

2ND PACKAGE OF MEASURES TO NEUTRALIZE THE ECONOMIC CONSEQUENCES OF COVID-19 OUTBREAK

1. Aim of the Measures and Support

1. The aim of the measures is to support separate business entities operating in the agricultural sector (hereinafter business entities) to solve possible liquidity issues resulted by the Covid-19 outbreak.
2. The aim of the support is to provide business entities with temporary access to finance to respond to the changing conditions of demand, to resist external challenges and thus, to continue their operations or to reposition themselves to adapt to the changing economic situation and take measures to refine their economic development strategies.

2. Targeted Business Entities and Types of Support

1. Within the meaning of this program, a business entity is any natural or legal entity or individual entrepreneur operating in the agricultural sector, which has appropriate credit and tax (in case of legal entities) history; more specifically, the size of its overdue tax liabilities for the full reporting period in the past 365 days has not exceeded 1% of the liabilities paid during the past 365 days, but is not more than 50 thousand AMD.
2. The support is provided in the form of co-financing and/or interest rate subsidizing of the targeted loans/leasing provided to business entities by licensed banks or credit organizations operating in the territory of the Republic of Armenia. The envisaged forms of support aim at solving:
 - 1) **Co-financing:** issues related to the insufficient level of securities to be provided for a loan, to the partial neutralization of the foreign currency risks, as well as to the partial decrease of expenses related to loan interests.
 - 2) **Subsidies:** issues related to the significant decrease of the loan/leasing interest rates.
3. The restrictions on the simultaneous application of state support programs in the agricultural sector are regulated in paragraph 14 of the Agricultural Sector Loans Interest Rate Subsidy Program approved by the Decision of the Government of the Republic of Armenia No 184-L, 7 March, 2019.
4. The terms of support provision are presented in Table 1, 2, 3 and 4.
5. Loan/leasing subsidies at the interest rates presented in Table 1, 2, 3 and 4 will be effective from the date of entry into force of this Decision only for the loans/leasing to be granted until December 31, 2020.

3. Aims and requirements of loans/leasing to be given under support mechanisms

1. The forms of support are applicable for the loan/leasing that are provided to business entities for expenditure purposes set out in Table 1, 2, 3 and 4.
2. The loans/leasing to be given under support mechanisms shall be in compliance with the requirements set out in Table 1, 2, 3 and 4.
3. The loans/leasing will be provided by commercial banks and credit organizations participating in state support programs in the sphere of agriculture.
4. The procedures of applying the co-financing support mechanism referred to in paragraph 4 of this program shall be set out in the decision of the Government of the Republic of Armenia. The procedures of applying the subsidy support mechanism shall be in compliance with the procedures of state support programs approved by separate decisions of the Government of the Republic of Armenia.

4. Discription of the Content of Support Mechanisms

To receive a loan/leasing within the scope of this program, any business entity that complies with the requirements set in this program may apply for support to a financial institution, and in case of satisfying application requirements, as requested by the borrower, the following will be provided:

- 1) Co-financing equal to a certain amount of the principal, for the same loan term, at 0% interest rate for co-financing, taking over a partial risk for the principal return, and/or
- 2) Loan/leasing subsidies equal to the interest of the loan/leasing, without sharing the risk of the loan return.

Table 1.

Main lending conditions for legal (excluding agricultural cooperatives) and natural entities

	Loan Purpose	Main Conditions	Interest Rate*
1	Loans for capacity building of the people engaged in agriculture, introduction of modern technologies and enhancing the efficiency of their operations	<ul style="list-style-type: none"> · Loan amount - 3-15 million AMD, · Maturity - up to 5 years, · Grace period for the principal - up to 12 months 	0%
2	Loans for the introduction of modern irrigation systems	<ul style="list-style-type: none"> · Total loan balance - up to 150 million AMD, · Maturity - up to 3 years, · Grace period for the principal – up to 6 months annually 	0%

