

# LOAN FACILITIES TO FINANCIAL INSTITUTIONS



Евразийский Банк Развития

A loan facility is provided to a financial institution for one or more programmes so that it can finance its own or sub-borrowers' sub-projects.

## Definitions

**Borrower** means a financial institution.

**EDB Confirmation** means a standby letter of credit, a guarantee, a reimbursement undertaking, or another contractual document.

**Eligible instrument** means a documentary letter of credit, a bank guarantee, or other contractual documents under sub-projects.

**Sub-borrower** means an entity, being the borrower's client.

**Sub-loan** means a loan provided or, as the case may be, to be provided by the borrower to a sub-borrower from the funds extended by the EDB to finance the sub-borrower's sub-projects.

**Sub-project** means measures planned by the borrower and sub-borrower that conform to the programme requirements.

**Financial institution** means a bank or another financial organisation registered and existing in an EDB member state and holding all necessary permits and licences to engage in lending.

## Requirements to Financial Institution

- 1 A financial institution operating in the EDB member states.

- 2 The availability of all necessary permits, approvals and licences to conduct the respective operations.
- 3 Annual external audit by an independent audit company acceptable to the EDB.
- 4 Not being subject to any sanctions imposed by authorised agencies in the EDB member states, such as a suspended licence or other restrictions.
- 5 Compliance with the applicable environmental laws of the respective EDB member state.

## Prohibited Activities

- 1 Any activities involving forced or child labour
- 2 Tobacco and alcohol production and distribution
- 3 Gambling
- 4 Manufacture of weapons and military equipment
- 5 Foreign exchange transactions
- 6 Investments in any securities
- 7 Any activities prohibited by the laws of the EDB member states or international conventions pertaining to the protection of biological diversity or cultural heritage
- 8 Real estate transactions, including the purchase and sale of land, or financing the

construction of residential and commercial estates, or shopping malls

- 9 Manufacture and sale of any products or activities deemed illegal by laws of the respective EDB member state

## Loan Facility Arrangement Procedure

- 1 Signing of a non-disclosure agreement
- 2 Obtaining necessary charter and other documents
- 3 Conducting compliance control procedures
- 4 Obtaining financial statements
- 5 Estimating credit line amount and internal approval of the indicative terms and conditions
- 6 Having the indicative financing terms approved by the financial institution
- 7 Obtaining resolutions from the Bank's authorised bodies

## EDB Member States



Republic of Armenia



Republic of Belarus



Republic of Kazakhstan



Kyrgyz Republic



Russian Federation



Republic of Tajikistan

# SME AND MICROFINANCE PROGRAMMES



Евразийский Банк Развития

The EDB SME and microfinance programmes aim to create favourable conditions for the sustainable development of small and medium-sized and micro- businesses in the EDB member states and enhance their competitiveness in domestic and foreign markets, promote employment, and develop trade and small and medium-sized production.

## Eligibility Requirements for SME Programme Sub-Projects

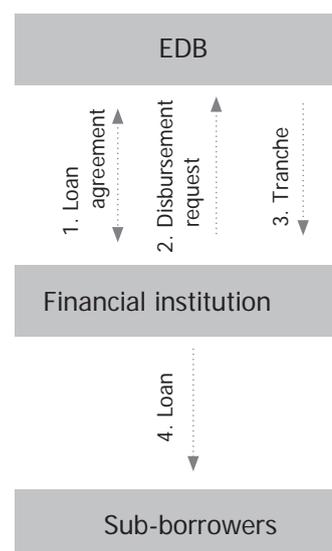
Sub-projects must be in one or more of the following areas:

- 1 Purchase or upgrade of fixed assets, business enhancement and diversification.
- 2 Introduction of new technology.
- 3 Development of scientific-technical and innovative activities.
- 4 Development of export industry and import substitution.
- 5 Manufacture of competitive products with high added value in non-resource-based sectors.
- 6 Expansion of mutual trade and investment between the EDB member states, including exports and the supplies of equipment, raw materials and parts, as well as goods and services.
- 7 Financing working capital.
- 8 Other use of proceeds approved by the EDB.

## Eligibility Requirements for SME Programme Sub-Borrowers

Sub-borrowers may be legal entities or individuals engaged in entrepreneurship, registered in the EDB member states, operating in the EDB member states, and meeting all the following requirements:

- 1 The average number of employees in the two preceding years was not more than 250.
- 2 The average annual sales revenue is not more than an equivalent of US \$50m for businesses from the Russian Federation and the Republic of Kazakhstan, or an equivalent of US \$25m for businesses from other member states; *or* the average annual asset value in the preceding year was not more than an equivalent of US \$100m for businesses from the Russian Federation and the Republic of Kazakhstan, or an equivalent of US \$50m for businesses from other member states.



## Eligibility Requirements for Microfinance Programme Sub-Borrowers

Sub-borrowers may be legal entities or individuals engaged in entrepreneurship, registered in the EDB member states, operating in the EDB member states, and meeting all the following requirements:

- 1 The average number of employees in the two preceding years was not more than 50.
- 2 Other requirements approved by the EDB.

## Eligibility Requirements for Microfinance Programme Sub-Projects

Sub-projects must be in the industries of manufacturing, services or trade.

### >>> General Terms

<b>Type of loan facility</b>	Non-revolving
<b>Financing period</b>	SME: 1 to 5 years Microfinance: 1 to 3 years
<b>Currency</b>	USD, EUR, RUB, KZT
<b>Sub-project value:</b>	SME: from US \$50,000 to 25% of the facility amount Microfinance: from US \$1,000 to US \$100,000



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