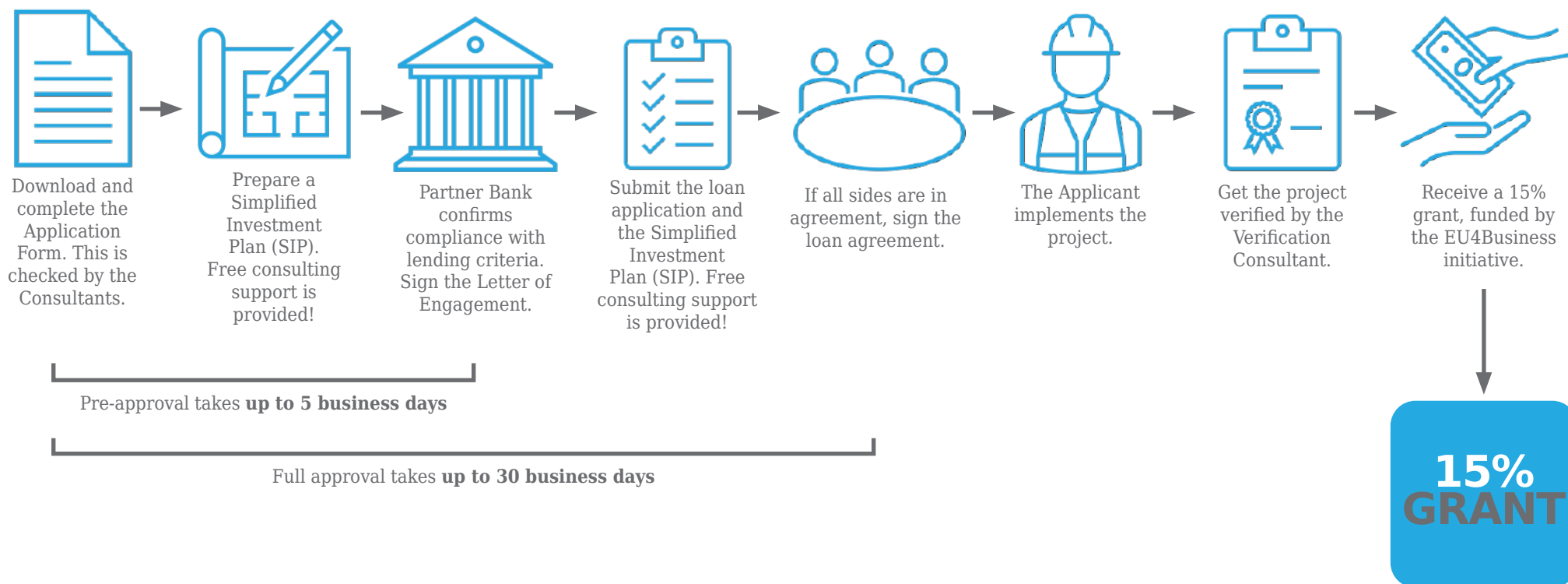
Energy savings ratio: 35%



HOW DOES THE SIMPLIFIED PROJECT APPROACH WORK?

This is exclusively for investments aimed at achieving full compliance with EU Sanitary and Phytosanitary (SPS)/Food Safety technical regulations and standards, with an investment value of up to EUR 300,000 and grant incentives up to 15%.

Visit our website www.eu4business-ebdcreditline.am/en/simplified-approach/ for further details and the SPS Application Form.



SIMPLIFIED PROJECT INVESTMENT EXAMPLES

- Refurbishment of production and storage buildings
- Cold storage of perishable goods
- Process, packaging and labelling equipment
- Automated process control systems
- Laboratories
- Product and/or HACCP system certification costs

A Dried Fruits and Medical Herbs producer improved product quality and increased exports by investing in a new drier, washing and cutting equipment and a leaf pressing machine.

Investments: Construction of a processing and production building, raw material processing equipment, belt drier, a training center for the collection team and a warehouse for raw materials

Loan amount: € 129,090

Grant amount (15%): € 19,363

EU Directives met:

- Council Regulation (EC) No 834/2007 on organic production and labelling of organic products and repealing Regulation (EEC) No 2092/91
- Regulation (EC) No 178/2002 laying down the general principles and requirements of food law, establishing the European Food Safety Authority and laying down procedures in matters of food safety
- Regulation 2023/2006 on good manufacturing practice for materials and articles intended to come into contact with food



An egg producer invested in new machinery and introduced high quality sorting & packaging processes, ensuring food safety and increased hygiene in the production process.