3	Loans for the establishment of vineyards, intensive orchards and berry farms using modern technologies	<ul style="list-style-type: none"> · Area - from 0.5 to 100 ha, · Loan amount - up to 2.5 billion AMD, · Maturity - 8 years, · Grace period for the principal - 5 years 	0%
4	Loans for the introduction of hail protection systems in agriculture	<ul style="list-style-type: none"> · Area - from 0.5 to 10 ha, · Loan amount - up to 85 million AMD, · Maturity - 7 years, · Grace period for the principal - 1 year 	0%
5	Loans for agro-processing provided for the purveyance (purchase) of agricultural raw materials	<ul style="list-style-type: none"> · Principal balance - up to 1.8 billion AMD, · Maturity - up to 1.5 years, · Grace period for the principal - 2-3 months 	0%
6	Loans for pedigree cattle breeding	<ul style="list-style-type: none"> · Total loan balance- up to 300 million AMD, · Maturity - up to 5 years, · Grace period for the principal – up to 1 year 	0%
7	Loans for pedigree sheep and goat breeding	<ul style="list-style-type: none"> · Total loan balance - up to 900 million AMD, · Maturity of the loan - up to 4 years, · Grace period for the principal – up to 1 year 	0%
8	Leasing of agricultural machinery	<ul style="list-style-type: none"> · 20% down payment, · Total leasing objects value - up to 200 million AMD, · Maturity - up to 3- 10 years, · Grace period for the principal – up to 6 months annually 	0%
9	Leasing of agrifood equipment (including hothouses, refrigeration and agricultural storage facilities, modular slaughterhouses)	<ul style="list-style-type: none"> · 20% down payment, · Total leasing objects value - up to 450 million AMD · Maturity - up to 8 years, · Grace period for the principal – up to 6 months annually 	0%

* With the condition that the actual interest rate of the bank shall not exceed 14% in AMD, and 9% in foreign currency.

Table 2.

Main lending conditions for agricultural cooperatives

	Loan Purpose	Main conditions	Interest rate*	Co-financing
1	Loans for agricultural operations	<ul style="list-style-type: none"> · Loan amount - 3-15 million AMD, · Maturity - up to 5 years, · Grace period for the principal - up to 12 months 	0%	10%
2	Loans for introduction of modern irrigation systems	<ul style="list-style-type: none"> · Total loan balance - up to 150 million AMD, · Maturity - up to 3 years, · Grace period for the principal – up to 6 months in a year 	0%	50%
3	Loans for the establishment of vineyards, intensive orchards and berry farms using modern technologies	<ul style="list-style-type: none"> · Area - from 3 to 100 ha, · Loan amount - up to 2.5 billion AMD, · Maturity - 8 years, · Grace period for the principal - 5 years 	0%	50%
4	Loans for the introduction of hail protection systems in agriculture	<ul style="list-style-type: none"> · Area - from 3 to 10 ha, · Loan amount - up to 85 million AMD, · Maturity - 7 years, · Grace period for the principal - 1 year 	0%	50%
5	Loans for agro-processing provided for the purveyance (purchase) of agricultural raw materials	<ul style="list-style-type: none"> · Principal balance - up to 1.8 billion AMD, · Maturity - up to 1.5 year, · Grace period for the principal - 2-3 months 	0%	30%
6	Loans for pedigree cattle breeding	<ul style="list-style-type: none"> · Total loan balance- up to 300 million AMD, · Maturity - up to 5 years, · Grace period for the principal – up to 1 year 	0%	70%

7	Loans for pedigree sheep and goat breeding	<ul style="list-style-type: none"> · Total loan balance- up to 900 million AMD, · Maturity - up to 4 year, · Grace period for the principal – up to 1 year 	0%	70%
8	Leasing of agricultural machinery	<ul style="list-style-type: none"> · 20% down payment, · Total leasing objects value - up to 200 million AMD, · Maturity - up to 3-10 years, · Grace period for the principal – up to 6 months annually 	0%	10%
9	Leasing of agrifood machinery (including hothouses, cold-storage facilities, agricultural storage facilities, modular slaughterhouses)	<ul style="list-style-type: none"> · 20% down payment, · Total leasing objects value - up to 450 million AMD · Maturity - up to 8 years, · Grace period for the principal – up to 6 months annually 	0%	10%

* With the condition that the actual interest rate of the bank shall not exceed 14% in AMD, and 9% in foreign currency.

Table 3.

Main conditions for microloans for natural entities

	Loan Purpose	Main conditions	Interest rate*
1	Microloans for agricultural operations	<ul style="list-style-type: none"> · Loan amount- up to 1 million AMD, · Maturity - up to 2 years, · Grace period for the principal - up to 9 months 	0%

* With the condition that the actual interest rate of the bank shall not exceed 13% in AMD

Table 4.

Pork and poultry production lending conditions for natural entities

	Loan Purpose	Main conditions	Interest rate*	Co-financing/ Joint and several liability
1	Targeted loans for pork and poultry production	<ul style="list-style-type: none"> · Loan amount- 3-15 million AMD, · Maturity - up to 3 years, · Grace period for the principal - up to 12 months 	0%	30%

* With the condition that the actual interest rate of the bank shall not exceed 14% in AMD, and 9% in foreign currency