

# Country Report



Armenia



## 2025



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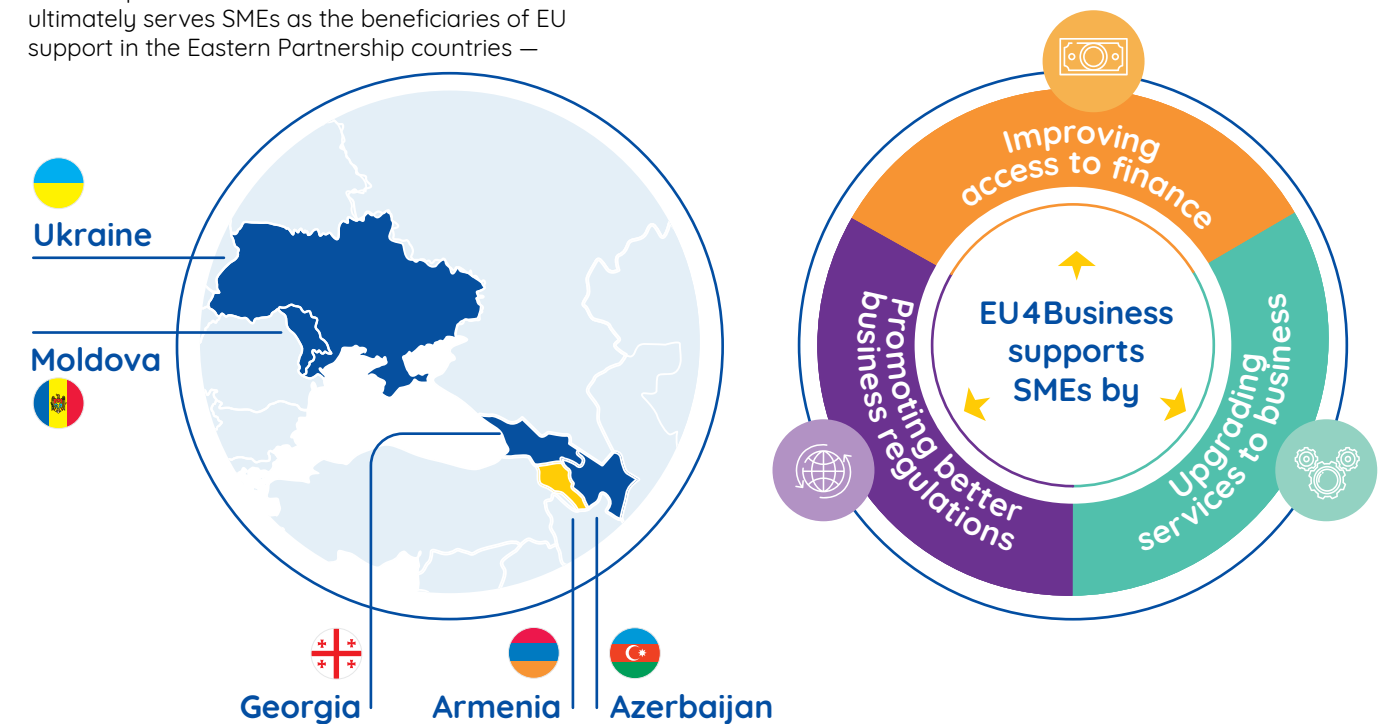
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# About the Initiative

Small and medium-sized enterprises (SMEs) in the Eastern Partnership region have the potential to create jobs and drive economic growth. Obstacles such as limited access to finance, burdensome legislation and difficulties entering new markets are hindering their progress.

The European Union's EU4Business Initiative ultimately serves SMEs as the beneficiaries of EU support in the Eastern Partnership countries –



### Access to Finance (A2F):

- concessionary loans via national banks
- micro financing for household businesses
- small grants to SMEs
- training staff at national banks to better serve SMEs
- training SMEs in financial literacy

### Business Development Services (BDS):

- providing direct advice and training to SMEs
- training and capacity-building among national business support organisations (BSOs)
- establishing business incubators for start-ups
- developing business clusters for mutual support and development
- supporting governments in identifying new markets
- building capacities at export support organisations

### Business Enabling Environment (BEE):

- promoting regulatory reform and best practice
- building capacity amongst policy makers and regulators
- encouraging public-private dialogue
- informing business about reform processes and rules/procedures



# EU4Business Armenia Portfolio 2025



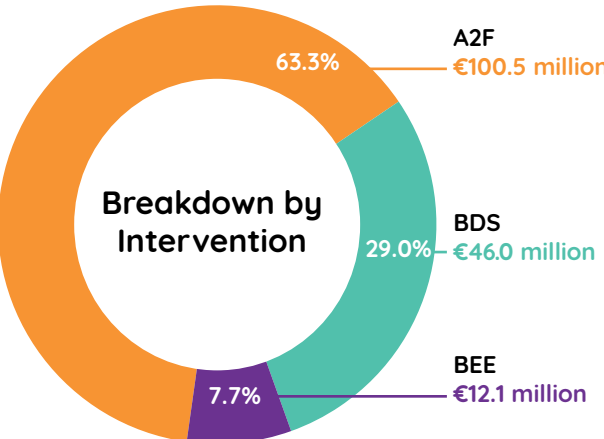
Total budget of EU support to  
SMEs in Armenia in 2025

**€158.6 million**

**34 projects**

provided support to SMEs  
in Armenia in 2025

## Breakdown by intervention



There were six fewer projects in the Armenia portfolio compared with 2024, as several projects came to completion. As in previous years, Access to Finance remained the largest pillar, and its share increased from 61.3% in 2024 to 63.3% in 2025.

# Overview by type of intervention ←

## Access to Finance



|    |               |       |                          |
|----|---------------|-------|--------------------------|
| A1 | €9.1 million  | 9.0%  | Capped Loss Recovery     |
| A2 | €1.3 million  | 1.2%  | Interest Subsidy         |
| A3 | €2.0 million  | 2.0%  | TA to PFIs               |
| A4 | €7.8 million  | 7.8%  | Capped Guarantees        |
| A5 | €1.2 million  | 1.2%  | Currency Hedging Subsidy |
| A6 | €22.2 million | 22.1% | SME Incentive Grants     |
| A7 | €16.6 million | 16.6% | Grants to SMEs           |
| A8 | €21.2 million | 21.1% | Structured Funds         |
| A9 | €19.1 million | 19.0% | Equity                   |

Compared with 2024, the overall distribution of A2F instruments remained relatively stable, reflecting the maturity of EU financial support in Armenia. SME incentive grants, structured funds and equity continued to account for the largest shares of the portfolio, while funding for capped guarantees declined.

### Financial institutions

#### International financial institutions (IFIs) working with EU4Business in Armenia:

- European Investment Bank
- European Bank for Reconstruction and Development
- World Bank Group
- Kreditanstalt für Wiederaufbau (KfW)

#### Domestic financial institutions (PFIs) working with EU4Business, including banks, leasing companies and special purpose vehicles:

- ACBA Bank
  - Ameriabank
  - Inecobank
  - Ardshinbank
  - AraratBank
- Armeconombank
  - Armswissbank
  - Converse Bank
  - Amber Capital

## Types of Support Included in Access to Finance

A1

Capped Loss Recovery

This is a risk-sharing instrument in the form of a grant that the EU provides to an IFI. This grant is used by the IFI to partially cover the loss that any PFI, such as a local bank, would carry as a result of an SME not repaying part or all of its loan. This means that if an SME does not pay back the loan to the local bank, the EU grant for capped loss recovery can actually cover half of the loss of the bank. In this way, the local banks are more willing to disburse loans to SMEs, which are generally perceived as high-risk borrowers.

