PANORAMIC

PROJECT FINANCE 2026

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LEXOLOGY

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Panoramic guide (formerly Getting the Deal Through) enabling side-by-side comparison of local insights into collateral and security packages; forex and withholding tax issues; remittances and repatriation of foreign earnings; foreign currency accounts; foreign investment issues, including investment, ownership, insurance, worker, equipment and nationalisation / expropriation restrictions and fiscal treatment; relevant government authorities; natural resource regulation; government approvals and filings; arbitration and governing law considerations; environmental, health and safety laws; project companies; public legislation, limitations and transactions; and recent trends.

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Explore on **Lexology**

Armenia

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Types of collateral

1 What types of collateral and security interests are available?

Under Armenian law, the primary forms of security interests include pledges and surety. Other than these the Civil Code of the Republic of Armenia (the Civil Code) recognises such form of security interests as penalty, withholding of debtor's property, guarantee and pre-payment, allowing at the same time for the establishment of other security mechanisms by contractual agreement between the parties.

A pledge may be established over any property or property rights, including future property to be acquired. However, certain categories of assets are excluded from being pledged under the law. These include:

- property withdrawn from circulation by law;
- claims that are inherently and inseparably linked to the debtor (eg, claims for alimony or compensation for harm to life or health);
- certain government (treasury) securities, where the terms of issuance prohibit pledging; and
- rights that are non-transferable.

In project finance transactions in Armenia, typical onshore security packages include:

- a pledge over the shares of the project company;
- a pledge over the project company's movable and immovable property (including inventories);
- a cash pledge agreement;
- a pledge of contractual rights;
- a pledge over receivables arising from project financing arrangements; and
- a guarantee issued by an internationally recognised bank.

Law stated - 8 August 2025

Collateral perfecting

2 How is a security interest in each type of collateral perfected and how is its priority established? Are any fees, taxes or other charges payable to perfect a security interest and, if so, are there lawful techniques to minimise them? May a corporate entity, in the capacity of agent or trustee, hold collateral on behalf of the project lenders as the secured party? Is it necessary for the security agent and trustee to hold any licences to hold or enforce such security?

Under Armenian law, the perfection and priority of a security interest depend on the type of collateral and the structure of the transaction. Armenian law does not recognise

a distinction between legal and equitable securities, thus, security not perfected and registered according to the requirements of the law is null and void. Generally, a pledge can be perfected by notarising the pledge agreement, which allows for extrajudicial enforcement of the pledged asset.

Registration and priority

Certain types of pledges must be registered in the relevant registries to be valid and enforceable. For example:

- real estate pledges must be registered with the Cadastre Committee of Armenia; and
- pledges over shares in joint-stock companies must be registered with the Central Depository of Armenia.

As a general rule, the priority of a security interest is determined by the order of registration. Even when registration is not strictly required for validity, pledges are typically registered in the public register of security rights over movable property to secure priority and ensure visibility for third parties.

Stamp duty and fees

When a pledge agreement is notarised, stamp duty and notary fees apply.

When the agreement requires registration, stamp duty is also payable. The amount depends on the type of collateral and the authority responsible for registration. For example, registration of a pledge in the public register of security rights over movable property incurs a fixed stamp duty of 3,000 dram.

Security agent

Armenian law does not recognise the concept of a trust.

In cross-border financing transactions involving foreign lenders and Armenian collateral, a common practice is for an Armenian bank to act as both a joint and several creditor and the domestic security agent. In such cases, the contractual relationship between the Armenian bank (acting as agent) and the foreign lenders is typically governed by foreign law, most often English law.

The relationship between the Armenian bank and the pledgor is governed by Armenian law, in compliance with Armenian legislation regarding the creation and enforcement of security interests.

Law stated - 8 August 2025

Assuring absence of liens

3 | How can a creditor assure itself as to the absence of liens with priority to the creditor's lien?

Pledges over real estate and shares in joint-stock companies are subject to mandatory registration. Therefore, an application can be submitted to the relevant authorities to verify whether a registered security interest exists.

Additionally, information on pledges over movable property can be checked in the public register of security rights to movable property, where such pledges are typically registered.

