

## EIB props up its partnership with Greek Commercial Banks

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Hosted by the **Prime Minister of the Hellenic Republic Mr Kostas Karamanlis**, and **EIB President, Mr Philippe Maystadt**, the European Investment Bank 50<sup>th</sup> year anniversary event took place in Athens on 11 November 2008.

On the occasion President Maystadt stated: “I am convinced that the European Investment Bank, the Greek authorities, Greek banks and business can forge an ever closer partnership in the years ahead so as to further enhance living standards in Greece and mitigate the impact of the current financial crisis”.

Opened by **Mr Georgios Alogoskoufis, Minister of Economy and Finance**, the conference reviewed EIB’s partnership with commercial banks for financing SMES, industry, technology and infrastructure.

At his concluding remarks, **Mr Plurarchos Sakellaris, EIB Vice-President** noted: “The European Investment Bank at the age of 50 is dynamic and is addressing the challenges ahead. We are here to support the real economy through closer cooperation with the Greek banking sector. Our activity in Greece in the years to come will increasingly focus on supporting private sector investments. Additionally, we will also bolster investments promoted by Greek private sector groups in the neighbouring countries, where Greek companies have a substantial presence. Our activity will trickle down into SMEs, larger corporates, Public Private Partnerships and other types of project finance/concession structures. For higher impact, we are complementing our toolkit with more risk sharing arrangements and financial products”.

**Prominent speakers addressed the event, which was attended by more than 300 senior representatives of the country’s political, banking, entrepreneurial and academic scene.**

In the first session, entitled “SME financing and cooperation with financial institutions”, Andreas Verykios from EIB presented current EIB finance products for smaller companies as well as the essence of the characteristics of the loans for Small and Medium Sized enterprises. Richard Pelly from the European Investment Fund

spoke of new opportunities for smaller companies funding, whilst Panayiotis Drosos from the Ministry of Economy and Finance focused more on the joint EIB/ European Commission “JEREMIE” initiative for financing micro to medium companies.

The two representatives of the commercial banks, notably Pierre Harang from Emporiki and Yannis Lebidakis from Pancretan presented their experience with the EIB as well as their point of view with respect to future demand especially with regard to the risk sharing structures.

The first session was followed by two parallel sessions. In the “Industry and Technology” session Tom Barrett presented the EIB’s “RSFF” facility, which is expected to support higher risk financing for research, development, demonstration and innovation investments, assisting to turn Greece into a knowledge-based economy, in line with EU’s Lisbon agenda. This presentation was the basis of a wider discussion that covered among others the questions of low utilisation of venture capital in Greece. It also debated the role of the state, the banks, the large corporates, as well as institutions like the EIB in the financing of innovation.

In the second parallel session was dedicated to “infrastructure and Public Private Partnerships” Themis Kouvarakis from EIB summarized such activities in Greece benchmarking them with EIB activity in other EU markets. He emphasised the importance the EIB attaches to new sectors for Public Private Partnerships (PPPs), including education, health and environment/Waste-Water. Reference was also made to ways of optimising the Bank’s participation in these financings. The session was characterised by a vivid discussion on the pros and cons of PPP financing, the ways EIB can increase its value-added in the current financial crisis climate, as well as on the need for additional financial instruments. The discussion proved that Greece is a mature PPP market and attention should now be shifted in widening the range of sectors where PPP financing takes place, while reviewing the procedures so as to include smaller scale investments.

## **BACKGROUND NOTES**

The European Investment Bank (EIB) is the long-term lending Bank of the European Union. Its task is to contribute towards the integration, balanced development and economic and social cohesion of the EU Member States. In 2008 the EIB celebrates its 50<sup>th</sup> anniversary and at the same time completes 45 years of activity in Greece. Since 1981 it has provided loans of over EUR 17 bn to viable and sound Greek projects and programmes, while the Greek portfolio of outstanding loans for investment projects amounts to roughly EUR 9 bn, of which some 70% were directed towards the infrastructure sector.

On the occasion of its 50<sup>th</sup> year anniversary the Bank is aiming at adjusting its activities to the current model of economic growth for Greece. The aim is to balance lending between private and public sector, through larger sectoral diversification and the support of the rapidly expanding services sector.