



**European
Investment
Bank**

The EU bank



European Investment Bank Group in Georgia

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EIB funding in Georgia: EUR 1.9bn since 2007

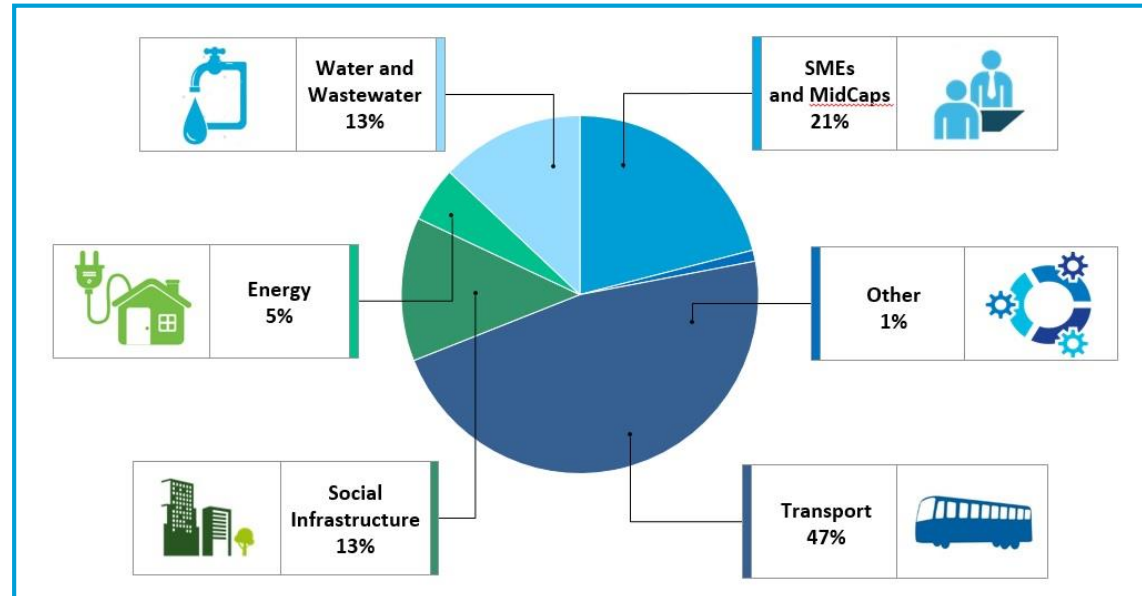
External Lending Mandate

Development of the local private sector, in particular SMEs

Development of social and economic infrastructure

Climate change adaptation and mitigation

Enabling Environment and Private Sector Development, EUR 6bn+



Project Examples



Georgia Transport Connectivity



Upgrade of Municipal Infrastructure



GWP Tbilisi Waster Water and Infrastructure



TBC Bank Loan for SMEs

EIB Support to SMEs in Georgia

Loans for SMEs and Mid-Caps disbursed from 2009 to date:

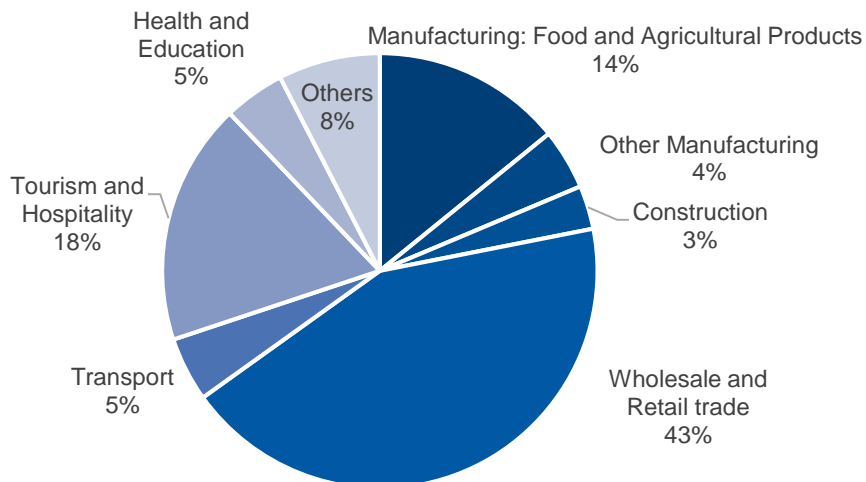
Supporting around
1300 SMEs
through
intermediated loans