Law stated - 8 August 2025

Enforcing collateral rights

4 Outside the context of a bankruptcy proceeding, what steps should a project lender take to enforce its rights as a secured party over the collateral?

The Civil Code allows both for judicial and extrajudicial procedure of enforcing secured rights over the collateral. To have the right of the extrajudicial procedure the collateral agreement shall explicitly defines such right. In such cases the pledgee shall have the right to transfer the pledged property to its ownership or to the ownership of a third person mentioned by the pledgee for the corresponding amount of the principal obligation.

Steps

In the event of non-fulfilment or improper fulfilment of an obligation secured by a pledge, the pledgee shall notify:

- the pledgor (owner of the pledged property);
- the debtor, if they are different entities; and
- the registration body (if the pledge is subject to registration).

The notification must be in writing and served properly.

Upon receiving the notification, the pledgor or debtor may challenge the legality of the enforcement through judicial proceedings. The court may suspend the enforcement process if the pledgor/debtor provides security equal to the collateral's value to cover potential damages to the pledgee.

Once the notification of execution is properly served to all required parties (including the registration body, if applicable) the pledgee may take possession of the collateral, if it is movable property. Following two months (mandatory term) after serving the notification of execution the pledgee may realise the collateral.

Law stated - 8 August 2025

Enforcing collateral rights following bankruptcy

5 How does a bankruptcy proceeding in respect of the project company affect the ability of a project lender to enforce its rights as a secured party over the collateral? Are there any preference periods, clawback rights or other preferential creditors'

> rights with respect to the collateral? What entities are excluded from bankruptcy proceedings and what legislation applies to them? What processes other than court proceedings are available to seize the assets of the project company in an enforcement?

The legislation does not differentiate between foreign and local creditors; all are treated equally under bankruptcy proceedings. All legal entities are subject to such proceedings, although specific types, such as banks and financial institutions, shall follow different procedures and requirements compared to standard entities.

In bankruptcy proceedings involving secured obligations, the pledgee (secured creditor) has two options:

- enforce the claim outside of the bankruptcy proceedings; or
- register as a secured creditor within the bankruptcy process and satisfy the claim accordingly.

Employee claims do not have preferential rights over collateral. If a tax is applicable upon the realisation of the pledged asset, it is first deducted from the proceeds of the sale. The remaining amount is then transferred to the creditor

Key risks

- Subordination of claims: If the secured creditor does not hold a first-ranking pledge and there is no agreement with the first-ranked pledgee for the pro rata distribution of sale proceeds, there is a risk that the debtor's assets may be insufficient to satisfy all claims. This could result in the secured creditor failing to recover the full debt.
- Asset undervaluation in auctions: If the pledged asset is sold through a public auction, the initial auction price is typically set below market value and may be further reduced during the process. This can lead to a sale at a significantly lower value than the asset's actual worth even in the case of a first-ranking pledge.
- Claims against sureties or guarantors: In the event of a surety's or guarantor's insolvency, a creditor may not be included in the list of recognised creditors if there has been no default under the principal obligation at the time of the surety's or guarantor's bankruptcy. In such cases, the claim is not considered due and may be excluded from the insolvency proceedings

Priority

Claims in bankruptcy are classified into three primary categories:

- secured claims (eg, collateral, guarantees);
- unsecured claims, subdivided into nine levels; and
- subordinated unsecured claims, subdivided into four levels.

Claims in each category are satisfied only after full settlement of claims in the preceding category.

The institute of receivership is not recognised under Armenian law; instead, some of the duties of receivership are conducted by a bankruptcy manager.

Clawback

Armenian bankruptcy legislation provides mechanisms for the clawback (recovery) of certain transactions made by a debtor prior to the initiation of bankruptcy proceedings.

Article 54 of the Law on Bankruptcy of the Republic of Armenia allows the bankruptcy manager to apply to the court to invalidate and recover:

- gratuitous (including non-cash) transfers to affiliated persons within five years before declaration of bankrupt.
- gratuitous (including non-cash) transfers to any third party within three years before filing for bankruptcy.
- preferential payments to a creditor within 90 days (or one year for affiliated persons) prior to filing for bankruptcy, provided that the transferor was insolvent, which gives such creditors significantly more than they would otherwise receive in the course of the bankruptcy proceedings.
- transactions at an undervalue (below market value) made within three years prior to the bankruptcy, unless such transactions were arranged via public auction.
- transferred secured property under netting or security agreements within 90 days, where bankruptcy was foreseeable, and the agreements were not in the debtor's interest but were entered into with the goal to remove such assets from the bankruptcy estate.

