

# Georgia: EIB Group and Bank of Georgia join forces to support businesses to better deal with the consequences of the COVID-19 crisis



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- EIB Group signed guarantee agreement supported by [InnovFin SME Guarantee Facility](#) enabling Bank of Georgia to provide up to €60 million in loans to SMEs
- The operation is expected to improve access to finance for over 100 businesses, particularly enterprises affected by the COVID-19 crisis
- This is the third operation of EIB Group's InnovFin Guarantee Facility in [Georgia](#)

The European Investment Bank Group (consisting of EIB and EIF) and Bank of Georgia have signed a guarantee agreement of up to €60 million backed by the InnovFin SME Guarantee Facility. The InnovFin Guarantee covers 50% of every loan disbursed by the Bank of Georgia and targets small and medium-sized enterprises and mid-caps that require investment and working capital to finance research, development and innovation activities. This operation is covered by the [EU4Business](#) Initiative.

Furthermore, as a response to the COVID-19 pandemic, the guarantee also covers 80% of loans provided by Bank of Georgia to SMEs and mid-caps impacted by the coronavirus crisis for their working capital needs.

**EIB Vice-President Lilyana Pavlova, responsible for the EU bank's operations in Georgia,** commented: *"The EU bank's financing aims to increase the quality of life of Georgian people and to build a more innovative and greener economy that is strongly connected to the EU. Addressing the economic well-being of smaller innovative businesses is a key element of the [EIB Group's response to the COVID-19 crisis](#). This operation is enabled jointly by the EIB Group and a well-established partner – Bank of Georgia. It is facilitated by new features of the InnovFin SME Guarantee, which make it possible for the EIF to provide enhanced terms and conditions for guarantees and counter-guarantees to incentivise financial intermediaries to provide working capital financing to SMEs and mid-caps hit by the economic impact of the coronavirus pandemic."*

**Bank of Georgia CEO Archil Gachechiladze** commented: *"I am delighted to see that Bank of Georgia and the EIB Group have successfully cooperated under the InnovFin Guarantee Facility, which will increase the Bank's capacity to offer financial services to Georgian MSMEs and mid-caps that invest in research and development and digitalisation, and are innovation-oriented. Instruments like the InnovFin Guarantee Facility are crucial for the modernisation of the country's businesses and the approximation of their standards to best practices in Europe. As a financial intermediary, we are happy to be able to extend credit to forward-looking enterprises in Georgia, especially considering recent developments vis-à-vis the global COVID-19 pandemic, and to maintain a healthy portfolio at the same time. I wish to thank the EIB Group for this support and hope to have further successful transactions with them in the future."*

**EU Ambassador to Georgia Carl Hartzell** stated: *"Small and medium businesses are key to Georgia's economic development, and many of them have been hit hard by the COVID-19 crisis. We are very happy that the European Union, via our bank the EIB, has been able to facilitate further access to finance to help them overcome current challenges and to innovate and develop for the future."*

#### **About InnovFin**

The [InnovFin SME Guarantee Facility](#) is established under the "EU InnovFin Finance for Innovators" initiative developed under [Horizon 2020](#), the EU Framework Programme for Research and Innovation, which also covers Georgia. It provides guarantees and counter-guarantees on debt financing of between €25 000 and €7.5 million in order to improve access to loan finance for innovative SMEs and small mid-caps (up to 499 employees). The facility is managed by the EIF, and is rolled out through financial intermediaries – banks and other financial institutions – in EU Member States and Associated Countries. Under this facility, financial intermediaries are guaranteed by the EU and the EIF against a proportion of their losses incurred on the debt financing covered under the facility.

#### **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. The EIB has joined forces with the European Union to strengthen economic development in the countries that 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 Bank of Georgia:**

JSC Bank of Georgia is the leading Georgian bank with a market share of 35.9% (based on total assets), 35.6% (based on total loans) and 35.4% (based on client deposits). The Bank offers a broad range of retail banking, corporate banking and investment management services. As of 31 March, 2020, Bank of Georgia served approximately 2.5 million client accounts through one of the largest distribution networks in Georgia, with 228 branches, the country's largest ATM network, comprising 939 ATMs, 3,183 Express pay (self-service) terminals and a full-service remote banking platform and a modern call center. Bank of Georgia is listed on the main market of the London Stock Exchange, through its parent company, Bank of Georgia Group PLC, which is a constituent of the FTSE 250 Index. Bank of Georgia has credit ratings from global rating agencies: 'Moody's': 'Ba3/'Ba2 (foreign and local currency), outlook 'Stable'; Fitch Ratings: 'BB-/B' (long and short term issuer default ratings), outlook 'Negative'.