A2

Interest Subsidy

This instrument is a grant given by the EU to IFIs in order to lower the cost of their loans to SMEs in the EaP. The grant provides interest subsidies of up to 10%, which is applied to the regular interest rate at which the IFI lends to PFIs and further on to SMEs. The purpose of this instrument is to lower the final cost of finance for SMEs in the EaP.

A3

Targeted Assistance (TA) to PFIs

This instrument consists of consultancy services, mentoring, and specialised training provided to the local banks. It helps the local banks better understand the policies and procedures of the IFIs and improves the capacity of the local banks in their work with the SMEs.

A4

Capped Guarantees

This instrument consists of a guarantee given to IFIs in order to lower the risk of lending to SMEs via local PFIs. The guarantees reduce the need of SMEs to provide extensive collateral for loans from the local banks. These guarantees are generally capped at up to 25% of the total portfolio of the local bank and generally 70%-80% of each individual subloan.

A5

Currency Hedging Subsidy

This instrument is given to IFIs to enable them to disburse loans to PFIs (and ultimately to SMEs) in local currency as there is a risk from fluctuations in exchange rates. Due to the EU grant, the IFIs and subsequently the PFIs can offer loans in local currency to SMEs at a more competitive price, as the banks will not need to add the costs of protecting themselves from adverse changes in the exchange rates to the charges that they levy from the SMEs.

A6

SME Incentive Grants

SMEs sign a loan contract from one of the credit lines of the IFIs via the PFIs. After the loan is disbursed, there is a verification process to check if the loan was used for the purpose listed in the business plan. Once the verification report confirms compliance, a part of the loan is transformed into a grant, so that the total “cost” of financing is lowered. The most common incentive grants are between 10% and 15% of the loan value.

A7

Grants to SMEs

These grants are non-reimbursable and generally modest in value in order to support as many SMEs as possible. In general, SME grants are disbursed to target specific economic development goals such as development in rural areas, poor communities, or a response to various types of crises. These grants are usually disbursed through Non-governmental Agencies (NGOs) with links to targeted communities.

A8

Structured Funds

Typically, this involves direct loans or equity investment in a financial instrument or fund by the EU, rather than working in partnership with IFIs and PFIs. As the EU does not have the capacity to disburse direct loans to SMEs, this function is assigned to an intermediary. The most important EU investment in Direct Finance is shares in the European Fund for Southeastern Europe (EFSE).

A9

Equity

Equity is a direct investment instrument for funding SMEs by buying participation (shares) in the respective business, when it is in the form of a company. This type of support instrument involves more risk.

# From Family Passion to Growing Business:

## How EU4Business Supports Armenian Winemakers

In Armenia, where winemaking traditions date back thousands of years, **Gevorg Manukyan transformed a family passion into a growing business with support from the EU4Business initiative.**

Inspired by his family heritage and Armenia's indigenous Voskehat grape, Gevorg Manukyan turned a small family project into Manukyan Wine in 2016.

Today, the winery produces around 20,000 bottles annually, works with local vineyards and employs about 30 people in the village of Kosh near Yerevan.

Through EU4Business support, the company was able to modernise and expand its operations by investing in modern fermenters and refrigeration systems, improving production quality and efficiency. In addition, EU4Business advisory support helped the winery develop a marketing strategy and launch a new website, strengthening its market presence and long-term growth potential. The support enabled Manukyan Wine to grow from a family initiative into a competitive local business while preserving Armenia's rich winemaking heritage.



[Read full story](#)



**When you are trying to build something and suddenly an opportunity for support appears, it is not only helpful – it gives you confidence.”**

**Gevorg Manukyan**  
Founder of Manukyan Wine



Business Development Services

EU support allocated to improving business development services in Armenia in 2025

€46.0 million

|    |               |                   |                               |
|----|---------------|-------------------|-------------------------------|
| B1 | €22.8 million | <div></div> 49.6% | Consultancy Services for SMEs |
| B2 | €11.1 million | <div></div> 24.2% | Capacity Building of BSOs     |
| B3 | €5.4 million  | <div></div> 11.8% | Incubators                    |
| B4 | €2.6 million  | <div></div> 5.6%  | Clusters                      |
| B5 | €2.7 million  | <div></div> 5.8%  | Trade Information             |
| B6 | €0.7 million  | <div></div> 1.5%  | B2B Activities                |
| B7 | €0.7 million  | <div></div> 1.5%  | Export Strategies             |

As in previous years, consultancy services for MSMEs remained the backbone of business development services, accounting for almost half of the total BDS portfolio. Support for the capacity-building component and clusters increased as a share of funding, while support for incubators and B2B activities declined. These variations should not be overstated, as similar fluctuations have been observed in previous years.

Success stories

From an Orchard in Ararat Valley to International Shelves



Inspired by the orchards his father once tended, Ara Gevorgyan founded a fruit-processing business in Armenia’s Armavir region in 2018, producing fruit chips, pastilles and juice from fruit grown in the Ararat Valley. In 2024, the company joined the EU-funded “Building Sustainable Agribusiness and Apparel Value Chains in Armenia” project, implemented by the International Trade Centre under EU4Business.

Training, advisory and branding support helped improve production and storage, introduce new drying technologies and launch the Donos dried fruit brand. The company then presented its products at SIAL Paris 2024, where it signed cooperation agreements with French and US partners, and at Gulfood 2025, opening discussions with buyers from the Middle East and Asia. Today, Ara continues preparing his business for international markets, with several negotiations underway.

Read full story

Types of Support Included in Business Development Services

|    |                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|----|---------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| B1 | Consultancy Services for SMEs         | The EU4Business Initiative aims to increase directly the knowledge and skills of SMEs in the EaP countries through the direct provision (fully or partly paid) of non-financial business services. These can range from basic start-up and registration, accounting, marketing, input supply to technology and product development, training and technical assistance, infrastructure support, and advocacy. These services can be delivered through both international and/or local consultants, in both private firms/ individuals, and/or business support organisations. |
| B2 | Capacity Building of BSOs             | This instrument aims at increasing the capacity of Business Support Organisations (such as chambers of commerce, SME associations, professional bodies, sector trade associations, training institutes, etc.) to deliver BDS services to SMEs. The capacity building is achieved through mentoring, training of trainers, advisory services, and study tours that enhance existing services, create new ones, or improve organisational structures.                                                                                                                          |
| B3 | Incubators                            | A business incubator is an organisation designed to accelerate the growth and success of entrepreneurial companies through an array of business support resources and services that could include physical space, capital, coaching, common services, and networking connections.                                                                                                                                                                                                                                                                                            |
| B4 | Clusters                              | This instrument involves group support to SMEs involved in the same field of activity but at different positions in the value chain or with common interests. The basis of the cluster approach is the synergy of creating a more effective value chain within the cluster.                                                                                                                                                                                                                                                                                                  |
| B5 | Trade Information                     | This instrument provides SMEs already exporting, exporting infrequently, or those interested in exporting with the range of information needed to move closer to exports. This instrument can include producing brochures, guides, market report or developing tools for accessing online resources and intelligent searches. It covers market information, marketing guides, and market access requirements.                                                                                                                                                                |
| B6 | Business to Business (B2B) Activities | The instrument helps SMEs to make specific contact with potential buyers in the target export markets. This can include participation in online buyer auctions, trade fairs, inward and outward trade missions, buyer meetings, etc. EU support can range from organisation, logistics, preparation and advice, as well as covering the costs of travel and/or stand and event costs.                                                                                                                                                                                        |
| B7 | Export Strategies                     | This instrument is typically based on studies, analysis, and stakeholder consultation that assesses national production, market requirements, and export constraints. Working with government and stakeholders, it builds a common sector or national approach to develop the exports of competitive products in the target markets. In addition, this instrument can also include support in coordination with implementation of the strategy itself as well as national visibility and branding, support programmes, and stakeholder dialogue.                             |

# Business Enabling Environment



|    |              |       |                                                |
|----|--------------|-------|------------------------------------------------|
| C1 | €4.7 million | 38.4% | Capacity Building of Policymakers / Regulators |
| C2 | €2.7 million | 22.2% | Public-Private Dialogue                        |
| C3 | €3.2 million | 26.7% | Regulatory Reform                              |
| C4 | €1.5 million | 12.7% | Information and Communication to SMEs          |

★

The share allocated to capacity-building activities increased from 35.2% in 2024 to 38.4% in 2025. At the same time, support for information and communication activities increased substantially, from 2.3% to 12.7%, demonstrating the EU’s commitment to improving communication with SMEs and encouraging their participation in policy development.

