



**Diaspora Economic Forum, Georgia**  
**4. Panel: Access to Finance**  
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# EIB funding in Georgia

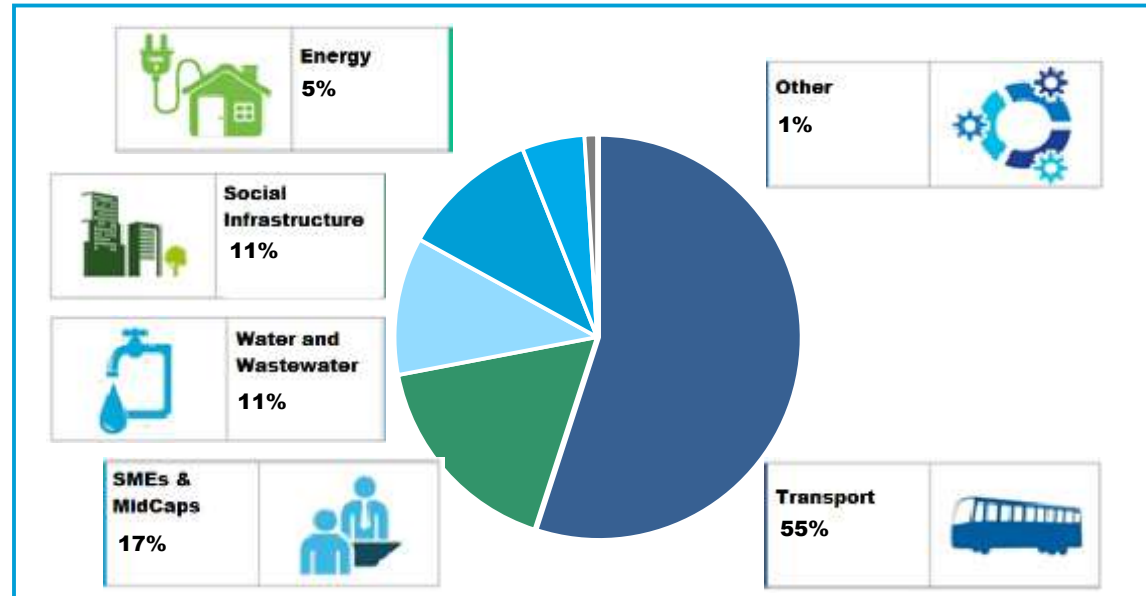
## External Lending Mandate

Development of the local private sector, in particular SMEs

Development of social and economic infrastructure

Climate change adaptation and mitigation

24 operations, over 1.8bn signatures since 2007



## Project Examples



Georgia Transport Connectivity



Upgrade of Municipal Infrastructure



GWP Tbilisi Waster Water and Infrastructure



Loan for SME Outreach Initiative

# EIB support to Private Sector Development

Public Sector	Inputs to sector dialogue; public support programs
Corporates; PF	Direct lending; typically $\geq$ EUR 15m; 50% of project cost
SME & MidCaps	Via banks; SME (employees $<250$ , sub-loan $\leq$ EUR 12.5m)
Microfinance	Via MFIs; micro-enterprises (employees $<10$ )
Equity Funds	Typically regional funds with other institutional investors

# EIB Support to SMEs in Georgia

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

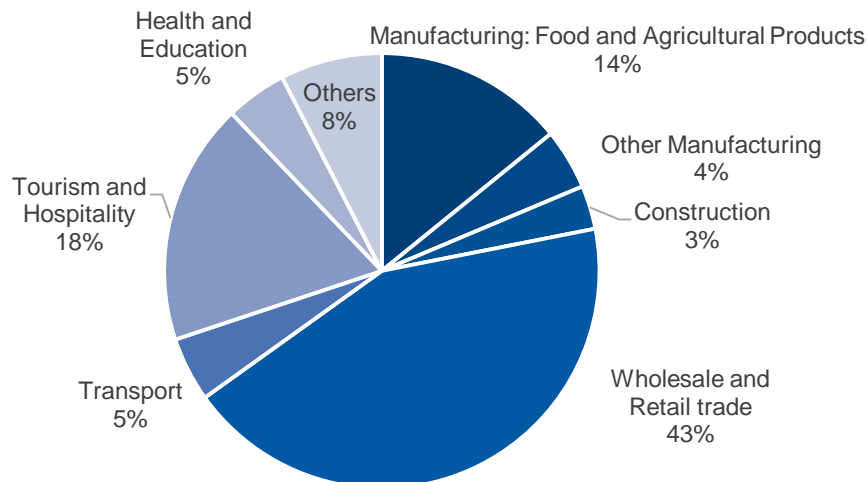
Supporting around  
**2,200 SMEs**  
through intermediated  
loans

