

EFSE and AraratBank team up to support Armenian MSMEs with a new financing

The USD 10 million five-year facility is part of the EFSE crisis response package to support Armenian MSMEs that operate in critical sectors

Luxembourg and Yerevan, 10 October 2022 – The European Fund for Southeast Europe (EFSE) has extended a USD 10 million five-year facility to AraratBank for financing of micro, small and medium businesses (MSMEs) affected by the economic, social, and security challenges triggered by the Russia-Ukraine war, prioritizing those operating in crisis-relevant sectors.

The facility will enable MSMEs to receive continued access to finance, helping them preserve operations and address the rising challenges of strained supply chains and logistics infrastructure .

With this financing, AraratBank will be able to further increase its outreach and scale by issuing over 700 new sub-loans, with longer-term maturities, in support of business and economic resilience in Armenia. This investment will contribute towards SDG 8 (Economic Growth) and SDG 9 (Industry Innovation and infrastructure).



EFSE Board Chairperson Klaus Müller said: “Micro, small and medium-sized businesses are the first to be adversely affected during crises because of the impact on their cash flows and access to critical resources. With this new financing to AraratBank, a longstanding partner of EFSE, Armenian MSMEs will receive much-needed support to continue operating during these challenging times.”

"The years-long cooperation with EFSE reflects an efficient and robust partnership built on mutual trust. Since 2010, a total of 8 projects worth USD 63 million have been funded by EFSE. While citing figures may be truly impressive, it should be also affirmed in words that the partnership with EFSE has greatly fostered micro, small and medium enterprises in Armenia," commented Mher Ananyan, Chairman of the Executive Board of ARARATBANK OJSC.

Araratbank received a multi-currency loan equivalent to USD 10 million from EFSE in 2019, thus contributing to lending in local currency and eliminating exposure to currency risk for beneficiaries of the program.

About EFSE

An impact investment fund established in 2005, the European Fund for Southeast Europe (EFSE) aims to foster economic development and prosperity in Southeast Europe and the Eastern Neighbourhood Region by investing in the success of micro and small enterprises as well as improved living conditions for private households. As access to financial services is key to developing this segment, EFSE focuses on helping local financial sectors strengthen their ability to provide responsible financing for this target group. Alongside its investment activities through local partners, EFSE multiplies its impact through the EFSE Development Facility, which provides technical assistance, training, and other nonfinancial support to entrepreneurs and institutions.

EFSE was initiated by KfW Development Bank with the financial support of the German Federal Ministry for Economic Cooperation and Development (BMZ) and the European Commission. As the first public private partnership of its kind, EFSE draws its capital from donor agencies, international financial institutions, and private institutional investors.

Finance in Motion GmbH, Germany, serves as EFSE's advisor and Hauck & Aufhäuser Fund Services S.A., Luxembourg, acts as manager.

For more information on the European Fund for Southeast Europe, please visit: www.efse.lu

For more information on Finance in Motion, please visit: www.finance-in-motion.com

About AraratBank

Founded in 1991, ARARATBANK OJSC is one of the leaders in the Armenian banking sector, providing the latest and highest quality banking services to both individuals and legal entities, applying cutting-edge technologies and creating a special business culture in bank-client relations. With the innovative banking technologies and best practices of corporate governance, the bank has 51 branches across the country. AraratBank actively participates in the real sector of Armenian economy, particularly in SME lending. AraratBank cooperates with 17 reputable international financial institutions.

For more information: the www.araratbank.am

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