Investments: Procurement and installation of egg grading and packaging machine

Loan amount: € 253,713

Grant amount (15%): € 38,056

EU Directives met:

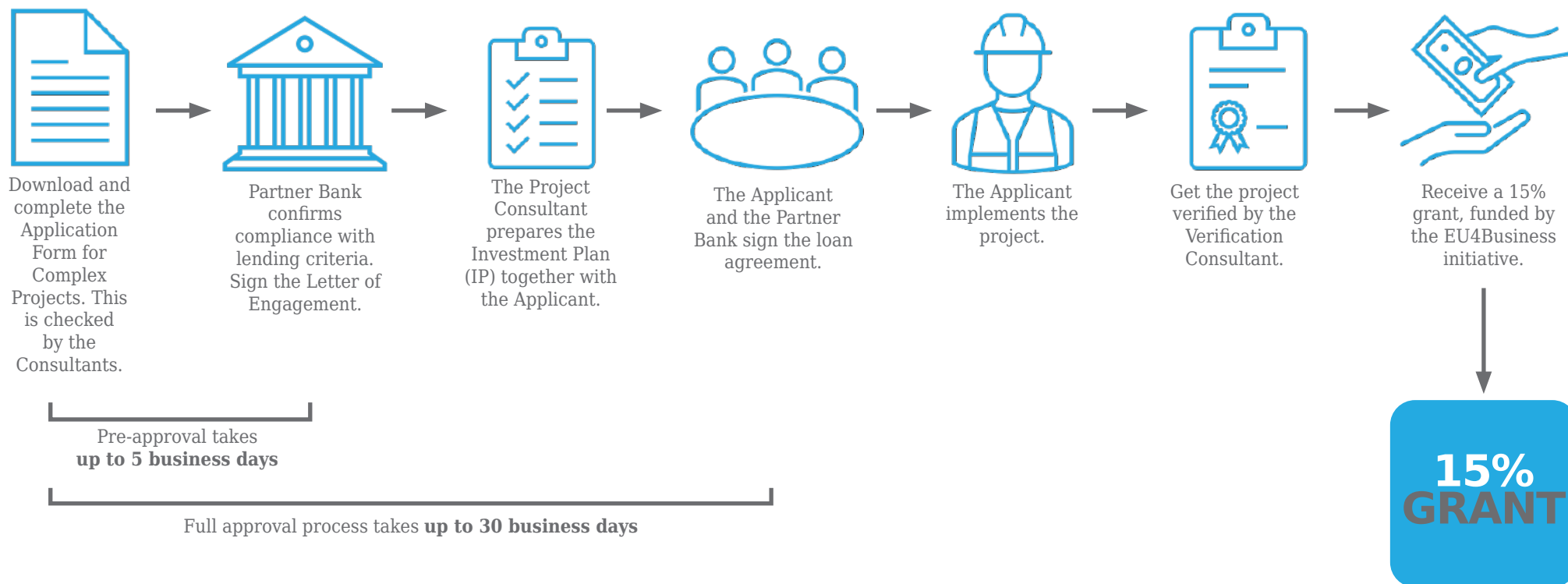
- EU Regulation 2023/2006 on good manufacturing practice for materials and articles intended to come into contact with food
- Basic Specifications for Raw materials, edition 5, which includes (Batch traceability EU regulation No178/2002, Microbiology, heavy metals, Mycotoxins, residues packaging etc)
- Regulation (EC) No 178/2002 laying down the general principles and requirements of food law, establishing the European Food Safety Authority and laying down procedures in matters of food safety



HOW DOES THE COMPLEX PROJECT APPROACH WORK?

Complex projects are investments aimed at achieving compliance with at least one or more EU Directives in the field of Health and Safety, Environmental Protection and Product Quality and Safety. The maximum possible loan amount under this approach is EUR 3 million and grant incentives may be up to 15%. The entire application process is accompanied by free-of-charge technical support provided by the international team of the Project Consultant.

Visit our website www.eu4business-ebdcreditline.com for further details and the COMPLEX Application Form.