However, Armenian law also provides for certain limitations and exceptions to clawbacks. For instance, a transfer may not be reversed if:

- the creditor provided valid consideration (equivalent value) at the time of the transfer;
- the transaction occurred in the ordinary course of business and was consistent with commercial customs;
- the transfer fulfilled obligations not exceeding 200,000 dram; or
- the transfer involved mandatory payments such as taxes, duties or administrative fines.

Additionally, the bankruptcy manager may refrain from pursuing clawback claims if the costs of litigation reasonably exceed the value of the recoverable assets, subject to a decision by the creditors' meeting.

Law stated - 8 August 2025

FOREIGN EXCHANGE AND WITHHOLDING TAX ISSUES

Restrictions, controls, fees and taxes

6 | What are the restrictions, controls, fees, taxes or other charges on foreign currency exchange and transfer?

In general, there are no restrictions for currency exchange and transfer under Armenian legislation. At the same time, as a matter of general rule, the price quotation and payment for goods, services, works, salaries, etc, must be in the local currency – dram. Contributions to statutory funds and share capital of legal entities shall be made in drams of the Republic of Armenia.

Exceptions to general rules on price quotation and payment are:

1. loans in the territory of Armenia may be provided in foreign currency; and
2. prices in contracts signed between resident legal person or private entrepreneur and non-resident legal person or private entrepreneur, providing for payment through banking transfer may be quoted in foreign currency.

Payment requirements: Non-cash payments on current currency, capital flow and financial currency operations may be made in foreign currency between legal entities, private entrepreneurs, entities as defined in bullets '1' and '2'.

Current currency operations: No restrictions may apply to the conducting of current currency operations. These include the operations or payments between a resident and non-resident, irrespective of their amount (except for cases specified in bullet point 3 below):

- payments for alienation of goods (property), execution of work, use of property, provision of services, as well as provision of short-term loans and borrowings;
- interests payable on loans and borrowings, and dividends and other payments made for other investments;
- payments of small amounts payable for repayment of loans, borrowings and direct investments; and
- non-commercial transfers to the territory of the RA and from the territory of the RA, including transfers of salary, pensions, inheritance, financial aid and donations.

While there are no explicit restrictions on capital account transactions, the Central Bank of Armenia has the authority to impose temporary restrictions or limitations to safeguard financial stability

Capital flow and financial currency operations are operations concluded between residents and non-residents, which are not considered as current currency operations.

Foreign currency operations: Residents and non-residents may engage in foreign currency trade without limitation, either by immediate payments or in instalments, provided that operations are conducted through specialist entities.

Bank-specific regulations: Banks may have their own internal policies and procedures for foreign exchange transactions, including limits on daily transaction values and other restrictions

Law stated - 8 August 2025

Investment returns

7 What are the restrictions, controls, fees and taxes on remittances of investment returns (dividends and capital) or payments of principal, interest or premiums on loans or bonds to parties in other jurisdictions? Are any withholding taxes applicable to payments of interest or premiums on loans or bonds?

In general, there are no specific restrictions on foreign investments in Armenia. Foreign investors are treated equally to domestic investors under Armenian law.

Taxation

Payments to non-residents are subject to the following withholding taxes rates:

- passive income, including interest and royalties, is subject to 10 per cent relief;
- dividends paid to non-residents are subject to 5 per cent relief;
- a zero per cent tax rate applies to gains from the disposal of securities; and
- an 18 per cent tax rate applies to gains from the disposal of shares, interests,or units in other types of organisations.
- other income 20 per cent.

Tax reliefs

Armenia is a party to double tax treaties with approximately 47 countries, allowing it to avoid double taxation. Currently, Armenia primarily provides tax benefits to companies operating in the IT and agriculture sectors.

