

THE 3rd PACKAGE OF MEASURES

TO ALLEVIATE THE ECONOMIC CONSEQUENCES OF COVID-19 OUTBREAK

1. THE AIM OF THE MEASURE AND SUPPORT

1. The aim of this package of measures is to support business entities (hereinafter referred to as "business entities") that are subjects of small and medium-sized entrepreneurship in Armenia and meet the criteria set out in this program, to solve possible liquidity issues resulted by the Covid-19 outbreak.

2. The aim of the support is to ensure temporary access to finance for business entities 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

3. Within the meaning of this program, any company or individual entrepreneur registered and operating in the territory of the Republic of Armenia who has been engaged in commercial activities in the territory of Armenia at least for the past one year and complies with all criteria listed below:

1) Is doing business in one of the following areas:

- a. Manufacturing
- b. HoReCa
- c. Transportation and storage economy
- d. Tourism services
- e. Other service sectors
- f. Healthcare

2) In 2019, the turnover is minimum 24 million AMD, maximum 500 million AMD.

3) The turnover for each quarter of 2019 is not less than 10% of the annual turnover.

4) Has a good credit and tax 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.

5) Based on ACRA information, has fulfilled their credit obligations timely.

4. THE SUPPORT MECHANISM

4. The support to business entities is provided through the Investment Support Center. Banks and credit organizations licensed and operating in the Republic of Armenia are credit service agents.

5. PURPOSE OF THE LOANS TO BE PROVIDED UNDER SUPPORT MECHANISMS

5. The financial means under support mechanisms can be used by business entities only for the following purposes:

- Salaries of the staff or payments equal to them, but not more than 300,000 AMD per month for each employee for a maximum of three months
- Payments of state or community taxes, duties, and mandatory payments (hereinafter referred to as tax, duty and mandatory payment loans) for a maximum of three months
- Purchase and import of raw materials, given that the raw materials are used in Armenia for production purposes by the same business entity. The targeted use of the loan will be controlled by the Investment Support Center (ISC).
- Utility payments (electricity, water, heating, communication) for a maximum of three months,
- Rents

6. MAIN REQUIREMENTS OF LOANS UNDER SUPPORT MECHANISMS

6. Loans provided under support mechanisms shall meet the following criteria:

- Currency: Armenian dram (AMD),
- Term: 36 months, no payment for the first 6 months,
- Maximum loan amount of each business entity is 50 million AMD but not more than 10% of the turnover of the business entity in 2019,
- Procedure to use credit funds: only non-cash, bank transfers, within three months after the approval of the purpose of the expenses by the ISC.

7. Institutions Providing Loans Under Support Mechanisms

7 Loans will be provided by all commercial banks and credit organizations operating in the Republic of Armenia, which will receive a service fee for each credit line from the Investment Support Center.

8. The procedure for the use of the support mechanisms will be approved by the decision of the Government of the Republic of Armenia.

9. The procedures regulating the selection of program beneficiaries and the loan repayment will be defined by the Ministry of Economy of the Republic of Armenia.

8. CONTENT DESCRIPTION OF THE SUPPORT MECHANISMS

10. The support is provided to business entities by providing them with targeted loans by banks or credit organizations (hereinafter referred to as financial institutions) licensed and operating in the RA.
11. To apply for a loan under this mechanism, any business entity who meets the conditions set out in the program can apply to the Investment Support Center in paper or in electronic form. After approving the application, the Investment Support Center signs a contract with the bank serving the business entity and gives the bank access to finances for the loan.
12. The loan will require a personal guarantee from the owner or other individual (s) participating in the management of the organization, which will be submitted to the Investment Support Center. The guarantor shall meet the minimum requirements of the ACRA scoring criteria set by the Investment Support Center.
13. The interests of the loans provided under the support mechanism will be 0% in the first year, 0% in the second year, and 12% in the third year.
14. The Investment Support Center will monitor the process based on the information received from the State Revenue Committee, the bank and /or financial institution and may suspend the loan and/or request immediate repayment upon need.