COMPLEX PROJECT INVESTMENT EXAMPLES

- *New machines, production equipment, production lines*
- *New boilers, cooling systems, heat pumps*
- *Refurbishment and construction of production buildings*
- *Integrated refurbishment and construction of production lines and buildings*
- *Refurbishment and construction of storage facilities, cold rooms, warehouses including internal means of transport*

A honey producer with 500 own hives and an extremely effective network of local beekeepers who provide natural, additive-free honey, scaled up its business to new heights. With a strong commitment to reducing its carbon emissions, the company invested in processing and storage equipment as well as solar panels, fully covering the energy needs for production. The EBRD's Advice for Small Businesses programme, with funding from the EU, also supported the company in creating a memorable brand identity, smart packaging and flashy web design to boost its export sales.

Loan amount: € 350,000

Grant amount: € 52,500

Primary energy savings: 1,370Gj/year

GHG savings: 76 tCO₂/year



- *Machines for packaging*
- *Aspiration and dust-abatement systems*
- *Wastewater treatment plants*
- *Air emission abatement plants*

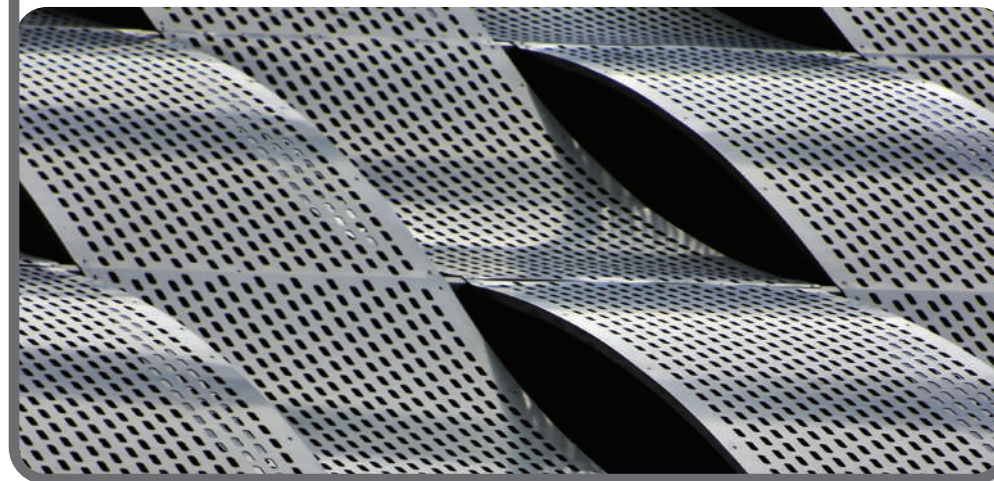
A company producing a wide range of metal products, including sheet metals, fencing, metal beams, pipes and wires. Invested in innovative and more environmentally friendly metal processing equipment. The modernized production facilities improved the working conditions and safety of employees and also made the production processes less energy intensive, reducing the company's carbon footprint by more than 80tCO₂ per year.

