

## Georgia: EU4Business – EIB intensifies support for businesses



- EUR 50m intermediated loan to Bank of Georgia – the European Investment Bank's first local currency transaction in the country
- EUR 15m intermediated loan to Liberty Bank, the first part of an approved EUR 25m initiative to reach out to SMEs via smaller financial intermediaries
- Both operations are expected to support 7 800 jobs
- EIB Group seminar on improving access to finance and supporting inclusive growth

The European Investment Bank (EIB), the EU bank, is lending EUR 50m to Bank of Georgia, financing projects implemented by small and medium-sized companies (SMEs) in the country. This first EIB transaction – partly using the Georgian lari – will improve the access of Georgia's businesses to long-term financing by avoiding exchange rate risk. The local currency solution is supported by the Neighbourhood Investment Facility of the European Union. The operation is expected to support some 4 050 full time jobs. It is the second EIB loan to the Bank of Georgia, one of the largest banks in the country.

Another EUR 15m EIB loan is going to Liberty Bank, the first financial

partner institution backed under a EUR 25m initiative for smaller intermediaries with the potential to reach out to SME clients that are currently not adequately served. The entire initiative will support some 3 750 full time jobs. Liberty Bank will also receive technical assistance to improve its SME lending practices and product offers under the Eastern Partnership Technical Assistance Trust Fund.

Both operations are being implemented under the **EU4Business Initiative**. As part of this initiative, the EIB Group arranged the interactive seminar **“From Access to Finance towards Inclusive Growth”**. The seminar discussed how to increase access to finance for Georgian SMEs and demonstrated the impact such SME support has on inclusive growth. The seminar was informed by the latest findings of an **EIB study on “Access to Finance and SME finance in Georgia”**, which was based on an EIB Bank Lending Survey.

*“Support for economic development and smart, sustainable and inclusive growth is a key priority of the EU’s work with Georgia,” said **EIB Vice-President Lilyana Pavlova**. “As the EU bank, we are committed to supporting small and medium-sized businesses – but we need the help of local partners to do so. I am therefore happy that we are extending our cooperation with a strong existing partner of the EIB and that we are reaching out to new institutions as well. SMEs play a significant role in Georgia’s economy and our transactions will pave the way for better business prospects for those companies and the country in general.”*

**Minister of Finance of Georgia Ivane Matchavariani** commented: *“We are extremely glad to observe the expansion of EIB portfolio in the private sector. Private sector-led growth is the only suitable growth model for Georgia. Therefore, I am pleased to see EIB private sector initiatives coinciding with government priorities. Our growth model has a particular focus on SME sector development. We want to make the SME sector an important growth driver and tap its potential to support the sustainability, inclusivity and robustness of the country’s economic development. We are glad to see the EIB’s first local currency operation in Georgia. This provides very important support for the country’s dedollarisation policies. I would like to thank the EIB and the private partners represented in these operations for the work done and I hope to see more intensified cooperation between the EIB and the Georgian private sector.”*

**EU Ambassador to Georgia Carl Hartzell** stated: *“The EU is a strong supporter of SME development in Georgia with a number of projects implemented under the EU4Business brand. With this initiative, we aim to address the needs of promising SMEs that are unable to get financing for their investments from commercial banks.”*

Georgia’s SME sector has substantial potential to generate jobs, contribute to exports and innovation, and support sustainable and inclusive growth. Since the launch of EIB lending in Georgia in 2010, the EU bank has provided loans of EUR 1.9bn to foster the country’s cooperation with the European Union, thereby improving the living conditions of people, upgrading Georgia’s infrastructure, spurring private sector development and enhancing environmental conditions.

## **Background information:**

### **About EIB:**

The EIB Group has joined forces with the European Union under the **Deep and Comprehensive Free Trade Area (DCFTA) Initiative East Programme** aiming to strengthen economic development in the countries which 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.

### **About EU4Business:**

EU4Business is an EU initiative that helps SMEs in the six countries of the Eastern Partnership (Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine) to finance their development and boost economic growth. EU4Business support is delivered by the EIB together with other organisations outside the EU such as the European Bank for Reconstruction and Development. All EU activities that support SMEs in the Eastern Partnership countries are part of EU4Business. For more information, visit <http://www.eu4business.eu>