Law stated - 8 August 2025

Foreign earnings

8 Must project companies repatriate foreign earnings? If so, must they be converted to local currency and what further restrictions exist over their use?

There is no requirement to repatriate foreign earnings to Armenia. However, worldwide earnings are subject to taxation for Armenian resident companies, subject to the provisions of double taxation treaties, which Armenia has with approximately 47 countries.

Law stated - 8 August 2025

9 May project companies establish and maintain foreign currency accounts in other jurisdictions and locally?

Project companies can open foreign currency accounts both locally and in other jurisdictions.

Law stated - 8 August 2025

FOREIGN INVESTMENT ISSUES

Investment restrictions

10 What restrictions, fees and taxes exist on foreign investment in or ownership of a project and related companies? Do the restrictions also apply to foreign investors or creditors in the event of foreclosure on the project and related companies? Are there any bilateral investment treaties with key nation states or other international treaties that may afford relief from such restrictions? Would such activities require registration with any government authority?

The Armenian market is open to foreign investors. There are no government authorisation requirements that apply specifically or exclusively to foreign investors. However, certain limitations apply to ownership in companies operating in specific regulated industries.

Law stated - 8 August 2025

Insurance restrictions

11 What restrictions, fees and taxes exist on insurance policies over project assets provided or guaranteed by foreign insurance companies? May such policies be payable to foreign secured creditors?

No such restrictions apply. A foreign insurance company may provide insurance services to an Armenian entity, provided that it holds a proper license in its country of operation.

Law stated - 8 August 2025

Worker restrictions

12 What restrictions exist on bringing in foreign workers, technicians or executives to work on a project?

To employ a foreign national, the employer must first post a job vacancy on the unified electronic platform for foreign national work permits. The platform automatically searches the database of the Ministry of Labour and Social Affairs of the Republic of Armenia to identify any Armenian citizen job seekers who may qualify for the position.

If no suitable match is found, the employer is immediately notified of the possibility to conclude an employment contract with the foreign applicant.

If the system identifies a potential match, the relevant department of the Ministry is notified of the vacancy. If the position remains unfilled by an Armenian citizen within the prescribed time frame, the employer will then receive a notification confirming the eligibility to hire a foreign national.

After this the company shall start the process of obtaining the work permit for these individuals. Certain foreign nationals are permitted to work without a work permit if they possess specific educational qualifications.

Law stated - 8 August 2025

Equipment restrictions

13 | What restrictions exist on the importation of project equipment?

In general, project equipment may be imported into Armenia without strict restrictions, subject to the payment of applicable state fees. However, from time to time, the government of Armenia issues a list of equipment whose importation is either temporarily suspended or requires additional documentation.

Law stated - 8 August 2025

Nationalisation laws

14 | What laws exist regarding the nationalisation or expropriation of project companies and assets? Are any forms of investment specially protected (from nationalisation or expropriation)?

Armenia recognises and protects foreign investments and assets. The government may expropriate assets only in cases of national defence or national security, where such action is deemed to be in the national interest. In such cases, prior and adequate compensation must be provided, regardless of whether the investment is foreign or domestic. Foreign investors from countries that are parties to investment agreements with Armenia may also benefit from additional protections against expropriation under the terms of those agreements.

Law stated - 8 August 2025

FISCAL TREATMENT OF FOREIGN INVESTMENT

Incentives

15 | What tax incentives or other incentives are provided preferentially to foreign investors or creditors? What taxes apply to foreign investments, loans, mortgages or other security documents, either for the purposes of effectiveness or registration?

There are no grants or incentives exclusively reserved for foreign investors; however, foreign investors are equally eligible to apply for available grants and incentives on the same terms as local investors. The same principle applies to tax incentives.

Law stated - 8 August 2025

GOVERNMENT AUTHORITIES

Relevant authorities

16 What are the relevant government agencies or departments with authority over projects in the typical project sectors? What is the nature and extent of their authority? What is the history of state ownership in these sectors?

Competition

Commission for the Protection of Economic Competition and Consumers rights

Its key functions are:

- granting consent for reportable concentrations (mergers and acquisitions);
- monitoring compliance with competition laws, including the prevention of anticompetitive practices;
- initiating administrative proceedings in competition-related matters; and
- issuing mandatory instructions and imposes penalties where applicable.