Loan amount: € 494,902

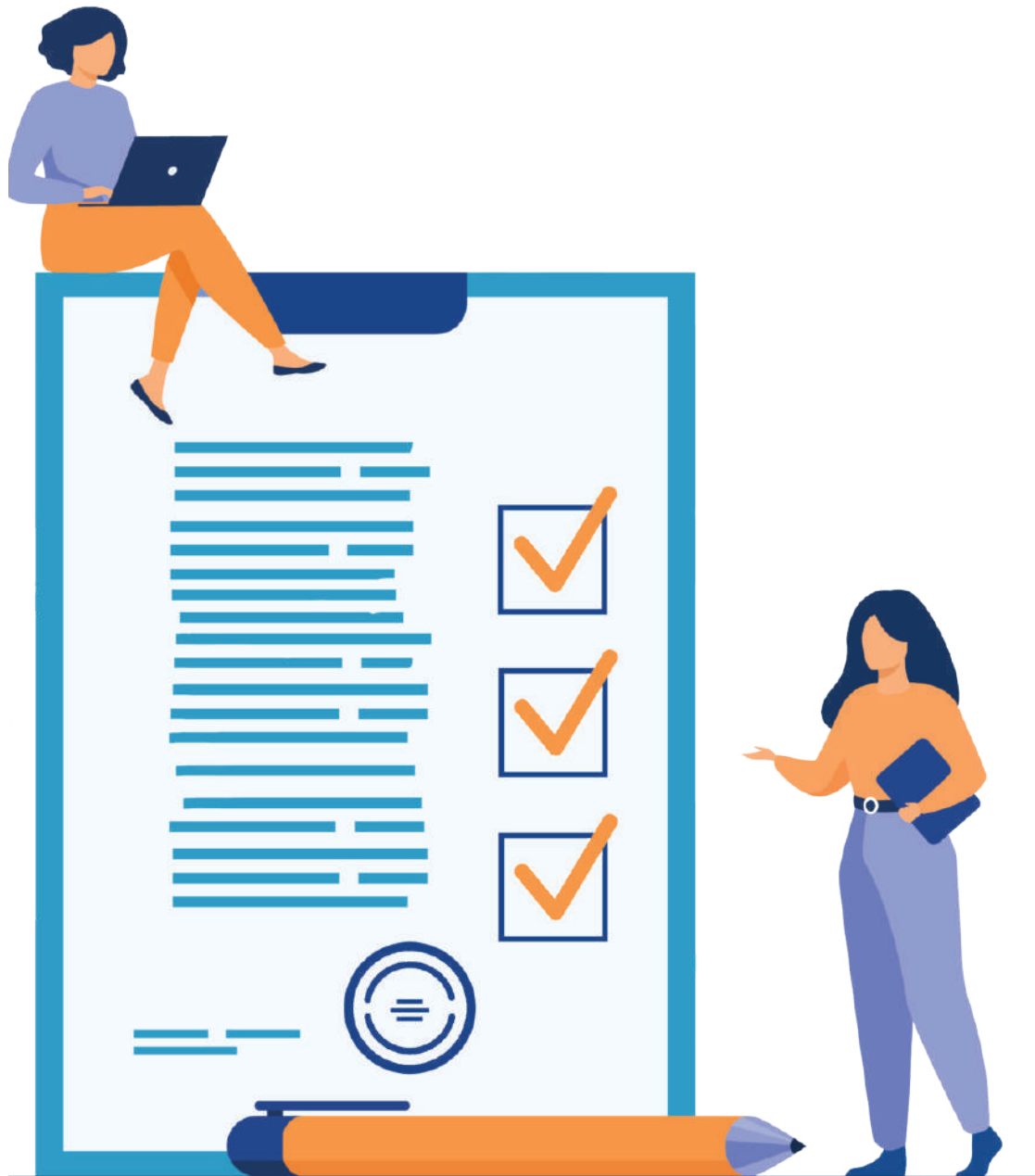
Grant amount: € 74, 235

Primary energy savings: 919 MWh/year

GHG savings: 81 tCO₂/year



OUR PARTNER BANKS



Where to Apply:

To simplify the financing process all EU4Business-EBRD Credit Line loans are disbursed through local Partner Banks and/or Leasing Companies. The local Partner Banks and/or Leasing Companies have the continued support from the program's Project Consultants.

Loan Terms:

Credit terms and conditions are set by the local Partner Banks and/or Leasing Companies and the ultimate decision whether or not to extend a loan to an applicant company is made by the Partner Bank and/or Leasing Companies only. EBRD, EU and the Project Consultants have no influence on this decision.

Project Assessment:

The Project Consultant is responsible for the technical assessment of investment projects and, together with the Verification Consultant, for setting and checking grant amounts. The Partner Banks and/or Leasing Companies will pay Grant incentives to successfully completed project owners. However, the Partner Banks and/or Leasing Companies have no influence on the level of grants to be paid out.

Please check our website for updates on the current Partner Banks and Leasing Companies of the EU4Business EBRD Credit Line. (www.eu4business-ebdcreditline.com).

SUCCESS STORY

A winery that produces 2 million bottles per year already embraced high standards of environmental and consumer safety. Environmental and social responsibility have always been a main focus of the company that cultivates wine on 130 ha of vineyards and also operates 185 ha of orchards, located in a historical area and adjacent to several historical sites.

The green philosophy of the company is reflected in the application of modern drip irrigation systems and renewable energy produced by a mini-hydro power station. Consumer safety is assured by the ISO 22000:2005 Food Safety Management System.

Aiming to increase its wine production capacity and its wine export capability, the company invested in a new wine cellar, including the full set of wine making and processing equipment. Improved product quality, occupational health and safety and reduced environmental impact were additional benefits of the investment. With the investment, the company aligned with many EU Directives, including those relating to machinery, health and safety and waste management.

Loan amount: € 1,064,943

Grant amount: € 159,741

Primary energy savings: 110 MWh/year

GHG savings: 7.7 tonnes



ENHANCE YOUR INVESTMENT PROJECT WITH KNOW-HOW

The EBRD's Advice for Small Business (ASB) team connects Armenian SMEs with local consultants and international advisers to transform businesses from many different industry sector.

