

PRESS RELEASE

KfW and Banca Intesa sign contracts on the third credit line

30 million euros for funding local self-governments

Belgrade (30th September) – On behalf of the Federal Ministry for Economic Cooperation and Development of the Republic of Germany, a German development bank KfW Entwicklungsbank and Banca Intesa have signed contracts stipulating the 30-million-euro-third-credit line that will be used for financing development projects at the local level and improving the population's living standard through investments made in public infrastructure.

On behalf of KfW group, the credit line contract was signed by Jürgen Welschof, Director of the bank's Belgrade office and Esther Gravenkötter, senior project manager for financial sector. On behalf of Banca Intesa, the contract was signed by Draginja Đurić, the Chairwoman of Banca Intesa's Executive Board and Marco Capellini, Deputy Chairman of the bank's Executive Board. The First Secretary of the Federal Republic of Germany's Embassy Christoph Eichen was present at the signing ceremony. The total value of KfW funds that will have been spent on municipal infrastructure in Serbia, including the aforementioned line, amounts to 100 million euros, with 90 million euros reimbursed via Banca Intesa. For instance, a portion of the funds from the previous two credit arrangements was invested in the waste water filtering facility in Temerin (350,000 euros) and a new nursery in Čačak (610,000 euros).

Within the framework of the Municipal Infrastructure Financing Programme, Banca Intesa has reimbursed 60 million euros worth of loans to municipalities and public utility companies so far - Esther Gravenkötter, senior project manager for financial sector, said. She outlined that the product, developed by KfW in a close cooperation with banks over a period of three years, has been viewed as very important and urgent by municipalities. Also, Gravenkötter pointed out that German Government, through KfW, had funded the ancillary technical support, which was important for this credit line to be successfully implemented, and helped the municipalities in preparing projects.

„By being mindful of the difficulties that certain local self-governments have been experiencing in the past period, we have continued with our funding at the time when many hesitated. To illustrate this point, let me say that almost a half of all investment loans granted to local self-governments were reimbursed through Banca Intesa. Apart from that, if we are talking about deposit and credit activities, Banca Intesa is a reliable partner to over 90 municipalities in Serbia“, Draginja Đurić, the Chairwoman of Banca Intesa’s Executive Board, said.

Director of KfW’s Belgrade office, Jürgen Welschhof said that he expected that the demand would remain high and that the number of municipalities interested in participating in the programme would grow. He added that KfW planned to continue funding municipal infrastructure projects, through commercial banks in Serbia, adding that special incentives for energy efficiency investments would be made available in order to make the market even more competitive and improve the client offers. The First Secretary of the Federal Republic of Germany’s Embassy Christoph Eichen underlined that the new credit line for funding municipal infrastructure was a balanced demonstration of the German Government’s continuous contribution to modernization of Serbian infrastructure in many areas. He added that he was very appreciative of the fact that loans had been granted to many municipalities all over the country, while pointing out that that was a clear sign of their significant interest expressed for improving the living standard of their residents, which, in turn, was in line with the substantial, long-term and successful cooperation between Serbia and Germany.

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