



## Serbia: EIB's EUR 1.4bn financial crisis plan for closer relations with EU - Signature of first EUR 250m loan for SMEs and the new Framework Agreement

### Contact

Marco Santarelli

[m.santarelli@eib.org](mailto:m.santarelli@eib.org)  
+39 06 47 19 726

Reference: 2009-073-EN

Date: 11/05/2009

The European Investment Bank (EIB) has launched a programme for 2009 in Serbia aimed at combating the financial crisis and bringing the country closer to the European Union. Today in Belgrade, a first loan of EUR 250m for small and medium-sized enterprises (SMEs) and priority projects in the country, via the National Bank of Serbia, was signed. This is the first in a series of operations that are expected to see the EIB support Serbia's real economy in 2009-2010 with loans worth over EUR 1.4bn aimed to support the recovery of Serbian economy and pave the way towards European integration.

At the same time, the EIB and the Republic of Serbia signed a new Framework Agreement aimed at laying down the EIB activity in Serbia.

The EIB was represented by Dario Scannapieco, Vice-President with responsibility for financing operations in Italy, Malta and the Western Balkans; Serbia by Deputy Prime Minister and Minister of Economy Mladjan Dinkic, Deputy Prime Minister and Minister of Technological Development Bozidar Djelic, Finance Minister Diana Dragutinovic; and the National Bank of Serbia by its Vice Governor, Ana Gligorijevic.

### **SMEs: EUR 250m via the National Bank of Serbia**

The EUR 250m loan will be disbursed via the National Bank of Serbia and will be on-lent by Serbian commercial banks. During the current financial downturn, the amounts made available by the EIB will help to fund and support projects by SMEs and local authorities as well investments in the following sectors: industry, infrastructure, energy, environmental protection, knowledge economy, health, education, and services. EIB loans are available to all financial institutions in Serbia. In order to accelerate support to the SME sector, EIB loans may cover up to 100% of the cost of each project.

"The EIB has been active in Serbia for many years; however, with the agreements signed today, cooperation between the Bank of European integration and the Serbian government has taken a huge step forward", remarked EIB Vice-President Scannapieco. "Our commitment in this country throughout 2009 and in the years to come will fund investments and thus the development of businesses and local authorities as well as the completion of key infrastructure that will connect Serbia with the rest of Europe. EIB's key contribution will therefore help Serbia to combat the recession and make a swifter recovery, thereby adding greater weight each day to that country's plans of nurturing closer ties with the European Union".

### **2009 potential: EUR 1.4bn to all sectors of Serbia's economy**

Overall, Serbia's projects currently being appraised by the EIB exceed EUR 1.4bn. Since the EIB finances up to 50% of the total project cost, over the next few years investments totalling at least EUR 2.8bn could be made thanks to EIB support. This corresponds to around 3% of Serbia's entire GDP.

This is unparalleled and matches total EIB signatures in Serbia over the past eight years. During the period 2001-2008, total financing was EUR 1.38bn (see attachment).

The projects concern all sectors of the economy from the financial sector, motorways and rails (Corridor X) to education, energy, research and development and local infrastructure.

### **Note to editors:**

## **EIB activity in the Western Balkans and Serbia**

### **The Western Balkans**

The EIB has been active in the Western Balkans for many years – since 1974 – and to date it has financed projects totalling over EUR 3.5bn in the region's various countries on top of providing finance of EUR 1.9bn to Croatia and EUR 3.2bn to Slovenia.

Of total disbursements in the Western Balkans in the past eight years, 55% has gone to the transport sector, 14% to energy, 7% to health and education, 20% to intermediated loans to SMEs, 2% to industry and services and 2% to water and sanitation.

### **Serbia**

Serbia has therefore been the main beneficiary of EIB funding since 2001 with extended financing of EUR 1,630bn to date (including the EUR 250m loan signed today).

In 2008, three separate projects were signed: EUR 50m for regional and local infrastructure, EUR 70m for four clinical centers located in Belgrade, Kragujevac, Nis and Novi Sad and EUR 50m for lease financing for SMEs.

The projects being appraised in 2009 mostly concern investments in Corridor X (road and rail), improvement of local infrastructure and environment, research and development, school modernisation, energy transmission, upgrade of judiciary facilities and support to SMEs. All these projects may possibly benefit from EIB financing of over EUR 1.4bn.

### **About the EIB:**

#### **What is the EIB?**

The European Investment Bank was created by the Treaty of Rome in 1958 as the long-term lending bank of the European Union.

The task of the Bank is to contribute towards the integration, balanced development as well as economic and social cohesion of the EU Member States.

The EIB raises substantial volumes of funds on the capital markets which it lends on favourable terms to projects furthering EU policy objectives. The EIB continuously adapts its activity to developments in EU policies.

The EIB:

- enjoys its own legal personality and financial autonomy within the EU
- operates in keeping with strict banking practice and in close collaboration with the wider banking community, both when borrowing on the capital markets and when financing capital projects.

#### **Who are the shareholders?**

The EIB's capital is owned by the 27 member countries of the EU. France, Germany, Italy and the United Kingdom each have 16.2%, followed by Spain, with just over 9%.

#### **What types of project does it finance?**

There are six financing priorities, which are laid down by the shareholders and EU mainly in the following sectors:

1. convergence and cohesion, involving the poorest regions of the EU;
2. small and medium-sized enterprises;
3. energy;
4. research, development and innovation;
5. infrastructure;
6. environmental protection.

#### **Key figures: the EIB in 2008**

- **Total financing operations: 57.6bn** (+21%, compared with 47.8bn in 2007) of which:

- EU countries: **51.5bn**
- Accession countries: **3.4bn**
- Non-EU countries: **2.7bn**

- **Total stock of financing operations as at 31 December 2008: 355bn** (+ 9.2%, compared with 324.8bn in 2007)

- **Total raised by issuing bonds on the international markets in 2008: 59.5bn** (+ 9%, compared with 54.7bn in 2007), raised via 247 issues in 18 currencies.

Funds raised in the three main currencies account for 86% of the bonds issued:

- in euros: 16.8bn
- in US dollars: EUR 25.5bn
- in pounds sterling: EUR 8.9bn

- **Total stock of funds raised as at 31 December 2008: 253bn** (246bn in 2007)

#### Projects

- Financing of small and medium-scale projects carried out by SMEs