## Types of Support Included in Business Enabling Environment

C1

Capacity Building of Policymakers and Regulators

EU4Business interventions aim at strengthening the capacity of staff of various government agencies to ensure better, more transparent, and open policies and regulations that affect business, whilst ensuring appropriate controls in the five EaP countries. This can include making and amending policies, laws, and administrative procedures based on need and risk assessment. EU4Business interventions deliver direct advisory, mentoring services, and study tours to the relevant staff involved in policymaking.

C2

Public-Private Dialogue (PPD)

PPD is an instrument for more inclusive and targeted policymaking. Specifically, it involves effective consultation and collaboration between government and the private sector and/or its representatives, in order to achieve effective reform and administration of regulations that affect SMEs.

C3

Regulatory Reform

Through this instrument, EU4Business interventions support the EaP countries to improve the regulatory environment based on the best practices and to align their SME related legislation, rules, and regulations with those of the EU. Approximation occurs in all five EaP countries, but it is more intensely applied in Georgia, Moldova and Ukraine, as they are future member states of the EU.

C4

Information and Communication to SMEs

EU4Business interventions support governments to inform SMEs on reforms and implications for their business and steps to comply with regulatory reform.



# EU Resilience and Growth Plan for Armenia:

## Opening the New Chapter of Cooperation and Economic Development

The EU’s Resilience and Growth Plan for Armenia, launched in April 2024, underpins the EU-Armenia Strategic Agenda. It aims to promote a more resilient Armenian society, bring Armenia closer to the EU, and invest in connectivity and business development.

The Global Gateway investment portfolio has reached over €2.5 billion in expected mobilized investment. The Plan sits within a broader framework of EU neighbourhood policy support that has already channeled tens of millions of euros into SME oriented programmes: this includes EU4Business, which alone triggered over 450 million euros in additional financing and supported roughly 25,000 Armenian SMEs between 2009 and 2021.<sup>1,2</sup>

### Main financial elements

The Resilience and Growth Plan foresees a total disbursement of about **€270 million for 2024-2027, consisting of €200 million in grant assistance to support reforms and socio-economic resilience, and €70 million in investment grants to leverage private investment, focusing on connectivity, economic resilience, and business development.** As part of the Resilience and Growth Plan, in March 2026, the EU and Armenia signed a **€143 million financing agreement for 2025-2027**, which will be disbursed through technical assistance and a Multi-Sector Budget Support programme, incentivising targeted reforms including on export diversification, but also public policy, visa liberalisation and employment.<sup>3</sup>

### Impact on local SME sectors

Through the Global Gateway, the **EU has been supporting SMEs’ access to finance, energy efficiency solutions, the rehabilitation of education infrastructure and improved water management, among other sectors.** Recent EU supported programmes in Armenia have already demonstrated that modest SME targeted interventions can significantly raise turnover and employment. EU-backed SME projects generated around 27,000 new jobs and lifted total SME turnover by roughly 17 per cent. Upcoming support will target export diversification and trade facilitation.

<sup>1</sup> [European External Action Service, Resilience and Growth Plan for Armenia 2024-2027, 2024.](#)  
<sup>2</sup> [EU Neighbours East, “EU announces new €270 million Resilience and Growth Package for Armenia”, 2024.](#)  
<sup>3</sup> [ARKA News Agency, “Armenia and the EU signed a €140 million financial agreement for the Resilience and Growth Plan”, 2026.](#)

## Infrastructure and connectivity projects



The €143 million package reflects the priorities of the Resilience and Growth Plan, with a strong focus on export diversification and connectivity.

A central objective is to make Armenia's economy more resilient to external shocks, by strengthening its integration into regional and global value chains.

The launch of the EU-Armenia Connectivity Partnership on the occasion of the first EU-Armenia Summit on 5 May 2026 provides an important framework for closer cooperation on transport, energy and digital connectivity, supported by regular high-level dialogue and coordinated investment planning.

In June 2026, the EU, the European Investment Bank and the European Bank for Reconstruction and Development agreed to launch EU-funded feasibility studies supported through the Neighbourhood Investment Platform. These studies will help prepare future investments in strategic transport links and border infrastructure, supporting improved regional connectivity, more efficient trade routes and greater mobility as regional connections develop.

## Business environment and SME support

In addition to bilateral support channelled through the Resilience and Growth Plan, regional programmes such as EU4Business offer SME oriented instruments, such as extended credit line windows and technical assistance packages which finance business advisory services, modernisation grants, and access to finance schemes for Armenian small and medium sized enterprises. Recent incubation oriented calls, such as the "EU4Innovation East" grant programme in Armenia, channel EU funds into sector specific incubators (e.g., AgriTech, CyberTech, SpaceTech, FinTech), with total allocations of about €800,000 and grants of up to €200,000 per incubator.<sup>8</sup>

The Plan and the associated Team Europe initiatives also support investments in energy connectivity and the green transition, including stronger electricity interconnections with Georgia, renewable energy generation, and measures to enhance the resilience and reliability of Armenia's electricity grid.<sup>4,5</sup>

Together, these investments have the potential to lower transport and logistics costs, shorten delivery times and improve market access for Armenian SME exporters and importers. For instance, improvements in regional road corridors and digital trade platforms help SMEs comply with EU style standards and customs procedures, thereby easing access to the EU single market under the Comprehensive and Enhanced Partnership Agreement (CEPA). Empirical evidence from EU Borderless SME programmes suggests that even small scale support for trade fair participation, business matching, and digital export tools can yield outsized growth returns for SMEs, as seen in cases where Armenian firms have opened export channels into the EU, the United States, and other markets.<sup>6,7</sup>

## Social and regional stability projects

Social resilience is another priority sector of the Resilience and Growth Plan. The Multi-Sector Budget Support incentivises reforms on jobs, skills and social inclusion and continues support to the integration of displaced Karabakh Armenians. The "Resilient Syunik" Team Europe initiative, which has already backed over 40 projects worth around €120 million by 2025 and is expected to grow beyond €200 million in total, is one of the main regional stability vehicles linked to the broader resilience envelope.<sup>9,10</sup>

<sup>4</sup> Council of the European Union, EU-Armenia Partnership Agenda, 2025.

<sup>5</sup> PanARMENIAN.Net, "EU, EIB and EBRD launch investment platform for Armenia", 2026.

<sup>6</sup> Multiannual Indicative Programme 2021-2027 for Armenia, 2026.

<sup>7</sup> ARKA News Agency, "Armenia and the EU signed a €140 million financial agreement for the Resilience and Growth Plan", 2026.

<sup>8</sup> EU4Innovation East, "Grant call for applications opened in Armenia", 2026.

