

EIB supports upgrade of border crossing and water infrastructure in Armenia

The European Investment Bank (EIB) is providing two loans to the Republic of Armenia:

- **EUR 30.3 million to finance the construction and modernisation of three border crossings on the Armenian side of the border with Georgia and the related infrastructure**
- **EUR 6.5 million to support the rehabilitation of water supply, sewerage and sewage treatment facilities in small municipalities across Armenia.**

The loan of EUR 30.3 million will support the development of the border crossings points in Bagratashen, Bavra and Gogavan and the improvement of the access roads in their vicinity and associated infrastructure, including a new bridge at Bagratashen and the reconstruction of the 7.4 km main road leading to the Gogavan crossing.

This will help to implement the Armenian Government's key priority of fostering the development of reliable transit routes of vital importance for the whole region. Once in operation, the project will contribute to the smoother flow of people, vehicles and goods between Armenia and Georgia.

The loan of EUR 6.5 million will finance the improvement of the drinking water supply and wastewater treatment for some 300 000 inhabitants of 17 smaller towns in Armenia. This will help to increase the quality of life by providing water services meeting international standards particularly for citizens with lower incomes living in the poorer areas of the country that will benefit most from this project.

Both projects, "Modernisation of Bagratashen, Bavra and Gogavan Border Crossing Points" and "Armenian Small Municipalities Water Project", are being co-financed by the European Bank for Reconstruction and Development (EBRD) and the Neighbourhood Investment Facility (NIF).

The signing of these loans almost triples total EIB lending in Armenia to EUR 57 million. The Bank has previously supported the rehabilitation of the metro in Yerevan (with a EUR 5 million loan) and provided a credit line of EUR 15 million to support SMEs in Armenia.

Background:

The EIB – the European Union’s bank – finances projects in Armenia on the basis of an EU Council and European Parliament mandate for the Eastern Partner Countries (Ukraine, Moldova, Georgia, Armenia, Azerbaijan) and Russia of EUR 3.8 billion for the period 2007-2013. The current mandate provides for the financing of projects that contribute to (1) local private sector development, in particular support for SMEs, (2) development of social and economic infrastructure, and (3) climate change mitigation and adaptation.

The EIB has also set up at its own risk the Eastern Partners Facility (EPF) for an amount of EUR 1.5 billion, with a ceiling of EUR 500 million for loans in Russia. This facility enables the EIB to provide loans to support investment grade projects that sectorwise go beyond the scope of the mandate and helps support EU investment in the region, notably by European corporates.

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