

## Georgia: Team Europe – EIB’s immediate COVID-19 response in support of the MSME sector reaches a new milestone



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- The EU bank will extend COVID-19 response measures to the existing credit line at Liberty Bank for a total of €17.5 million, including a €2.5 million multi-currency top-up
- Loan reinforces Team Europe’s support for the recovery of Georgian MSMEs from the COVID-19 pandemic and will sustain jobs, maintain liquidity and operations, and fuel the economic recovery of Georgia
- In 2020 alone, EIB provided €70 million to support faster recovery of Georgian businesses from COVID-19 pandemic

The European Investment Bank (EIB), the lending arm of the European Union, and Liberty Bank have agreed to expand an existing credit line for Georgian micro, small and medium-sized enterprises (MSMEs) via an additional €2.5 million as part of a total package of €17.5 million. With this signature, the EIB’s total immediate response to COVID-19 in the country comprises additional lending of over €70 million, and existing loans benefiting from COVID measures exceeding €90 million.

The EIB loans inject fresh capital into the domestic financial market at a time when the COVID-19 pandemic is burdening SMEs with liquidity issues and restricting their ability to access finance for maintaining daily operations or funding expansion plans.

The loan agreement was signed in the presence of Charles Michel, President of the European Council.

**EIB President Werner Hoyer said:** “Team Europe and the EIB will continue to build up our support for Georgian MSMEs and fuel the economic and social recovery of the country’s economy from COVID-19. Last year alone we boosted Georgian recovery from COVID-19 with support worth €170 million: €70 million in new lending for MSMEs, and €100 million to reinforce the national healthcare sector’s ability to deal with the pandemic. Today, the EIB has increased both the amount and the attractiveness of our loans available to MSMEs as this is the first loan that the EU bank has provided to a counterpart in Georgia in local currency. We look forward to maintaining our position as the trusted ally of the Republic of Georgia and a key source of support for sustainable social and economic development.”

**CEO of Liberty Bank Vasil Khodeli commented:** “I would like to thank the EIB and the European Union for their continuous support and the confidence they have shown in Liberty Bank. Thanks to the increased loan amount, Liberty Bank will unlock significant additional lending for MSMEs in Georgia. The coronavirus pandemic has hit MSMEs very hard and this facility will provide much-needed support for our clients to overcome short-term liquidity shortages, maintain jobs and support economic recovery in the upcoming months. The additional multi-currency facility equivalent to GEL 10 million includes the possibility to make financing available in local currency, which provides us with greater flexibility to finance and support a wider range of MSME businesses in Georgia. This is also a further sign of our commitment to help businesses of all sizes to get through these turbulent times.”

### **Further increasing affordability of EIB loans**

The financing introduces the option to make funding available in synthetic lari, Georgia’s national currency, and increases the affordability of loans for MSMEs. The expansion will help Georgian MSMEs sustain jobs, maintain liquidity to continue operations and fuel Georgia’s economic recovery from the COVID-19 pandemic.

The investment from the EU bank forms part of the EIB’s SME Outreach Initiative, which promotes access to finance for MSMEs by supporting smaller local banks to better service their clients. MSMEs are the backbone of the Georgian economy and are major employers in the country. The loan expansion comes with a €450 000 technical assistance component to help Liberty Bank improve and expand its offer for MSMEs.

### **Team Europe adds value for Georgian companies**

Covered by a guarantee from the European Union, the loan from the EU bank will enable an increase in lending activities to MSMEs without jeopardising the long-term stability of the country’s financial sector or its ability to support the economic recovery from the pandemic in the long term.

This credit line comes with increased attractiveness to SMEs benefiting from the more flexible lending terms enabled by the EIB’s COVID-19 emergency

measures. These measures are extended as part of Team Europe's efforts to support Georgia and other EU partner countries during the pandemic.

To date, the EU bank has invested more than €290 million in credit lines for Georgian businesses, sustaining more than 54 000 jobs in the country.

### **Background information:**

#### **The EIB in Georgia:**

The EU bank has been supporting the economic and social development of Georgia since 2007, providing some €1.85 billion to the local economy to date. The EU bank's activities in the country have supported key infrastructure projects (€1 billion), MSMEs and mid-caps (€290 million), municipal infrastructure (€280 million) and green energy generation projects (€23.5 million). COVID-19 recovery activities in 2020 totalled €170 million.

Georgia is among a few non-EU countries eligible to benefit from European Investment Fund (EIF) operations, designed to support small and medium-sized enterprises (SMEs) with risk-sharing instruments. Today, the EIB Group portfolio of guarantees in Georgia covers €382.9 million of SME loans.

The EIB finances most projects in Georgia under the EU External Lending Mandate. This provides the EIB with a guarantee covered by the EU budget for projects in the fields of social and economic infrastructure, local private sector development and climate action. Projects may also benefit from EU grants made available under the DCFTA (Deep and Comprehensive Free Trade Area) programme funded by the NIP (Neighbourhood Investment Platform), which amongst others promotes the EIB's efforts to make funding available in local currency.

For more information on the EIB's activities in Georgia please follow [this link](#).

#### **About [JSC Liberty Bank](#):**

Liberty Bank is one of the largest banks in Georgia, with total assets of over GEL 2 billion and capital of GEL 200 million. The bank operates the largest branch network comprising over 360 branches and 570 ATMs. It is the exclusive agent of the Government of Georgia for the distribution of pensions and social benefits. Liberty Bank has more than 4 600 employees serving over 1.7 million customers.