These enterprises
employ over
22,000
people

Intermediaries
allocated close to
EUR 140m
Total project cost
EUR 180m

Average allocation size
EUR 107,000
varying from
EUR 2,300 to 12.5m

Allocations by sector



Key Elements of our approach

We work through intermediaries (1-tier, 2-tier, MFIs)

We work on the basis of EU external policies

We trace our funding to individual allocations

EIB Strategy – Financial Inclusion and Access to Finance

Challenges

Maturity Mismatch

High interest rates and scarce availability of funding beyond three year tenors

Asymmetry of Information

Risk as perceived by banks associated with lending to SMEs
Capacity by SMEs to present bankable investment projects

Risk Appetite and Collateral Gap

SMEs are perceived to be too risky and collateral requirements are often too high

Currency Gap

Limited availability of long-term local currency funding

Solutions

Long-Term Funding

Providing loans with attractive interest rates and long term maturities

Technical Assistance

Expert advice and capacity building to banks and to SMEs

Partial Portfolio Guarantee Schemes

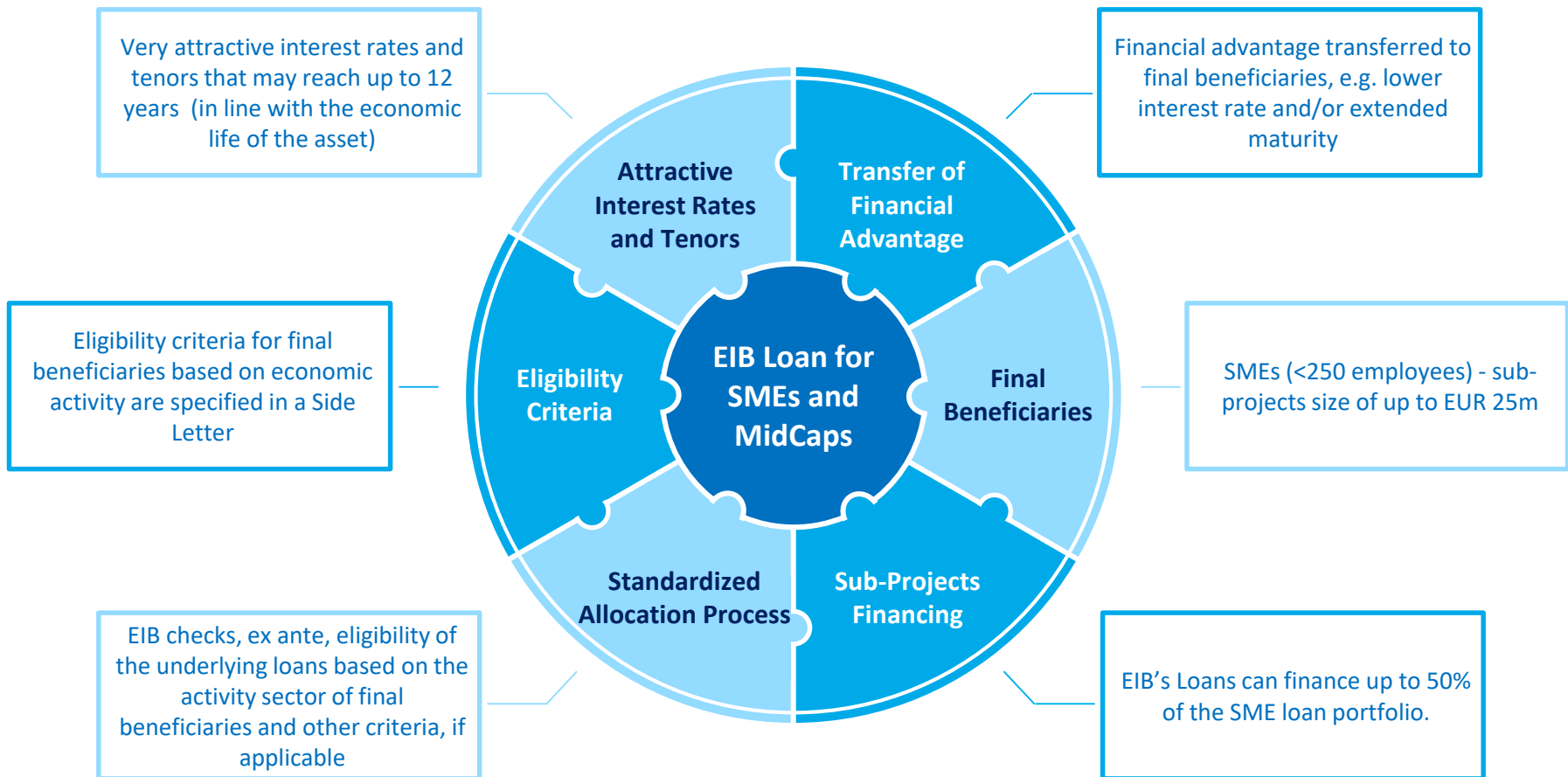
Pushing banks down market – taking more risk while reducing collateral requirements

