

Georgia: EIB supports hundreds of small and medium-sized businesses and water projects



- EUR 30m loan is expected to improve access to finance for around 600 SMEs
- This is the fourth EIB Group operation with TBC – the largest bank in Georgia
- Signature of EU grant of EUR 3.25m to support water projects in Georgia

The European Investment Bank (EIB) has agreed to lend EUR 30m to TBC Bank, the largest bank in Georgia, in order to broaden the access to finance of Georgian small and medium-sized enterprises (SMEs), which represent more than 90% of companies active in the country. The EIB funds will be provided in the framework of the European Union's EU4Business initiative, designed to support SMEs in the six Eastern Partnership countries (Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine). Around 600 Georgian SMEs are expected to benefit from the loan.

The EU bank has signed with the Georgian Ministry of Regional Development and the Georgian water utility company, the United Water Supply Company of Georgia, an Eastern Partnership Technical Assistance Trust Fund (EPTATF) Grant Agreement for an amount of EUR 3.25m. These funds will be used for the financing of specialised professional services to support the utility in the implementation of the EIB Kutaisi Waste Water project.

Under a finance contract dated 15 October 2015, the EU bank made available to the Georgian Ministry of Regional Development a loan of up to EUR 100m, which will improve the wastewater collection and treatment in Kutaisi. The project is part of Georgia's Water Sector Rehabilitation Program which consists in a series of investments that aim at improving water supply in Kutaisi, Ureki, Poti and Zugdidi and wastewater collection and treatment in Kutaisi, Ureki and Poti (Kutaisi Waste Water project).

EIB Vice-President Vazil Hudák commented: *"thanks to the EIB support, Georgian SMEs will improve their access to longer term finance, which is a prerequisite for their growth and competitiveness. Our fourth loan with TBC Bank is expected to support the development of approximately 600 small and medium size companies, by giving them better access to finance. We hope this will promote job creation and foster the general development of Georgia's economy"*. On the grant signature VP Hudak acknowledged the importance of the blending schemes by saying: *"to implement the water sector projects in Georgia in more efficient way, we are combining our lending with EU grants. With today's signature, it is the region of Kutaisi which will benefit from a modern water network and increased quality of water systems, backed by European financing"*.

Georgia's Minister of Regional Development and Infrastructure, Maya Tskitishvili, commented: *"The EIB is one of our largest financing partners for infrastructure projects. To date, it has provided around EUR 1.3 billion to support various public infrastructure projects, including roads, municipal amenities and water and wastewater facilities. Today we have signed a grant agreement with the EIB for the financing of the Kutaisi Wastewater Project. Kutaisi is the country's second largest city and this project will enable us to provide better living conditions for the local population. We are currently completing the final phase of preparatory works for the project and the actual construction will commence in 2019. This is the third project in the water sector that is being implemented with the support of our European partners and we hope that our fruitful cooperation will serve as a basis for financing other priority infrastructure projects in Georgia. The support provided by the EU and its Member States through different instruments available within the framework of the Eastern Partnership Trust Fund and Neighbourhood Investment Facility is hugely valued and makes an important contribution to the development of our country."*

"We are proud to have built such a successful relationship with the EIB, TBC Bank's long standing partner. This is already the fourth transaction we have successfully accomplished since the launch of our partnership in 2012, which is a testament to the truly efficient working relationship our respective organisations have formed. This facility will help TBC Bank to further strengthen its leading position in the Georgian small and medium-sized enterprises (SME) segment," stated **Vakhtang Butskhrikidze, CEO of TBC Bank.**

This is the fourth EIB Group operation with TBC Bank and builds upon the fruitful cooperation of the EU bank with this Georgian institution. Since 2011, TBC Bank has on-lent EIB funds for SMEs totalling EUR 85m.

The EIB loan can be combined with portfolio guarantees supporting SMEs which were extended to TBC Bank last year through two instruments also promoted under the EU4Business Initiative: the InnovFin portfolio guarantee, supporting innovative SMEs, and the DCFTA Initiative East portfolio guarantee, unlocking additional financing for small businesses. The overall objective is to allow TBC Bank to extend financing on favourable terms to a broader group of small and medium-sized companies that would otherwise have limited access to the bank's lending.

In these operations, the EIB has joined forces with the European Union to strengthen economic development in the countries that have signed Association Agreements with the EU – namely Georgia, Moldova and Ukraine – by providing financial and technical support targeted at SMEs in these three countries. The EU supports private sector development in the Eastern Partnership countries by enhancing access to finance for SMEs, improving the business environment and providing advisory services to local businesses.