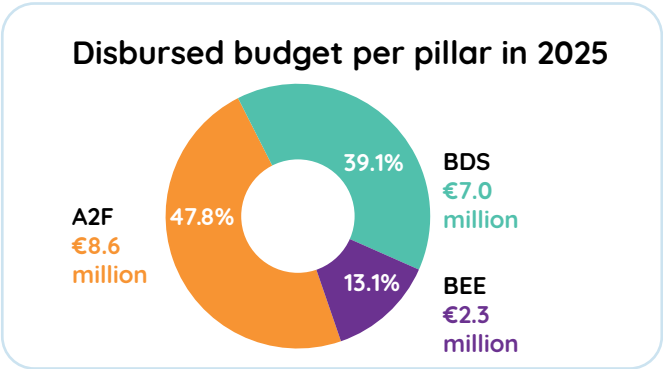
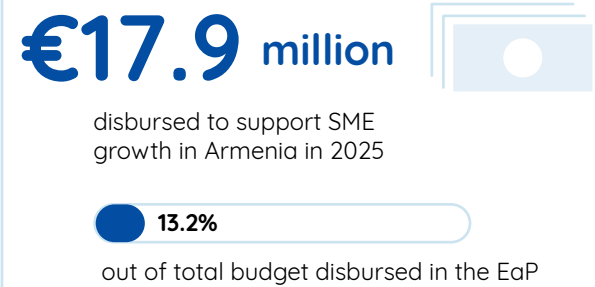
<sup>9</sup> Council of the European Union, EU-Armenia Partnership Agenda, 2025.

<sup>10</sup> EU4Armenia, 2025.



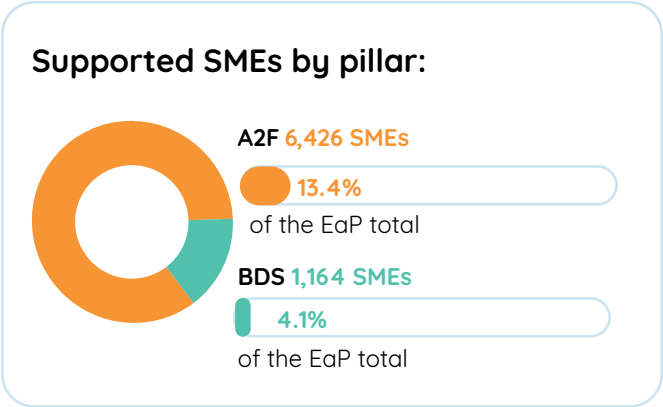
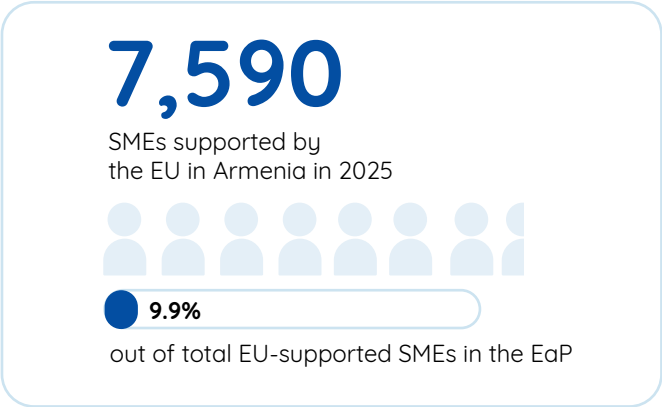
# EU4Business Armenia Results 2025

## Disbursed budget



The share of disbursed funding allocated to Business Development Services increased from 33.5% in 2024 to 39.1% in 2025. The share allocated to BEE declined; however, this should not be overinterpreted, as project disbursements are often spread over several years.

## Number of SMEs supported

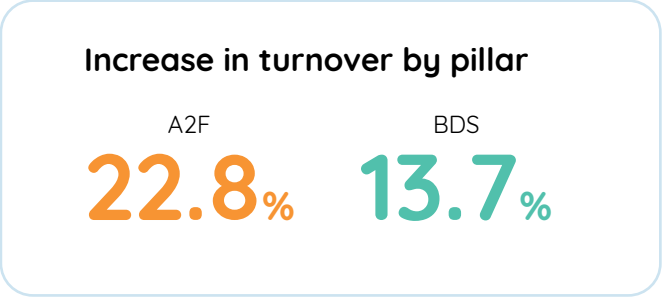
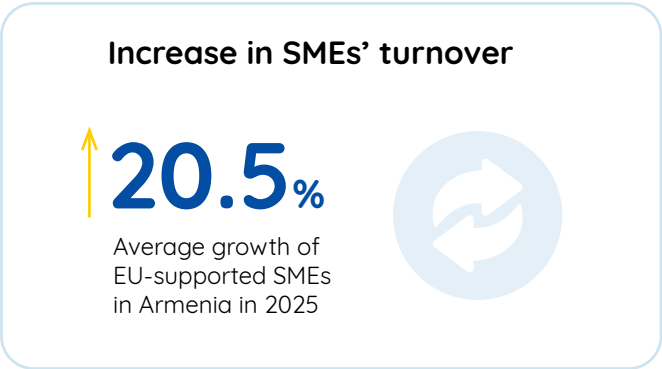
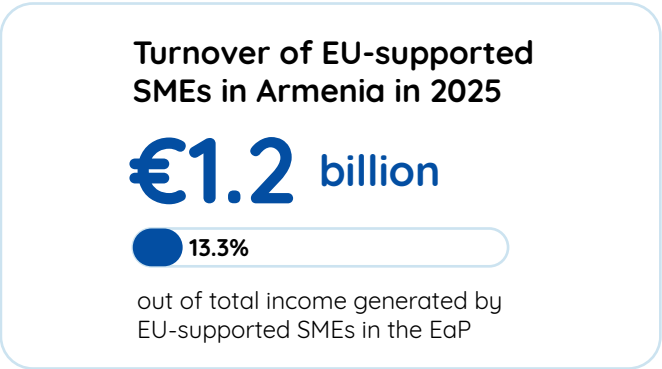


A2F remained the dominant pillar, reflecting the continued demand for financial support among both start-ups and established businesses. Almost 85% of all supported MSMEs benefited from A2F instruments, a higher share than in 2024, highlighting the continuing need for access to finance.

## Women in business

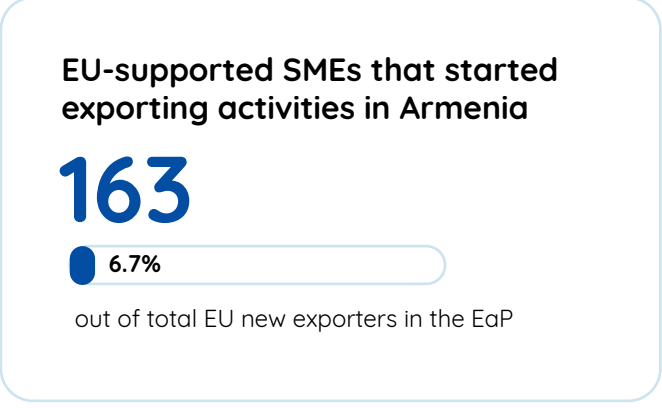
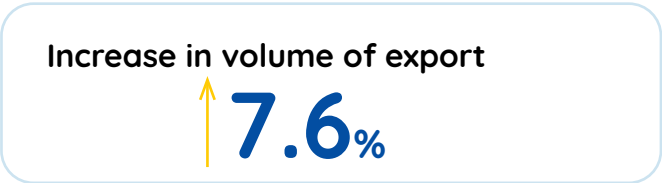
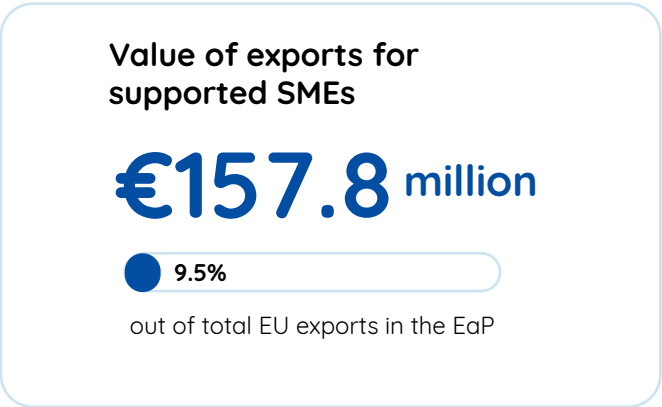


