

STATEMENT

On Programs to Address the Economic Impacts of COVID-19

* The data as of 08.04.2020

	Beneficiaries	Brief Description	Reference to the legal act
Action 1	All economic entities	Co-financing, refinancing or subsidy of loans from the banks and credit organizations operating in the Republic of Armenia.	Decision on approving the Action Decision on approving the Procedure
Action 2	Natural and legal entities, individual entrepreneurs in the field of agriculture.	Co-financing, or subsidy of loans/lease from the banks and credit organizations operating in the Republic of Armenia.	Decision on approving the Measure Decision on approving the Procedure
Action 3	(i) Manufacturing, (ii) HoReCA (iii) Transportation and Storage Industry, (iv) Tourism Services (v) Other Service Sectors, (vi) Healthcare	Eligible for loans from the banks and credit organizations operating in the Republic of Armenia (0% in the first and second years, and 12% in the third year)	Decision on approving the Action Decision on approving the Procedure
Action 4	Households with children under the age of 14, if certain circumstances are in place.	Eligible for AMD 100,000 as a support	Decision on approving the Measure The Application may be filled in here .
Action 5	Businesses with 5-20 employees	Eligible for a lump-sum grant, which will be calculated by the total number of the number of employees and salaries.	Decision on approving the Action Decision on approving the Procedure
Action 6	Persons laid off from March 13-30	Eligible for AMD 100,000 as a support.	Decision on approving the Action The Application may be filled in here .

Action 7	Pregnant women whose husbands are laid off	Eligible for AMD 100,000 as a support.	Decision on approving the Action The Procedure is not yet approved.
Action 8	Hired employees in the following sectors (i) hotel and guesthouse services; (ii) public food services; (iii) tourism services; (iv) barber shops and beauty salons; (v) retail trade, including trade in trade centers or other trade points	Eligible for a lump-sum support, which is calculated according to their salaries	Decision on approving the Action The Application may be filled in here .
Action 9	all those households which have children under 18 and none of the parents had (or the single parent didn't have) a registered work as of 12 March 2020, nor they were recruited for a temporary or permanent job within the period from 12 March 2020 to 31 March 2020.	Eligible for a lump-sum support, equal to AMD 26500 per child.	Decision on approving the Action Decision on approving The Procedure is not yet approved.

Action 1.

General Information

The beneficiaries should meet the following eligibility criteria:

1. Businesses and individual entrepreneur ¹ who are doing business in Armenia at least for the last one year;
2. Have a good credit history.

The support may be provided in the following way (they may apply only for one of them)

- ✓ **Co-financing** (part of the loan is provided by the government) at 0% interest rate of a part of the loan principal with the same repayment period, sharing a partial risk for the principal repayment. This solution aims to partially counteract the liquidity risks, foreign currency risks as well as risks associated with partial decrease of expenses related to loan interests.
- ✓ **Re-financing** at 0% interest rate of a part of the loan principal (fully in case of payment of salaries and taxes) with the same repayment period without sharing a risk for the principal repayment. This solution aims to fully counteract the foreign currency risks, as well as partially counteract the expenses associated with loan interests that the businesses face.
- ✓ **Subsidy of a part of loan interests (fully - in cases of payment of salaries and taxes provided the actual interest rate is 12%) during the whole term of the loan without sharing the repayment risk.** This solution aims at significantly decreasing the economic entity's expenses associated with loan.

Loans provided under this support tool should meet the following requirements:

1. Currency: Armenian Dram (AMD), in case of co-financing the part to be provided by the financial organization may also be in foreign exchange²;
2. Term: up to 24 months;
3. Maximum loan amount per economic entity under the support tool is AMD 500 million and the maximum amount of co-financing or refinancing per economic entity cannot exceed AMD 250 million;
4. The maximum annual actual interest rate ranges from 0% up to 6% (no more than 6%) depending on the rule set for the selected support tool provided for by this Action.

Loans are provided to cover the expenses in one of the following directions (only one option can be selected)

The minimum support limits are set for the objectives included in points 3-6.