Financial Services

Central Bank of Armenia

Key functions are to:

- issue licences to financial sector entities, including banks, insurance companies, investment funds and other financial institutions;
- adopt regulatory legal acts governing the financial sector and the activities of licensed entities; and
- supervise compliance with financial legislation and regulatory acts.

Public Utilities and Services

Public Services Regulatory Commission

Key functions are:

- issue licences to entities operating in regulated sectors such as water supply, energy, telecommunications, and postal services;
- adopt regulatory acts for these sectors; and
- supervise compliance with sector-specific legislation and regulations.

Environment

Main suthorities

The Ministry of Environment is responsible for developing and implementing state environmental policy, including drafting legislative reforms and addressing broader environmental sector issues.

The Inspectorate for Natural Protection and Subsoil ensures enforcement of environmental and sector-specific legislation, conducts inspections, and imposes penalties and other sanctions for non-compliance.

Law stated - 8 August 2025

REGULATION OF NATURAL RESOURCES

Titles

17 Who has title to natural resources? What rights may private parties acquire to these resources and what obligations does the holder have? May foreign parties acquire such rights?

Subsurface and water resources are the exclusive property of the state.

In Armenia, subsoil may be granted to private legal entities for purposes of geological exploration and mineral extraction on the basis of a right of use, not ownership. While the land on which mining activities are conducted may be owned by the subsoil user, land ownership and subsoil use rights are not related to each other. Armenian legislation establishes equal conditions for both local and foreign entities to engage in subsoil use activities within the country. There are no restrictions or prohibitions on foreign ownership of mining rights in Armenia.

The right to use the water systems of the Republic of Armenia is transferred in accordance with the terms of the tender. The right to use the water system may be transferred in the following ways:

- through transfer to trust management;
- under a concession agreement;
- through the creation of a commercial organisation; and
- through lease.

Both foreign and domestic investors may participate in the tender.

Currently, foreign investors hold ownership interests in companies operating in both of these sectors.

Law stated - 8 August 2025

Royalties and taxes

18 What royalties and taxes are payable on the extraction of natural resources, and are they revenue- or profit-based?

There is no difference between paying royalties and taxes payable by domestic or foreign parties. Royalties are calculated using rates enacted or substantively enacted at the reporting date. The royalty base is the turnover from the sale of concentrate, smelting, obtained in exchange for concentrate or without it, or any end product obtained as a result of processing mining waste, ore, concentrate, smelting, delivered during the reporting period. Royalties consist of two components: royalty calculated at 4 per cent of revenue and royalty calculated at 12.5 per cent and of taxable net income adjusted as per the guidelines and requirements of the laws and regulations.

Law stated - 8 August 2025

Export restrictions

19 What restrictions, fees or taxes exist on the export of natural resources?

In general, there are no restrictions on sales, exports and imports, including no restrictions on processing any special types of minerals domestically. Producers are free to export their production, which may, however, be subject to licensing restrictions.

Law stated - 8 August 2025

GENERAL LEGAL ISSUES

Government permission

20 What government approvals are required for typical project finance transactions? What fees and other charges apply?

Investments

Foreign and domestic investments generally do not require prior government approval unless the transaction qualifies as a concentration under Armenian competition law. This can be the formation of a legal entity by two or more legal entities, the acquisition of a shareholding in an Armenian company, or gaining control by other means, etc. In such cases, prior approval from the Competition Protection Commission (CPC) is required. The parties are obliged to submit to the CPC declarations and applications in the form established and await for the permission.

Moreover, if the investment provides for obtaining shareholding in an Armenian company which is operating in regulated sectors, such as financial services, mining or electronic communications, the permission or notification is required also from the relevant regulatory

authority (eg, the Central Bank, Public Services Regulatory Commission, etc). The submission of these applications does not, in itself, incur any state duty charges.

Loans and financing agreements

Execution of loans and financing agreements do not require governmental approval. Security agreements under loan and financing arrangements may require registration and may incur applicable registration or notary fees.

Law stated - 8 August 2025

Registration of financing

21 Must any of the financing or project documents be registered or filed with any government authority or otherwise comply with legal formalities to be valid or enforceable?