These enterprises  
employ over  
**22,000**  
people

Intermediaries signed  
close to  
**EUR 300m**  
of which over  
EUR 160 in last 2 years

Average allocation size  
**EUR 128,000**  
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

We comply with EU standards

# 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

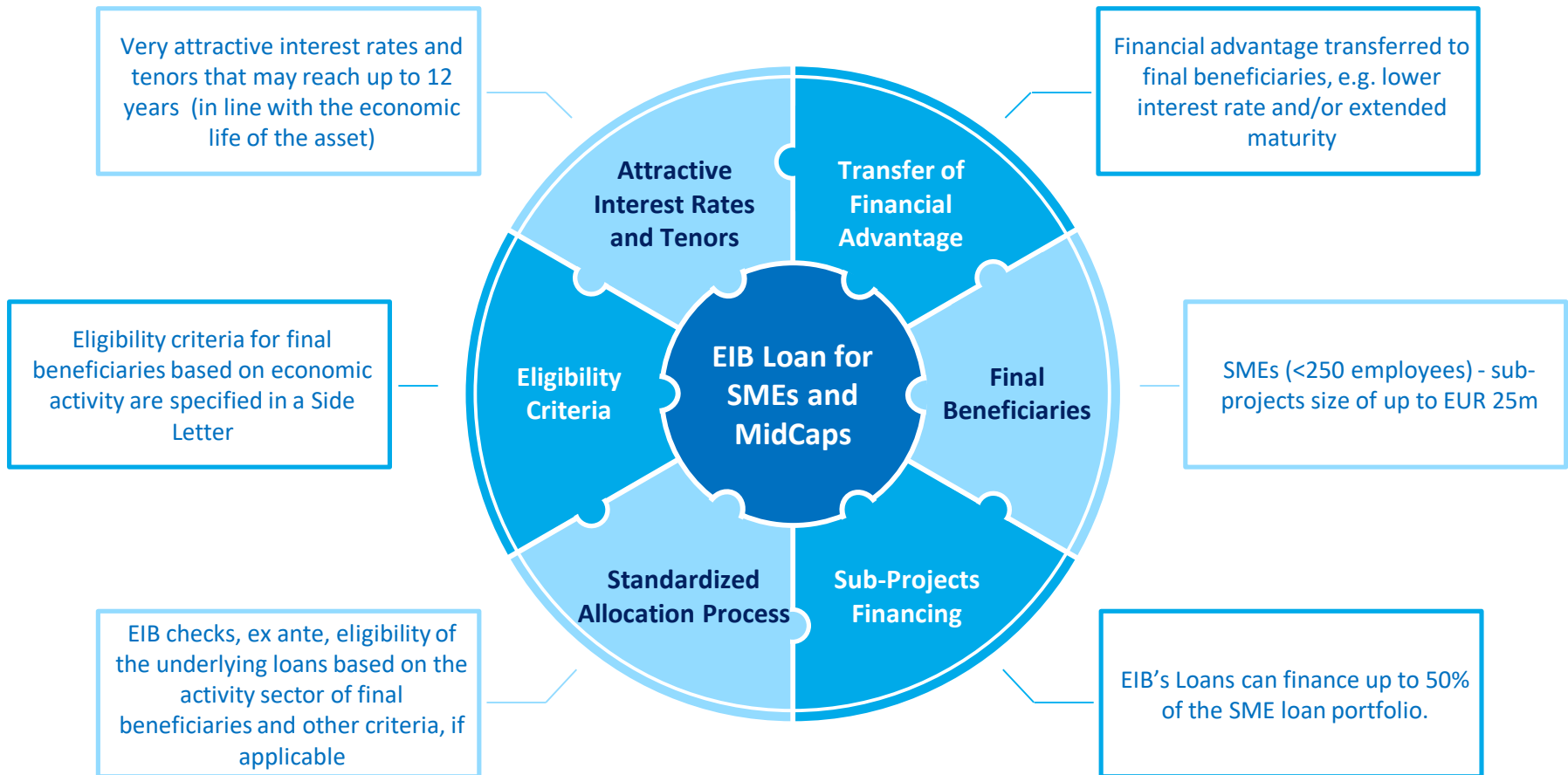
Pushing banks down market – taking more risk while reducing collateral requirements

### 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.

# Thank you for your attention!

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## CRISIS SOLUTIONS

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