Local Currency Loans

Making available long term funding in local currency to financial intermediaries

Loans for SMEs and MidCaps

Key Features



Technical Assistance

Rationale

Finance on its own is not enough to ensure business success.

Training

Coaching

Advisory services



Maximizing the Impact

Expert Support Facility

Objective

Reduce asymmetry of information between intermediaries and final beneficiaries.

Capacity Building

Make available to selected banks training programmes and or advisory services aiming to improve their capacity to understand the targeted sector and better assess the risks related thereto.

Support to SMEs

Provide advisory services to final beneficiaries, such as support in putting together bankable projects in line with the relevant eligibility criteria, filling out loan applications, etc.

Partial Portfolio Guarantees - Access to Finance

EIB and EIF - leading provider of guarantees - are joining forces to support SMEs and promote private sector development in Georgia.

Two programmes are available :

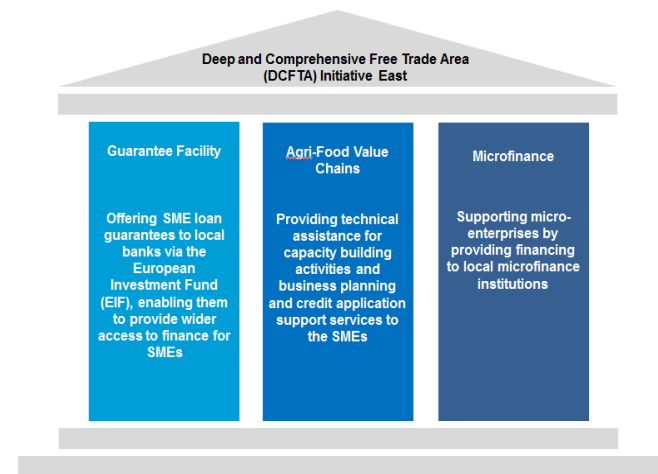
InnovFin EU Finance for Innovators

The European Commission and the EIB Group have launched a new generation of financial instruments and advisory services to help innovative firms access finance more easily.



DCFTA Initiative East

The Initiative aims to strengthen economic development in the countries that have signed Association Agreements with the EU - namely Georgia, Moldova and Ukraine - by providing targeted financial and technical support to SMEs in these three countries.



DCFTA Initiative East – Results in Georgia



Support for approx.
290 SMEs
through Guarantee Facility

These enterprises
employed some
5,000 people

EUR 5 m
of guarantees signed with
2 Participating Banks
catalysing investment of at
least

EUR 40m
(Leverage of 8.0x)



EIB Loans of some

EUR 9m

to microfinance
enterprises through
Microfinance Institutions



Thank you for your attention!

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OPPORTUNITY DELIVERED



**2018
ACTIVITY
REPORT**