The registration and reporting obligations in Armenia vary depending on the nature of the transaction and the sector involved. In general, most contracts are not subject to mandatory registration, except in specific cases, including the following:

- Real estate transactions: Agreements involving real estate or property rights to real estate located in Armenia must be notarised and registered with the Cadastre Committee.
- Intellectual property licensing: Licensing agreements related to intellectual property must be registered with the Intellectual Property Office.
- Share transfers: Agreements involving the sale or transfer of shares or stocks in an Armenian company must be registered with the State Register of Legal Entities, and Central Depository in the case of joint stock companies

Law stated - 8 August 2025

Arbitration awards

22 How are international arbitration contractual provisions and awards recognised by local courts? Is the jurisdiction a member of the ICSID Convention or other prominent dispute resolution conventions? Are any types of disputes not arbitrable? Are any types of disputes subject to automatic domestic arbitration?

Armenian courts recognise and enforce foreign arbitral awards without reconsidering the merits of the case. The reviewing court does not reassess the substance of the dispute but instead verifies whether the award meets the formal requirements set out under Armenian legislation and applicable international treaties.

Armenia is a party to the 1958 New York Convention.

Procedure for recognition and enforcement:

- To be enforced in Armenia, a foreign arbitral award must first be recognised and permitted for enforcement by a court of general jurisdiction in Armenia.
- Only a party to the arbitration may apply for recognition and enforcement of the award. Whether an award requires recognition alone or recognition and enforcement depends on the nature and content of the award.
- The application must be submitted within three years from the date the arbitral award enters into force.
- Upon submission, the court reviews the application to determine whether it meets the procedural requirements for further proceedings. If accepted, the court must examine the application and issue a decision within two months. This is typically done without a hearing, unless the court finds it necessary to hold one.
- The respondent (debtor) must be notified once the application is accepted into proceedings. The notification is sent to the address provided by the applicant, which is often the same as that listed in the arbitral award.
- The timing of the notification depends on whether security measures have been requested and/or granted.
- If no security measures are sought or if the request is denied, the court must notify the respondent within three working days of the decision to proceed.
- If security measures are granted, the court delays notification until the Compulsory Enforcement Service confirms their execution. The time frame in such cases varies. When the respondent is a foreign party, the court is required to translate the notification documents and send them through the Ministry of Justice.

There are no types of disputes that are automatically subject to domestic arbitration; the forum is determined by the agreement of the parties.

Law stated - 8 August 2025

Law governing agreements

23 Which jurisdiction's law typically governs project agreements? Which jurisdiction's law typically governs financing agreements? Which matters are governed by domestic law?

Project and financing agreements are typically governed by Armenian law (in case of foreign parties they may prefer to opt in for their local or other neutral legislation) and provide for arbitration as the dispute resolution forum. In certain cases, mandatory provisions of Armenian legislation are taken into account during the drafting process. Armenian law is generally applied when its use is compulsory, for example, in matters involving the pledge of real estate, shares, or other movable property located in Armenia.

Law stated - 8 August 2025

Submission to foreign jurisdiction

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24 Is a submission to a foreign jurisdiction and a waiver of immunity effective and enforceable? Do local courts enforce judgments of foreign courts without re-examination of the merits of the case?

Armenian courts respect valid agreements between parties to submit disputes to a foreign jurisdiction, provided that such agreements do not contravene mandatory jurisdictional provisions or violate Armenian public policy.

Under certain conditions prescribed by law, Armenian courts will recognise a waiver of judicial immunity by a foreign state. Under Armenian legislation, initiating legal proceedings against a foreign state, including filing a claim, involving the state as a third party, imposing attachment on its assets located in Armenia, or enforcing a judgment is only permissible with the consent of that state's competent authorities, unless an applicable international treaty provides otherwise.

However, a foreign state is considered to have waived its judicial immunity in the following circumstances:

- when it files a claim before an Armenian court and, on its own initiative, participates in the proceedings as a party; or
- when it submits a counterclaim in a case (and conversely, it is considered to have waived immunity with respect to counterclaims when it has itself initiated a claim in that case).