## SME turnover



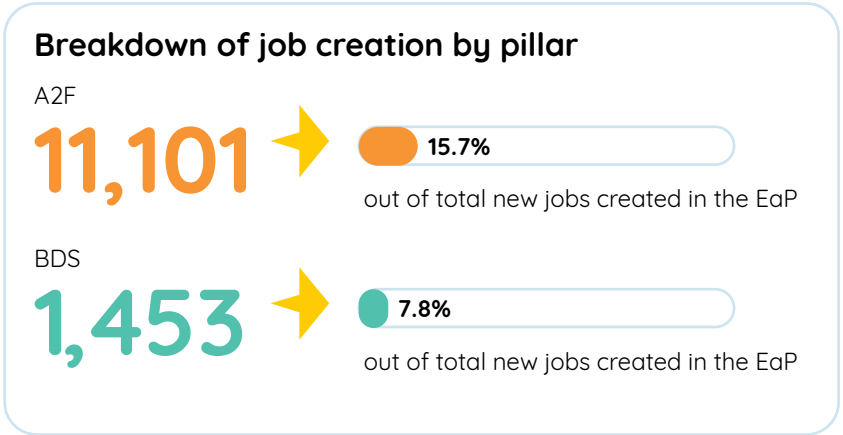
The average turnover growth of supported MSMEs increased from 17.2% in 2024 to 20.5% in 2025. A2F-supported SMEs recorded the highest growth rate (22.8%), exceeding both the national average and the growth achieved by BDS-supported SMEs (13.7%).

## Exports

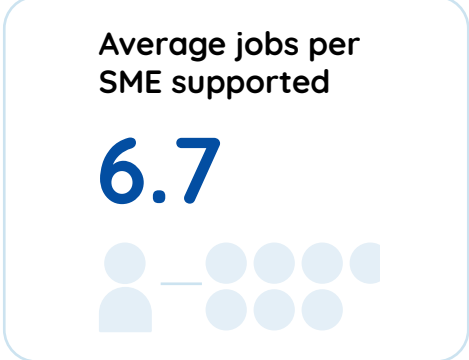


BDS-supported SMEs continued to demonstrate stronger export performance than A2F-supported businesses, with export growth reaching 12.7% compared with 4.4%. At the same time, the number of new exporters increased only moderately, suggesting that growth was driven primarily by the expansion of existing exporters rather than by a significant increase in the number of businesses entering international markets.

# Employment and job creation



EU support to MSMEs continued to play an important role in job creation in Armenia in 2025, contributing to higher employment and income-generating opportunities. The creation of 12,554 new jobs demonstrates the continued importance of EU support for business growth and labour market development.



The high number of sustained jobs demonstrates the long-term impact of EU support on MSMEs in Armenia. By supporting business growth and stability, EU interventions continue to contribute to employment retention and income-generating opportunities.



Success stories

**A Small Beginning, a 3,000-tonne Leap: How EU Support Helped Royal Armenia Scale Up**

Evolving from small-scale production, Royal Armenia grew into a large processor of agricultural products. With EU4Business support, the company upgraded facilities, introduced modern and energy-efficient technologies, and increased capacity to 3,000 tonnes, enabling job creation, efficiency, and expansion into new markets.

Read full story

# Success stories

## From Healing Roots to Global Markets: How Darman Brought Armenia's Herbal Tradition to the World

In Armenian, "Darman" means remedy – a natural cure drawn from the power of plants. For the Nazanyan family, this idea became the foundation of a business inspired by Armenia's rich herbal traditions.

Founded in the Tavush region, Darman produces organic teas, infusions and natural products from wild-grown herbs, flowers and berries harvested at altitudes of up to 2,300 metres. What began as a small family initiative has grown into a premium brand offering more than 40 herbal, fruit and spice blends and reaching customers in Europe and the United States.

In 2024, Darman joined an EU-funded project implemented by the International Trade Centre (ITC) under the EU4Business initiative. Through training, advisory support and access to international networks, the company strengthened its export strategy, redesigned its packaging and gained new connections with international buyers. It also expanded its range with spice-based products and seasoning salts made from local herbs.

Participation in SIAL Paris became an important milestone. With stronger branding and clearer market positioning, Darman secured new partnerships in France and Cyprus, including a major contract with a French buyer. Its products are now sold under private label in well-known retail spaces, including Galeries Lafayette and gourmet stores.

In 2026, Darman also obtained ISO 22000 certification, strengthening its ability to meet international food safety requirements and expand globally. Darman's journey shows how local knowledge and tradition can become the foundation for a competitive international business.



“

Thanks to the support we received, we gained access to business databases and new connections with international buyers.”

Gnel Nazanyan  
Darman company director

Read full story



# The Cross-Regional Connectivity Agenda

## Strengthening resilience and driving sustainable economic growth across the Eastern Partnership region

On June 23rd 2026, the European Commission, represented by the Commissioner for Enlargement Marta Kos and Jozef Síkela, Commissioner for International Partnerships, held the high-level launch for the Connectivity Agenda Platform<sup>1</sup>.

This follows the [Cross-regional Security and Connectivity Ministerial Meeting](#) in October 2025 that presented the ambitious Cross-Regional Connectivity Agenda, which aims to strengthen transport, energy and digital links between the European Union and Central Asia through the South Caucasus and the Black Sea region by coordinating strategic investments and regulatory cooperation. The Connectivity Agenda is a key part of the European Union's Global Gateway strategy, whose purpose is to boost smart, clean and secure connections in digital, energy and transport sectors, and to strengthen health, education and research systems across the world.

The Global Gateway approach feeds into the Cross-Regional Connectivity Agenda that aims to improve links between the EU and Central Asia through Türkiye and the South Caucasus by coordinating strategic investments and regulations. The objective is to boost trade and socio-economic development through resilient and efficient transport, energy, and digital networks. Businesses, including SMEs, will benefit from enhanced opportunities for better transport links, digital business and better energy supply.



**Marta Kos,**  
Commissioner for Enlargement

**At a time of growing conflict, it is great to see so many countries come together around a shared project. We need reliable trade routes, and the Trans-Caspian Transport Corridor has emerged as exactly that. Trade along the route could increase fivefold over the next 15 years. To make this happen, we need to bring our efforts together. Many projects and initiatives are already under way. The Platform will connect them, fill the remaining infrastructure gaps and link the route from end to end."**

## Key Priorities of the Connectivity Agenda

The focus of the Connectivity Agenda is on sustainable and resilient connections in four priority areas<sup>2</sup>:



**Transport:** strengthening the cross-regional Trans-Caspian Transport Corridor (TCTC) and the extension of our transport connections.



**Digital:** developing high-speed internet access to drive innovation, digital trade, and secure critical infrastructure.



**Energy:** improving energy links and accelerating renewable energy deployment to enhance energy security and diversification.



**Trade:** harmonising and digitalising customs procedures to simplify cross-border trade and deepen market integration.

Building on existing initiatives, the Connectivity Agenda will be central to resilience and future economic growth across the wider region. **For SMEs in the Eastern Neighbourhood and Central Asia, the benefits of implementing the Agenda are clear. It offers:**



**Wider Markets:** Faster transport and improved digital infrastructure will enable SMEs to reach customers and suppliers well beyond their immediate local markets.



