

## **PRESS RELEASE**

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### **EIB supports high voltage interconnection of Armenia and Georgia**

**The European Investment Bank (EIB) is lending EUR 10 million to finance the construction of an electricity transmission line and a high voltage direct current station to develop a link between Armenia and Georgia. The new electricity infrastructure will deepen regional integration by facilitating energy trade between the two countries and provide Armenia and Georgia with better access to European electricity markets.**

The project consists of the construction of a new back-to-back station in Ayrum (Armenia) close to the Georgian border and a power transmission line linking the two countries. It is designed to provide secure and economically efficient coverage of the growing electricity demand.

The project is also being supported by a EUR 85.2 million loan from lead financier KfW Bankengruppe on behalf of the German government, a EUR 10 million grant from the EU Neighbourhood Investment Facility (NIF), and the own resources of Armenia (EUR 1.5 million) and Georgia (EUR 6.6 million).

The Republic of Armenia's Finance Minister Gagik Khachatryan commented: *"Developing the energy sector is of crucial importance for the growth of Armenia's economy. In this context we highly appreciate the cooperation of the EIB and KfW in extending long-term loans to support this project and the European Commission's willingness to consider providing a grant through the NIF. We hope that our joint efforts on this project will serve its goal of ensuring a reliable energy system"*.

*"This project is an example of the excellent cooperation between the EIB, the regional actors, the European Commission and KfW. Secure and reliable supplies of energy are of crucial importance for further improving the living standards of the people of Armenia and Georgia,"* said EIB Vice-President Wilhelm Molterer, responsible for EIB lending in Armenia. *"The project will also foster regional trade, increase the potential for the use of hydro energy generation and facilitate FDI by ensuring the reliable electricity deliveries needed by foreign investors,"* he said.

*"The connection of the Armenian and Georgian power grids aims at closing a missing link in the regional power network and will contribute to improving energy security in particular in Armenia,"* stated Eva Witt, Director for Eastern Europe, Caucasus and Central Asia at KfW. *"As lead financier, we are glad that the EIB, the European Commission and KfW are joining forces to support this important project"*.

EU Ambassador Traian Hristea confirmed *"the willingness of the EU to support the basic needs of Armenian citizens and in particular their access to sustainable energy through efficient electrical networks"*.

### **Background information:**

The EIB – the European Union's bank – finances projects in Armenia on the basis of an EU Council and European Parliament mandate for the countries of the Eastern Neighbourhood. The 2014-2020 mandate allows the EIB to provide financing of up to EUR 4.8 billion under an EU guarantee to support projects of significant interest to both the EU and its Eastern Neighbours in the areas of local private sector development, social and economic infrastructure and climate change. In addition, the Bank has set up a EUR 3 billion own-risk Neighbourhood Finance Facility to enhance its support for the Neighbourhood Countries.

The EIB lending commitment in Armenia, including the current project, amounts to some EUR 212 million, supporting a well-diversified investment portfolio important for the country's development in the areas of transport, public transport, energy and water sector infrastructure

and indirectly financing the undertakings of small and medium-sized enterprises (SMEs) through EIB partner financing institutions.

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