Business advice

Work with a local consultant on a project aimed at a specific aspect of the business, such as introducing a quality management system that meets ISO standards or creating a feasibility plan for a new factory. These projects often last around 4-6 months and apply best practice to help the business become more competitive. Up to €10,000 of the project cost is reimbursed under the ASB know-how programme.

Industry expertise

Ensure your business can compete internationally by drawing on the expertise on an international adviser from the same industry. Through sharing their own international experience in senior management in the same industry, he or she can help strategically review every aspect of the business and develop a credible strategy for investment and growth.

Whether it is specialized knowledge of the right humidity levels for wool spinning, laboratory standards for producing pharmaceuticals or selecting the most effective equipment to improve manufacturing, these international industry advisers understand how these issues relate to each business and its needs. These projects usually take between 12-18 months.

Connect with other entrepreneurs and strengthen your export knowledge

The EBRD's export promotion training for SMEs can help companies understand the foundations of export, including identifying the right market and product dynamics, and export planning and EU specificities. The EBRD also organises regular events, training courses and networking opportunities for entrepreneurs. Email knowhowarmenia@ebrd.com and connect on Facebook to find out more about what is coming up.

AREAS OF EXPERTISE

- **STRATEGY**
- **MARKETING**
- **ORGANIZATION**
- **OPERATIONS**
- **TECHNOLOGY**
- **ENGINEERING SOLUTIONS**
- **QUALITY MANAGEMENT**
- **FINANCIAL MANAGEMENT**
- **ENERGY EFFICIENCY AND ENVIRONMENT**

WHO CAN APPLY FOR EU4BUSINESS-EBRD LOANS AND GRANTS?

Companies who wish to finance their investment the modernization of their facilities and/or services with an EU4Business-EBRD Credit Line loan and benefit from grant support should meet the following general criteria:

- The term SME includes individual entrepreneurs and sole proprietors!
- The business should have less than 250 employees and an annual turnover below EUR 50 million equivalent, and/or an annual balance sheet not exceeding EUR 43 million equivalent.
- The company is operating in a sector that can be open to export. The eligibility of companies operating in sectors such as hotels, retail of manufactured goods, will be examined on a case by case basis to determine if the nature of their activities allows for export and can be deemed eligible. If a company does not yet export, this will not in itself exclude it from being declared eligible.
- The company should be formed under the laws of Armenia. Individual entrepreneurs and sole proprietors should be registered as an entrepreneur or be engaged in economic activities, in accordance with the laws of Armenia.
- The business is operating primarily in Armenia or has a fixed place of business in Armenia through which its business is wholly or partly carried out.
- If the government of Armenia, or a local government body, or any other political, governmental or administrative body, agency or subdivision thereof has a stake in the business, this should only be up to a maximum of 49% and the public entity should not be directly or indirectly involved in the day-to-day management of the company or have control over directing the company's affairs.
- The business should be INDEPENDENT. "Independence" is defined as follows:
 - No more than 50% of the company's share capital is owned or controlled by another company/organization, which does not satisfy the SME eligibility criteria described above.
 - The company/business is NOT part of a group of companies/businesses, which are under common control, where all companies in the group are engaged in a similar business sector, and the aggregate results of the group of companies don't comply with the SME eligibility criteria described above.
- The company/business holds all necessary approvals and permits and is otherwise in compliance with national environmental, social and health regulations of Armenia.
- The company/business is not included in EBRD's list of persons or organizations ineligible for EBRD financing.
- If you are not sure if your company or business meets these general eligibility criteria, please contact our project office for advice.
- The investment project did not benefit from any other incentives, including interest rate subsidies.



WHO CANNOT APPLY FOR EU4BUSINESS-EBRD LOANS AND GRANTS?

We cannot finance companies and businesses engaged in the following activities:

- construction of roads and railways
- extraction of raw materials and mining
- technologies involving the combustion, transportation or extraction of carbon intensive fossil fuels such as coal, heating oil or oil shale
- manufacture of articles of concrete, cement, and plaster
- production and/or trade of arms or military equipment
- financial institutions or financial services companies
- insurance business
- production of tobacco or hard liquor
- sale of tobacco or hard liquor (other than where the sale of tobacco or hard liquor is ancillary to the entity's primary business activity)
- casinos or other gambling facilities
- speculative investments in property or currencies or any other speculative investment
- investments in securities of any kind, including investments in share capital of other companies
- any activities appearing on the EBRD Environmental and Social Exclusion List



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The views expressed herein are those of the Consultant and can therefore in no way be taken to reflect the official
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