**Lower Costs:** More efficient logistics, streamlined customs procedures and reduced transit times will help SMEs lower transport costs and minimise inventory and working-capital requirements.



**Greater Digital Adoption:** Reliable, high-speed connectivity will facilitate the uptake of cloud computing, digital payments and other digital tools, helping small businesses reduce IT costs and operate more efficiently. Better Integration into global value chains: Improved transport and digital corridors will make it easier for SMEs to connect with larger international value chains, multinational networks and foreign direct investment (FDI) hubs.



**Jozef Síkela,**  
Commissioner for International Partnerships

**The Trans-Caspian Transport Corridor is becoming a vital bridge between Europe and Asia. With these new investment agreements, we are upgrading infrastructure, improving border crossings and helping create a route that is quicker, more reliable and better connected. This is not only about transport. It is about competitiveness, energy security and giving citizens and companies the confidence that trade and mobility can continue even in times of geopolitical pressure."**

## From Strategy to Action

To support these objectives, the Connectivity Agenda Platform will provide a framework for participating countries, international financial institutions and other stakeholders to coordinate investments and policy action across transport, energy, digital connectivity and trade. As part of efforts to further strengthen cooperation with the region, participants also agreed to improve the operational performance of the Trans-Caspian Transport Corridor. They invited the Commission to assess the corridor's functioning and identify priority actions to enhance its competitiveness.

To support the implementation of the Connectivity Agenda, the Commission has concluded statements of intent with international financial institutions expected to mobilise up to €2 billion for investments in transport infrastructure, border crossing points and trade facilitation across the Black Sea region and the South Caucasus. These investments will strengthen cross-border connectivity, reduce barriers to trade and support the development of more efficient and resilient transport links along the corridor.



**Apostolos Tzitzikostas,**  
Commissioner for Sustainable Transport and Tourism

**Competitive economies depend on strong transport networks and connectivity. By mobilising up to €2 billion in strategic investments, we are modernising transport infrastructure, strengthening border crossings and facilitating trade. This will unlock economic opportunities for Europe and its partners in Central Asia, the South Caucasus and the Black Sea region, boost resilience and deliver tangible benefits for businesses and citizens alike."**

<sup>1</sup> European Commission, "EU launches Connectivity Agenda Platform to strengthen links between Europe and Central Asia", 2026.

<sup>2</sup> European Commission, "EU strengthens cross-regional cooperation with Black Sea countries, the South Caucasus and Central Asia", 2025.



# EU4Business Armenia Results by Key Instruments

## Results in Access to Finance

### Disbursed budget in A2F

€8.6  
million

EU funds disbursed for improving  
access to finance for SMEs in Armenia

10.6%

of the total disbursed A2F budget in 2025



The level of disbursement under A2F reflects the EU's continued commitment to improving access to finance for MSMEs in Armenia, particularly for women-owned and women-managed businesses. The average turnover growth of A2F-supported SMEs increased from 15.2% in 2024 to 22.8% in 2025, indicating stronger business performance among supported enterprises.

### Overall results in A2F

6,426

SMEs supported with  
A2F interventions

73.5%

were owned  
or managed  
by women

13.4%

our of total A2F supported in the EaP

11

PFI  
supported

11,101

new jobs generated at  
A2F-supported SMEs

22.8%

increase in income of  
A2F-supported SMEs

### Success stories

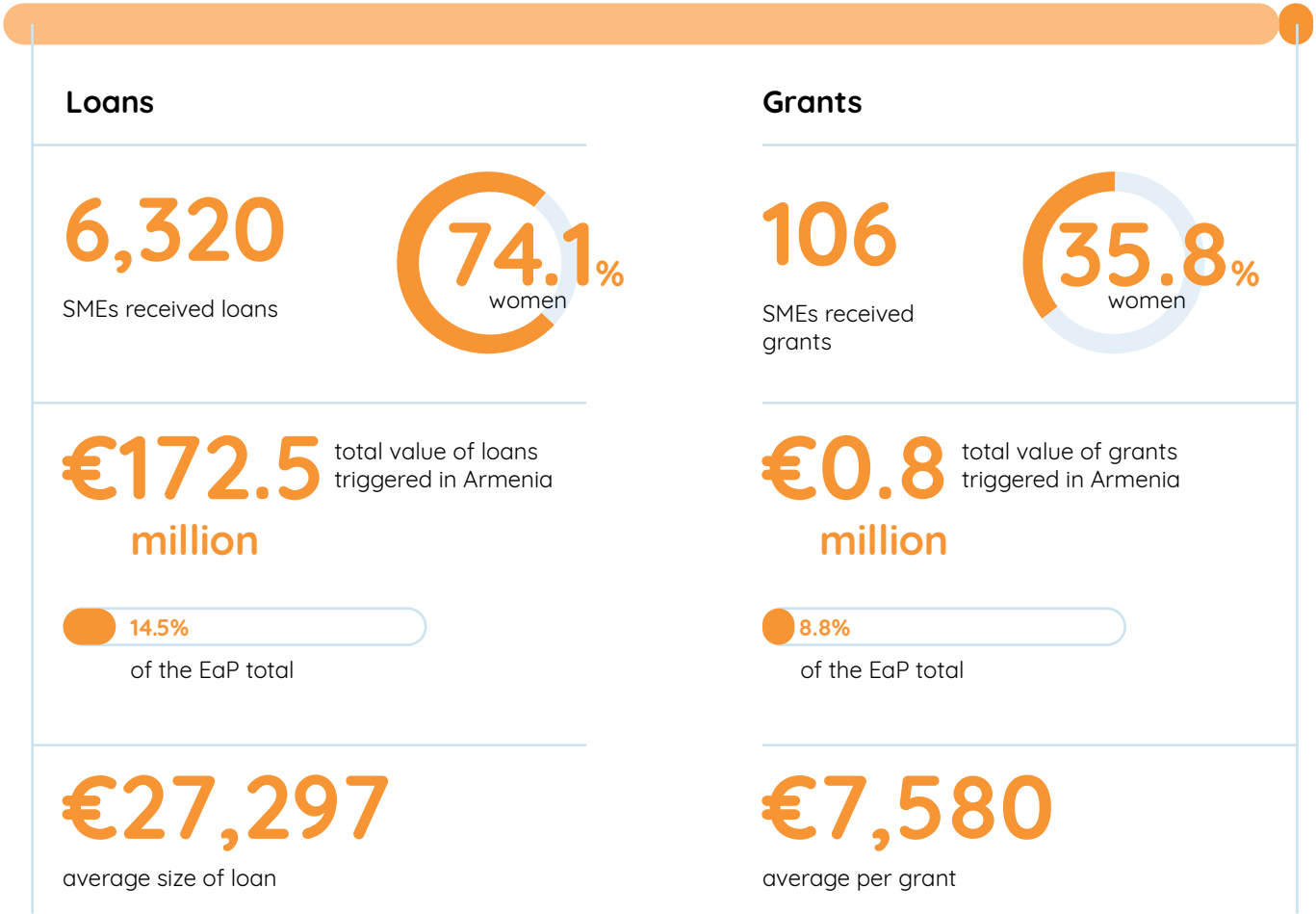


#### From Village Garden to Global Shelves: How Ms. Delice from Armenia Turned Tradition into Export Growth

What started as a small family initiative grew into a business producing traditional Armenian preserves. By building on traditional recipes, the company created export-ready products. With EU4Business support, it improved its packaging, branding, and standards, enabling access to international markets and driving export growth.

[Read full story](#)

Grants and loans received



There is a continuing demand for access to finance to support the creation, growth and expansion of MSMEs in Armenia. Loans remain the dominant financing instrument, reflecting the increasing need for longer-term financing solutions. By combining different financial instruments, the A2F pillar enables MSMEs to access financing that corresponds to different stages of business development.