Armenian courts recognise and enforce final foreign court judgements without reconsidering the merits of the case. For foreign court judgements, recognition and enforcement are permitted if:

- there is an international treaty between Armenia and a foreign state; or
- a basis for reciprocity exists.

The reviewing court does not reassess the substance of the dispute but only verifies whether the judgement meets the formal requirements under Armenian legislation and applicable treaties.

Law stated - 8 August 2025

Anti-money laundering rules

25 Are investors in your jurisdiction subject to any anti-money laundering compliance checks or other rules? Are these required by all sectors or only certain regulated sectors?

Under Armenian anti-money laundering legislation, all companies in Armenia are required to submit a declaration of the ultimate beneficial owner (UBO) to the State Register within 40 days of registration. Additionally, an updated UBO declaration must be submitted annually (by 20 February) or within 40 days of any changes. Certain information about the UBO will then be made publicly available on the State Register's website.

Certain companies may also be subject to additional reporting obligations for example under banking legislation. The obligation may include conducting know-your-client procedures and reporting suspicious transactions.

Law stated - 8 August 2025

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Relevant ESG issues

26 What environmental, social and governance (ESG) issues are relevant in typical project sectors? Are project companies in your jurisdiction subject to any ESG reporting requirements or other ESG laws or regulations?

Currently, Armenian legislation does not provide for specific ESG regulations. However, in project financing involving international financial institutions, the financing agreements typically include ESG-related covenants, which are subject to contractual remedies in the case of non-compliance.

Law stated - 8 August 2025

PROJECT COMPANIES

Principal business structures

27 What are the principal business structures of project companies? What are the principal sources of financing available to project companies?

The principal business structure typically involves the establishment of a local company in Armenia, either as a limited liability company or a joint stock company. The primary sources of financing include equity contributions from investors, shareholder loans and bank financing.

Law stated - 8 August 2025

PUBLIC-PRIVATE PARTNERSHIP LEGISLATION

Applicable legislation

28 Has PPP-enabling legislation been enacted and, if so, at what level of government and is the legislation industry-specific?

The main legal framework regulating public-private partnerships (PPPs) in Armenia is the RA Law 'On Public-Private Partnership'.

This law is not industry-specific; rather, it provides a general legal framework for cooperation between private entities and the state across various sectors. The specific

industries where PPPs may be implemented are defined by separate decisions of the government.

Currently, PPP programmes in Armenia apply to the following industries:

- healthcare;
- education;
- energy;
- water management;
- transport infrastructure and services;
- solid waste collection, processing, and disposal;
- postal infrastructure and services; and
- issuance of biometric passports and the electronic identification system.

Law stated - 8 August 2025

PPP – LIMITATIONS

Legal limitations

29 | What, if any, are the practical and legal limitations on PPP transactions?

In general, there are no specific restrictions on entering into PPP transactions. At the same time, one key limitation is that an applicant seeking to become a private partner cannot be:

- a company with direct or indirect shareholding by the Republic of Armenia or a local community;
- a company in which the Republic or a community has the ability to influence or predetermine decisions in any manner not prohibited by law; or
- a consortium that includes any such company.

A PPP project may be initiated either by a state-authorised body or by a private investor. In both cases, the proposed project must undergo an evaluation based on principles and criteria established by law.

Regardless of whether the project is initiated publicly or privately, the selection of the private partner is subject to a competitive bidding process.

As the PPP framework in Armenia is still in its early stages and practical implementation remains limited, no practical limitations have emerged in practice to date

Law stated - 8 August 2025

PPP – TRANSACTIONS

Significant transactions

30 What have been the most significant PPP transactions completed to date in your jurisdiction?

The most notable PPP deal of the year is the project for establishing infrastructure to issue biometric passports and identification cards in the Republic of Armenia.

The results of the competitive selection process were announced in the spring of this year, with the winning bidder being the French consortium IDEMIA Identity Security France and A.C.I. Technology S.à.r.l.

Law stated - 8 August 2025

UPDATE AND TRENDS

Key developments of the past year

31 In addition to the above, are there any emerging trends or 'hot topics' in project finance in your jurisdiction?

Currently, there are no such updates in Armenia.

Law stated - 8 August 2025

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