
Strengthening Armenia's SME Sector

The FINANCIAL/Georgia - 18/3/2008

The FINANCIAL -- To provide further support to small and medium-sized enterprises in Armenia, the EBRD is providing a \$5 million loan to Cascade Bank, a dynamically growing, private Armenian bank.

The EBRD finance will help the bank expand its lending activities and specifically target the SME sector, which holds the key to further strong and sustainable growth in Armenia. The loan to Cascade Bank will be complemented with an assistance programme sponsored by technical cooperation funds to establish best practices at the bank.

Cascade Bank is a universal bank that offers a wide range of services to commercial and private customers. The bank also has a significant mortgage portfolio and is a member of the international MasterCard system. Cascade Bank sees small and medium-sized enterprises as a strategic growth area and is stepping up its efforts to reach out to the sector.

Michael Weinstein, head of the EBRD's Yerevan office, said that the financing is expected to boost the development of SMEs in Armenia, as the local banking sector still does not lend to SME's on a sufficient scale. "The SME sector is so important, because it is there that jobs are being created, living standards are being raised and the middle class is emerging", he added.

Jonathan Stark, chairman of Cascade Bank, said, "This credit line further strengthens our relationship with the EBRD. It will support Cascade Bank's mission to offer innovative, affordable loans to a broader client base and to act as a progressive force encouraging investment into Armenia."

Aharon Levonyan, CEO of Cascade Bank, added: "Given the upward trend in Armenian deposit rates, EBRD credit lines are an important alternative source of funding which will help Cascade Bank continue to offer lower lending rates to SME borrowers."

The EBRD loan comes under the Armenia Multi-Bank Framework Facility II which continues the successful provision of funds to local banks for on-lending to commercial customers. Armenia is part of the Bank's Early Transition Countries Initiative which follows a streamlined approach to financing medium-scale private sector enterprises. The programme recently topped the 100 marker with 105 projects.

The EBRD's Early Transition Countries Initiative is supported by a multi-donors fund which to-date has received almost ~\$50 million from 12 donor governments. The fund which exists alongside bilateral support funds provides financing for project preparation and implementation.