Success stories

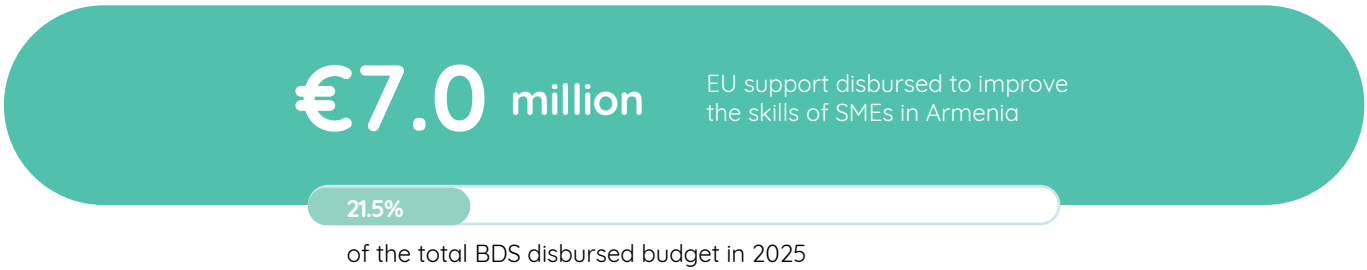
Where Tourism Becomes a Living for Women: Harmonia Garden and the Power of Women’s Enterprise in Garni

Developed from a small initiative, Harmonia Garden grew into a tourism and hospitality business, creating income for women. By combining agriculture, hospitality, and traditions, it built a sustainable model. With EU4Business support, it improved services, infrastructure, expanded its activities, and contributed to women’s empowerment and local development.

Read full story

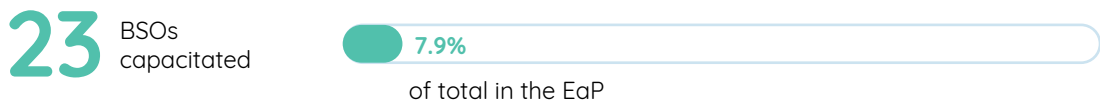
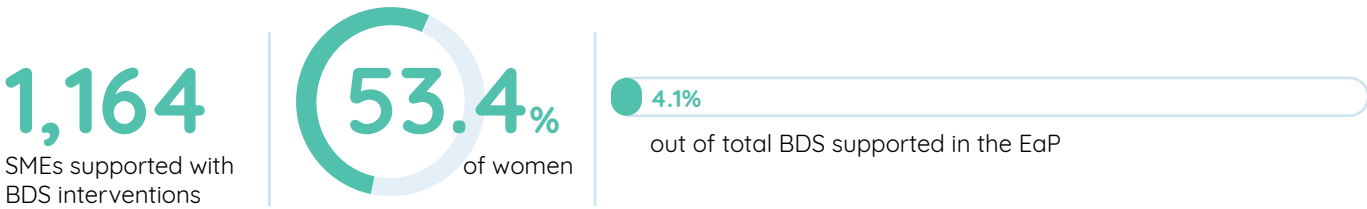
Results in Business Development Services

Disbursed budget in BDS



The lower level of disbursement in 2025 (€10.8 million in 2024) reflects the planned completion of several projects. Nevertheless, consultancy services remain in high demand in Armenia. At the same time, increased support for trade information activities may contribute to stronger export performance among MSMEs.

Overall results in A2F



Strengthening BSOs creates a multiplier effect, as better-equipped organisations can deliver services to a larger number of MSMEs. It is also worth noting the high proportion of women-owned and women-managed businesses among the SMEs supported through BDS interventions.

# Results in Business Enabling Environment

## Disbursed budget in BEE

€2.3 million

EU support disbursed to improve the business environment in Armenia

10.6%

of the total BEE disbursed budget in 2025

## Regulators/governments capacitated

15

government institutions, including policy-makers, regulators and enforcement agencies had their capacities improved

2.9%

out of total in the EaP

## Public-private dialogue events held

12

public-private dialogue events were supported

6.8%

out of total in the EaP



BEE support in Armenia became more focused in 2025, with the number of government institutions supported increasing from 14 to 15. At the same time, support shifted from regulatory reform towards strengthening implementation mechanisms and institutional capacity. Despite this shift, the EU continued to support public-private dialogue and promote a more targeted approach to improving the business environment.



# OECD Competitiveness Outlook 2026:

## Strengthening competitiveness through EU4Business support in Armenia, Republic of Moldova, and Ukraine

The OECD will soon publish the **Competitiveness Outlook 2026: Armenia, Republic of Moldova and Ukraine**, a comprehensive analysis developed with the support of the European Union within the framework of the EU4Business initiative.

The publication represents a concrete result of the work carried out through EU4Business projects, which support partner countries in strengthening competitiveness, improving the business environment and advancing sustainable economic development.

In particular, the EU4Business: Empowering Trade and Competitiveness in the Eastern Partnership project has contributed to the preparation of this important

assessment by supporting the collection of evidence, analysis and policy insights needed to better understand competitiveness challenges and identify reform priorities across the region.

The OECD Competitiveness Outlook provides an in-depth analysis of the policy settings and institutional factors that shape competitiveness in Armenia, the Republic of Moldova and Ukraine.

### The assessment focuses on three key areas:

1

Business environment



2

Trade and transport connectivity



3

Labour markets and skills



Through this analysis, the Outlook identifies strengths, remaining challenges and priority areas where further reforms can support productivity growth, investment and long-term economic resilience.

Key areas

1

Strengthening the business environment

The OECD findings show that all three countries have made significant progress in strengthening the business environment through reforms in investment policy, financial markets, state-owned enterprises (SOEs) governance and competition policy. **EU alignment and approximation processes have been major drivers of reform**, resulting in stronger strategic frameworks and institutional design.

At the same time, important challenges remain. Future efforts will need to focus on translating improved policy frameworks into stronger private sector development, expanding access to finance beyond traditional banking channels, and ensuring that competition frameworks are supported by effective enforcement mechanisms and adequate institutional capacity.

2

Improving trade and transport connectivity

Reforms in trade and connectivity have contributed to closer integration with European markets. Countries have advanced customs digitalisation, trade facilitation measures and regulatory harmonisation, while investing in transport and logistics infrastructure.

Nevertheless, important bottlenecks remain, particularly in multimodal connectivity, infrastructure quality, logistics performance and cross-border cooperation among border agencies. Fostering sustainable growth will require continued investment in connectivity, deeper integration into European trade and transport networks, stronger cross-border cooperation, and greater incorporation of sustainability objectives into policymaking.

3

Investing in skills and human capital

Labour markets have shown resilience despite significant economic and demographic pressures. Governments are modernising employment services, strengthening active labour market policies and expanding support for vulnerable groups.

At the same time, demographic decline, migration, labour shortages and persistent skills mismatches continue to constrain productivity growth. Strengthening lifelong learning systems and improving links between education and labour market needs will be essential to ensure that workers have the skills required for a competitive, innovative and sustainable economy.

Turning reforms into results

Across all three pillars, the assessment identifies a common challenge: **ensuring that ambitious reform agendas translate into effective implementation and tangible results**. Limited administrative capacity, fragmented institutional responsibilities and weak monitoring and evaluation systems continue to constrain the impact of reforms.

Looking ahead, strengthening competitiveness will depend on the successful implementation of reforms across the three policy pillars. Key priorities include improving the business environment by attracting higher-quality investment, developing transparent and diversified

financial markets, strengthening SOEs governance and competition enforcement, deepening transport and trade connectivity through both infrastructure investment and regulatory reform, and equipping workers with the skills needed to enhance productivity, innovation and the green and digital transition.

