

Financial Instruments

Doing business in Armenia means putting your investments at the international market. For that purpose, it is always useful to sort out the kind of advice and support the Netherlands government can provide to your company. Useful links are: www.internationaalondernemen.nl and the link to the [develop your business database](#) of the NL Ministry for Foreign Affairs.

If commercial contracts are not an option (yet) or further incentives are needed to stimulate your companies' wish to invest in an emerging market like Armenia, your company might consider an instrument like PSI – Private Sector Investment Programme (known as a PSOM). Important partner is the [EVD](#).

Please find below a short description of available instruments for Armenia.

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Private Sector Investment program (PSI)

PSI is meant to stimulate investments of NL companies in emerging markets. The objective of the PSI Programme is to support sustainable economic development and employment creation in emerging markets through encouraging long-lasting trade and investment relationships between Dutch companies and local companies. PSI projects are selected on the basis of an open tender procedure which is announced twice a year. Main conditions and characteristics of the PSI Programme are:

- The PSI Programme finances 50% of the project costs, while the other 50% of the project costs have to be paid for by the partner companies from The Netherlands and the PSI country.
- For projects approved under the PSI / PFW programme, import of goods into Georgia are exempted from customs duties, VAT or other customs charges in accordance with the Agreement on Technical and Financial Cooperation between the Kingdom of the Netherlands and Georgia concluded on June 1999 and ratified by the Parliament of Georgia on March 2004.
- Dutch companies are allowed to have a majority of share in the joint beneficiary company established with the local partner from the PSI country.
- Two proposals are selected per country on the basis of quality and do not compete with proposals from other countries. Budget allowing, subsequent proposals will compete with proposals from other countries eligible for PSI support.
- The average PSI contribution per project is EUR 0.5 million, while the maximum amount is EUR 1.5 million.

The executing agency in the Netherlands is EVD, on the Georgian side the Ministry of Finance is the leading agency.

General internet links:

[EVD](#): Netherlands Foreign Trade Promotion Agency and executing agency for the PSI Programme

Program Economical Cooperation Projects (PESP)

PESP is a programme through which your company can acquire funds to undertake a feasibility study and/or studies for the preparation of an investment. The aim of PESP is to strengthen bilateral economic relations with non-OECD countries with the aim of increasing the likelihood of Dutch companies obtaining orders in those countries. Dutch companies and their Armenian counterparts can submit proposals for activities leading up to such export transactions. The activities may be feasibility studies, project identification, and investment preparation studies. These activities must result in early familiarisation of the foreign party with the offers of Dutch companies, and an increased probability of the Netherlands business community acquiring orders in the project implementation phase. PESP is for projects and not for market research or acquisition activities of individual companies.

Related internet link: www.evd.nl/pesp

Netherlands Management Co-operation Programme (PUM)

The Netherlands Management Co-operation Programme offers senior NMCP advisers (most of them retired or early retired persons) to companies and institutions that can transfer knowledge and experience from their own specialist fields. The expenses for this advice is extremely low, compared to commercial consultancy firms. NMCP is an organisation of senior managers and experts, funded by the Ministry for Development Co-operation and managed by the Netherlands employers federation.

Further information and conditions to be eligible for support from this programme can be found on www.pum.nl.

Local representative in Jerevan: Mr. Dr. Grigor Ghazaryan: email gghazaryan@netsys.com or gghazaryan@yahoo.com tel +374 1(0) 560543

NMCP in the Netherlands: Address: Bezuidenhoutseweg 12, The Hague, The Netherlands, tel. +31 (0)70 3490555, e-mail: info@pum.nl

Centre for the Promotion of Imports from developing countries (CBI)

Since 5 October 2006 Armenia has been put on the country list of CBI. CBI is an agency of the Netherlands Ministry of Foreign Affairs and part of the Directorate General for International Development Co-operation (DGIS). The main aim of CBI is to assist developing countries in strengthening their export capabilities towards the European Union and the Netherlands market in particular. To that end, CBI offers technical and financial assistance at different levels, adapted to the institutional and market circumstances in each developing country. CBI's main target groups are companies up to 500 employees in developing countries, beginning to export their products in EU countries.

In order to be able to achieve the main aim and reach as many enterprises as possible, CBI also provides assistance in the field of capacity building to Business Support Organisations (BSO) of developing countries. CBI provides marketing services in the manner best designed to benefit the producers, the distributors and the customers. CBI does not conduct marketing itself for the companies and BSOs but provides the required assistance to improve their ability to produce for and export to West European markets. CBI's marketing activities are delivered within three clusters of core activities: (i) Regular CBI Programmes; (ii) Integrated Export Promotion Programmes and (iii) BSO Developing Programmes. Important: queries about CBI activities and programmes must be directed to CBI in the The Netherlands, not to the Embassy.

See also: www.cbi.eu

Development Cooperation Matchmaking facility (MMF)

Serious companies in developing countries are often on the lookout for reliable business partners abroad. The Development Cooperation Matchmaking facility puts those companies in touch with Dutch businesses operating in the same sector. Interested companies have to submit a proposal for the cooperation with a Dutch company to the Dutch Embassy, using a special form to do so ("[Intake Form MMF](#)").

The Embassy will consult with its local network to assess the proposal. Furthermore, proposals must be clearly formulated and well substantiated before being taken into consideration. Eligibility criteria that are used among others are:

- The applicant should be a registered company which exists at least two years;
- The company should have between 10 and 250 employees;
- At least 51% of the shares should be in possession of local, non-foreign, shareholders;
- The minimum annual turnover should be EUR 250.000;
- The application contains a clear business plan that answers three basic questions:
 - a. who are they;
 - b. what sort of company are they looking for and
 - c. what do they want to achieve together?

EVD will start identifying Dutch businesses that match the company's profile.

If a suitable match is found, the company will receive a voucher worth EUR 5,000., which can be used to hire a Dutch consultant who will help to explore and define the cooperative effort between the local company and Dutch business partner. The consultant's duties include arranging a visit for the company to the Netherlands and developing a joint action plan. All travel and accommodation expenses related to the visit are local company's responsibility.

A half year after the visit, the consultant will conduct an evaluation to determine if the activities have resulted in a basis for further cooperation.

EVD runs the Development Cooperation Matchmaking facility on behalf of the Dutch Minister of Development Cooperation.

See also: www.evd.nl

Development-related Infrastructure Facility (ORIO)

As of 1st January 2009 new instrument ORIO (Development-related Infrastructure Facility), that is adaptation of the instrument known as ORET, will be open for Georgia. The following link presents the policy Note that was approved by the NL Parliament ([orio english \(162 Kb\)](#)). More details about the instrument will be published soon.