1. Payment of employee salaries or other equivalent payments, but no more than AMD 500,000 monthly for a maximum of three months per employee;
2. Payments of state or community taxes, duties, and mandatory payments for a maximum of three months;
3. Purchase or import of raw materials provided that the entire volume of the raw material shall be used in Armenia to produce finished products and the economic entity has necessary and relevant production capacities;
4. Import of devices and equipment, provided that such devices and equipment shall be used in production or to increase production capacities in Armenia;

¹banks, credit organizations, pawnshops and insurance companies, currency exchange points, organizations dealing with the purchase and sales of securities, investment organizations, investment funds, gambling businesses and other similar organizations.

²In this case, the Ministry of Economy is provided with a statement that the Company does not have sufficient foreign currency inflows to repay the loan.

5. Payment of public services, but no more than AMD 5,000,000 monthly for a maximum of three months per service;
6. Import of food and medicine by business companies provided that the imported goods should be consumed in Armenia).

To receive the support, the following steps should be taken:

The financial organizations providing loans under the support tools will sign agreements with the Central Bank of Armenia.

Pre-approval

To receive support, it is necessary to submit an application to the financial organizations that have signed an agreement, providing information on how they will use the funds according to the defined purpose (information on liabilities, contracts on raw materials, etc.). Financial organizations pre-approve the application of the Applicant.

Approval by the authorized person of the Government

The list of persons having applied for pre-approval is submitted to the Central Bank of the Republic of Armenia, German-Armenian Fund, which verifies the compliance of the applications with the requirements of the action. The applications are considered in the order in which they are filed and in case of approval, the funds will be allocated by “from small to large” principle, for maximum of AMD 1 billion daily.

Action 2

The beneficiaries should meet the following criteria:

1. *Individuals or businesses operating in the agriculture sector in Armenia,*
2. *Have good credit and tax (in case of legal entities) history.*

The support may be provided in the following way (they can apply only for one of them)³

- ✓ Co-financing at 0% interest rate of a part of the loan principal with the same repayment period, partially sharing a risk for the principal repayment.
This solution aims to partially counteract the liquidity risks, foreign currency risks as well as risks associated with partial decrease of economic entity's expenses related to loan interests;
- ✓ Subsidy of loan/lease interests without sharing repayment risk.
This solution aims at significantly decrease the loan/lease interests-related expenses for the economic entity.

The decision on the support (which can be found here:

<https://www.arlis.am/DocumentView.aspx?DocID=140673>) sets the purposes for which the loan can be obtained, its main requirements according to the purpose, interest rates.

To receive the support, the following steps should be taken:

Pre-approval

To receive support, it is necessary to submit an application to the financial organizations that have signed an agreement, providing information on how they will use the funds for the defined purpose. Financial organizations pre-approve the application of the Applicant.

Approval by the authorized person of the Government

The list of persons for pre-approval is submitted to the Rural Economic Development PIU, Rural Finance Structure of the Ministry of Economy of Armenia.

Central Bank of the Republic of Armenia, German-Armenian Fund, which verifies the compliance of the applications with the requirements of the action. The applications are considered in the order in which they are filed and in case of approval, the funds will be allocated by “from small to large” principle, for maximum of AMD 1 billion daily. A positive conclusion on the government co-financing in the amount exceeding AMD 15 million is issued by the Government decision.

³There are restrictions on applying for more than one government support tools at the same time.

Action 3

The beneficiaries should meet the following criteria:

1. They operate in one of the below mentioned sectors -
 - a. Manufacturing
 - b. CoReCa;
 - c. Transportation and Storage Economy;
 - d. Tourism;
 - e. Other service sectors;
 - f. Healthcare;
 - g. In 2019, the turnover is minimum AMD 24 million maximum AMD 500 million;
 - h. The turnover for each quarter of 2019 is not less than 10% of the annual turnover;
2. Have a good credit and tax history.
3. Based on ACRA information, has timely fulfilled their credit obligations

Loans provided under support mechanisms should meet the following criteria:

- ✓ Currency: Armenian Dram (AMD)
- ✓ Term: 36 months with no repayment for the first 6 months; repayments within 30 months should be made in equal payments (with some exceptions). The economic entity has the right to early repayment.
- ✓ Maximum loan amount per economic entity is AMD 50 million but no more than 10% of the turnover of the economic entity in 2019;
- ✓ How to use credit funds: only non-cash, bank transfers, within three months after the approval of the purpose of the expenses by the ISC.
- ✓ **The interest rate will be 0% in the first and second years, and 12% in the third year.**
- ✓ The loan will require a personal guarantee from the owner or other individual (s) participating in the management of the organization.