Across all areas, stronger whole-of-government coordination, clearer institutional mandates, enhanced administrative capacity, and more robust monitoring and evaluation systems will be essential to ensure that reforms deliver tangible benefits for businesses and citizens.

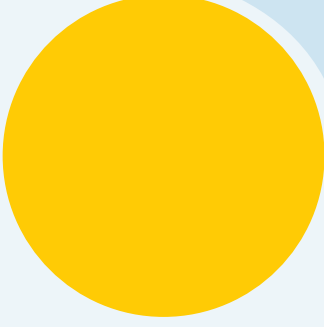
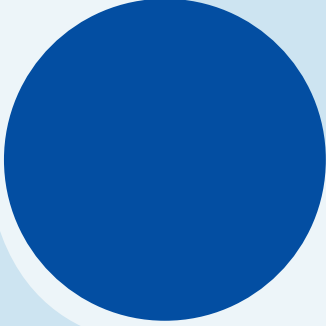
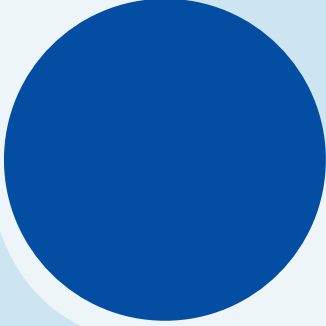
**The forthcoming OECD Competitiveness Outlook 2026: Armenia, Republic of Moldova and Ukraine will provide a detailed analysis of these issues together with country-specific recommendations to support governments in strengthening competitiveness and fostering sustainable economic growth.**

Annex 1: List of projects in Armenia in 2025

| Title                                                                                                                                       | Total Budget | Start date | End date | Type of the Project | Areas of Intervention |     |     |
|---------------------------------------------------------------------------------------------------------------------------------------------|--------------|------------|----------|---------------------|-----------------------|-----|-----|
|                                                                                                                                             |              |            |          |                     | A2F                   | BDS | BEE |
| Armenia SME Finance and Advice Facility                                                                                                     | €15,380,000  | 2015       | 2029     | Bilateral           | •                     | •   |     |
| EU GAIA II                                                                                                                                  | €3,000,000   | 2025       | 2028     | Bilateral           | •                     | •   | •   |
| R2D Syunik: Recovery, Resilience, Development for Syunik                                                                                    | €9,000,000   | 2023       | 2027     | Bilateral           | •                     | •   | •   |
| Three4ResilientArmenia: Fostering Sustainable Livelihoods, Business Growth, and Employment Opportunities for Displaced and Host Communities | €3,000,000   | 2024       | 2027     | Bilateral           | •                     | •   | •   |
| Building sustainable apparel and agribusiness value chains in Armenia                                                                       | €2,000,000   | 2023       | 2026     | Bilateral           |                       | •   |     |
| EU TUMO Convergence Centre                                                                                                                  | €12,500,000  | 2018       | 2025     | Bilateral           |                       | •   |     |
| Establishment of a Technology and Creative Industries Hub in Kapan                                                                          | €1,000,000   | 2022       | 2025     | Bilateral           |                       | •   |     |
| EU Green Agriculture Initiative in Armenia (EU-GAIA)                                                                                        | €9,700,000   | 2019       | 2025     | Bilateral           | •                     |     |     |
| Support to Quality Infrastructure in Armenia                                                                                                | €4,000,000   | 2022       | 2025     | Bilateral           |                       |     | •   |
| Creative Accelerator Program (CAP)                                                                                                          | €3,000,000   | 2022       | 2025     | Bilateral           | •                     | •   |     |
| EU4SEVAN                                                                                                                                    | €5,000,664   | 2020       | 2025     | Bilateral           |                       | •   |     |
| Green for Growth Fund – Technical Assistance Contribution for the East                                                                      | €3,900,000   | 2024       | 2045     | Regional            | •                     | •   | •   |
| EFSE – EU4Business: Local Currency Lending to MSEs in the Eastern Partnership                                                               | €39,921,000  | 2020       | 2041     | Regional            | •                     |     |     |
| Promoting Green Lending in the Eastern Partnership                                                                                          | €32,855,000  | 2020       | 2040     | Regional            | •                     |     |     |
| EU4Business – The EU Local Currency Partnership Initiative: the European Fund for Southeast Europe (EFSE)                                   | €50,320,000  | 2018       | 2039     | Regional            | •                     |     |     |
| “EU4Business Guarantee Facility” financed from the general budget of the European Union under the Neighbourhood Investment Platform         | €41,495,000  | 2020       | 2035     | Regional            | •                     |     |     |

| Title                                                                                                                 | Total Budget | Start date | End date | Type of the Project | Areas of Intervention |     |     |
|-----------------------------------------------------------------------------------------------------------------------|--------------|------------|----------|---------------------|-----------------------|-----|-----|
|                                                                                                                       |              |            |          |                     | A2F                   | BDS | BEE |
| Youth in Business Programme in Moldova and in South Caucasus                                                          | €9,300,000   | 2025       | 2032     | Regional            | •                     |     |     |
| EFSD+EBRD guarantee for Armenia                                                                                       | €550,000     | 2023       | 2031     | Regional            | •                     |     |     |
| EBRD Advice for Small Businesses, Team Europe EaP window                                                              | €17,064,714  | 2020       | 2031     | Regional            |                       | •   |     |
| ESDF FMO Armenia Guarantee                                                                                            | €4,650,000   | 2023       | 2030     | Regional            | •                     |     |     |
| EU EBRD Local Currency Initiative                                                                                     | €6,216,000   | 2021       | 2030     | Regional            | •                     |     |     |
| EFSD + – FMO Guarantee for AM top up                                                                                  | €950,000     | 2023       | 2029     | Regional            | •                     |     |     |
| EU4Business Empowering Trade and Competitiveness in EaP Countries                                                     | €13,000,000  | 2025       | 2029     | Regional            |                       | •   | •   |
| Mayors for Economic Growth – Phase 3                                                                                  | €10,000,000  | 2025       | 2028     | Regional            | •                     | •   | •   |
| EU4Business EBRD Credit line (SME Competitiveness Programme in Eastern Partnership – 219 funds)                       | €42,675,049  | 2019       | 2028     | Regional            | •                     |     |     |
| “EU4Innovation East” Support to Digital innovation in the Eastern Partnership region                                  | €20,000,000  | 2024       | 2028     | Regional            |                       | •   | •   |
| Finance and technology transfer centre for climate change (FINTECC) – EU4Climate window                               | €15,400,000  | 2020       | 2027     | Regional            | •                     |     |     |
| NASIRA Guarantee Program                                                                                              | €1,365,000   | 2022       | 2027     | Regional            | •                     |     |     |
| Women in Business Phase II                                                                                            | €8,440,000   | 2021       | 2027     | Regional            | •                     | •   |     |
| EFSD+EBRD guarantee for Armenia                                                                                       | €280,000     | 2023       | 2027     | Regional            | •                     |     |     |
| EU4Business EBRD Credit line (SME Competitiveness Programme in Eastern Partnership – 218 funds)                       | €52,908,951  | 2019       | 2026     | Regional            | •                     |     |     |
| EU4DIGITAL Facility – phase 2                                                                                         | €16,000,000  | 2022       | 2026     | Regional            |                       | •   | •   |
| Mayors for Economic Growth 2 TA                                                                                       | €11,800,000  | 2021       | 2026     | Regional            |                       | •   | •   |
| EU-EBRD Country-specific Investment Climate Reviews and Action Plans for Eastern partnership (EaP) countries Phase II | €1,200,000   | 2022       | 2025     | Regional            |                       |     | •   |

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