

EIB MSME Conference – Georgia 2023

Green, Inclusive and Growth Finance

28 November 2023, Tbilisi



EIB support to MSMEs in Georgia - Impact

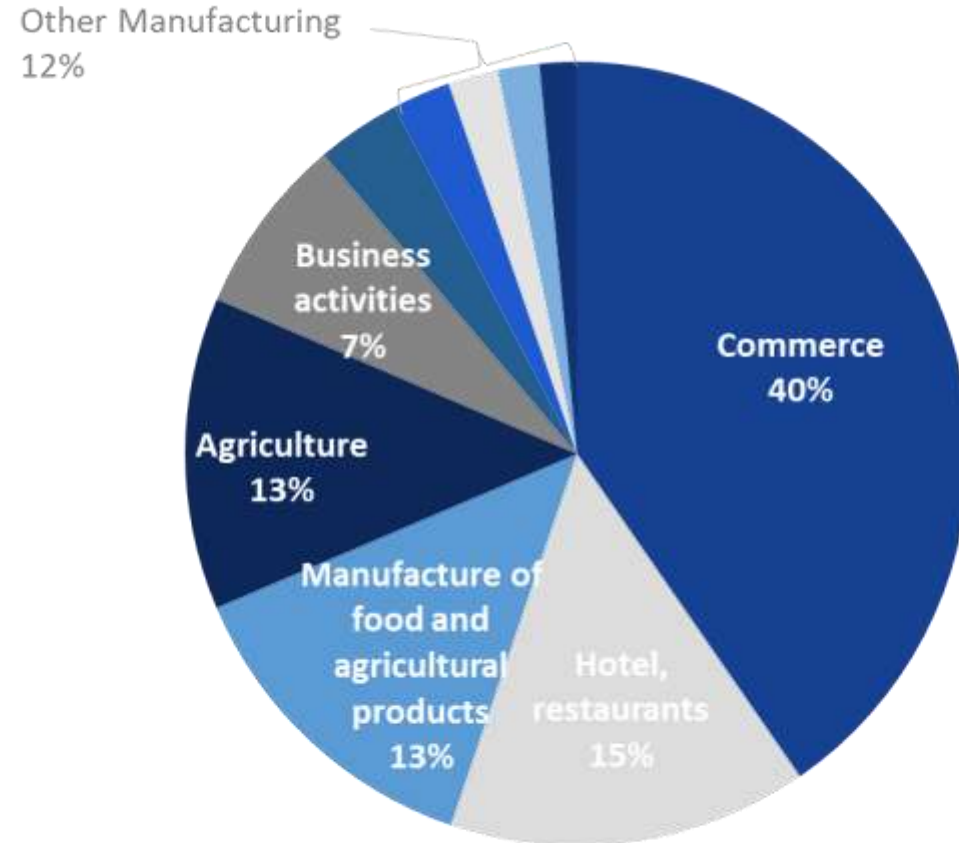
Loans for SMEs and Mid-Caps disbursed during the last 5 years:

Supporting around
6,000 MSMEs
through intermediated
loans

These enterprises
sustain jobs of over
32,000
employees

Financial Intermediaries
allocated over
EUR 170m
Total project cost
EUR 220m

Average loan size
< EUR 30,000
varying from
EUR 500 to EUR 3.7m



EIB MSME Support Strategy - Georgia

EIB Intervention Pillars - Policy priorities

Green Finance



... contributing to green transition by

- Strengthening sustainable green growth and development of a circular economy
- Developing long-term pathways to build resilience to climate crises
- Accelerating system-wide green transformation

Inclusive Finance



... promoting social inclusion by targeting

- Socially excluded MSME entrepreneurs
- MSMEs that provide employment to socially excluded groups
- MSMEs that provide specific products and services to socially excluded groups

Competitiveness & Growth



... contributing to competitiveness and growth by

- Supporting innovation and digitalization
- Supporting MSMEs and FIs in trade and global supply chain financing
- Improving availability of growth financing resources for MSMEs

EIB Instruments

Long-Term Funding

Providing loans with attractive interest rates and long term maturities

Local Currency Loans

Making available long term funding in local currency to financial intermediaries

Partial Portfolio Guarantee Schemes

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

Technical Assistance

Expert advice and capacity building to MSMEs, banks and other stakeholders

Mandators

EFSD+
Guarantee

NIP Grant
Blending

EFSD+
Guarantee /
NIP Grant
Blending

EIB Trust
Funds
(EPTATF, IKIF)

Green Finance – Greening Financial Systems



Climate Bank Roadmap

100% Paris Alignment from 2021

50% Green Finance from 2025

1tn Green Investments 2020-30



Financial Institutions



Paris Alignment of Eligibility Criteria

EPTATF TA: support in climate strategy, TCFD reporting, stress testing

GFS TA: support in growing a green lending portfolio

GFS TA: supporting a larger pool of banks in meeting regulatory requirements, climate risk management, green strategy development

Loan Facilities with dedicated green tranches

- Minimum 30% of loan dedicated to green investments
- Financial advantage for Financial Institutions and MSMEs
- EIB green eligibility criteria, loan allocation TA supported



საქართველოს ეროვნული ბანკი
National Bank of Georgia

Sustainable Finance Roadmap

GFS TA: adaptations of climate related scenarios for Georgia, development of climate scenario analysis framework/documentation

Supporting a Green Transition in the MSME sector



Inclusive Finance – Outreach Initiative

Challenge

EIB response



Georgia
Outreach Initiative

Outreach Initiative –
Southern Caucasus

Financial Intermediaries

Smaller intermediaries face difficulties to compete (higher cost of funds, shorter term funding)

- Increase number of EIB intermediary channels (more options for MSME access to finance)
- Support intermediaries to increase competitiveness (better quality / quantity for MSME access to finance)

- **launched in 2019 (3 counterparts)**, loans supported by EU Guarantee
- EU Grants (DCFTA local currency) and EPTATF Grants (technical assistance)

- **launched in 2022 (in Georgia)**, loans may qualify for EFSD+ Guarantee support
- Complementary grant support envisaged

Final Beneficiaries

Underserved segments of the economy (women, youth, rural) find it more challenging to access finance

- Support collection of more disaggregated data on loan portfolio
- Loan facilities with dedicated focus, catered to clients needs
- Complementary technical assistance for intermediaries and clients

Growth & Innovation – EU4Business Guarantee

- ❑ **DCFTA Guarantee Facility** launched in 2017 covering Georgia, Ukraine and Moldova
- ❑ Portfolio Guarantee instrument covering SME lending risk
 - ❑ The financial institutions provide lending at improved terms – such as reduced collateral requirements and reduced interest rate.
 - ❑ 70% of the losses are covered by the guarantee on a loan by loan basis, up to a cap on total losses in the portfolio
- ❑ Seven partner banks across the three countries – two in Georgia
- ❑ Until the start of the war in Ukraine, the facility supported EUR 347m lending to SMEs across the three countries. During the war, reviewed the usage of the guarantee budget and supported an additional EUR 227m lending in Ukraine

Impact via DCFTA Guarantees in Georgia



Currently launching the successor guarantee facility EU4Business – soon to be published on EIF's website

THANK YOU



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For further information
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