The loan will be used for:

1. Payment of employee salaries or other equivalent payments, but no more than AMD 300,000 AMD monthly per employee for a maximum of three months;
2. 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;
3. 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 monitored by the Investment Support Center (ISC);
4. Utility payments (electricity, water, heating, communication) for a maximum of three months;
5. Rents.

To receive the support, the following steps should be taken:

- ✓ The application is submitted to the Investment Support Centre, supported by the following information -
 - Beneficiary's name, TIN;
 - Contact details;
 - Short business profile;
 - Business area/by economic classification/

- Power of Attorney to receive information through ACRA or a statement from ACA.
- The 2019 turnover of the company according to the quarterly statements provided to the State Revenue Committee. If the company is subject to general taxation, Form 240 and Form 203 are submitted. If the company is subject to turnover tax, Form 232 is submitted. The reports are downloaded from the Reporting system of the State Revenue Committee.
- Requested loan amount and repayment schedule/by months;
- Application according to the approved form;
- ✓ Within two business days, the Applicant is informed about the errors or denial reasons. Afterwards, the tax history is checked through the State Revenue Committee within two business days.
- ✓ In case of receiving a positive response, a decision on approving the preferential lending is made within one working day.
- ✓ After receiving the decision, the Beneficiary informs the ISC about the financial organization which he/she wants to service the loan.
- ✓ After the selection of the financial organization and signing of guarantee agreements, the financial organization signs a loan agreement. At this stage, the complete reference of the consumer credit report received through ACRA system must be submitted.
- ✓ Following the approval of the selection of the financial organization, the following documents are submitted to the ISC:
 - Loan application; business address;
 - Beneficiary's charter, extract;
 - List of owners;
 - Decision of an authorized person on receiving a loan;
 - ACRA credit statement;
 - Statement on interrelated persons;
 - E-mail and phone number.

Action 5

The beneficiaries should meet the following criteria:

1. Economic entities⁴ which have consistently had from 2 to 50 employees within the period from 1 January 2020 to 1 April 2020 and the actual payroll of these entities has not decreased during the mentioned period. In addition to the aforementioned, the calculations of the number of employees, as well as the payroll fund, do not include the employees and payroll added during the period from 26 March 2020 to 1 April 2020.

A lump-sum grant will be provided to the beneficiaries of the support which is calculated by the following formula:

$$AS = (TR:NE) * (NE:5)$$

where

AS – amount of the support provided by the state

TR – total remuneration of the employees

NE – number of the employees

The formula of (NE:5) shall be rounded down.

The formula is calculated as follows:

1. to determine the amount of support to be provided to an economic entity with up to 5 employees, the monthly payroll fund is divided by the number of employees;
2. to determine the amount of support to be provided to a business entity with 5 or more employees:
3. the average monthly remuneration of the entity is calculated, namely, monthly payroll fund is divided by the number of employees;
4. one fifth of the overall number of the employees is calculated, namely, the overall number of the employees is divided by 5 (is rounded down),
5. the results of point a) and point b) are multiplied.

The grant is calculated as follows:

- ✓ Upon submission of income tax calculation by the economic entities for 1 March 2020, starting from 1 April 2020, the economic entity receives in his/her profile a notification from the electronic reporting system of the RA State Revenue Committee on eligibility for the support.
- ✓ After receiving an eligibility notice in his/her personal profile from the electronic reporting system of the RA State Revenue Committee, the economic entity submits an electronic application to receive a lump-sum grant by the template available in the electronic reporting system of the RA State Revenue Committee.
- ✓ Within two working days after receiving the applications from the State Revenue Committee of the Republic of Armenia, the eligibility grounds for inclusion in the list of beneficiaries of the support are verified, a lump-sum grant is calculated, a payment order is made and submitted to the treasury.

⁴banks, credit organizations, pawnshops and insurance companies, currency exchange points, organizations dealing with the purchase and sales of securities, investment organizations, investment funds, gambling businesses and other similar organizations