INTERVIEW

Zavvos: Greece's Accession as a Founding Member to the Defence , Security and Resilience Bank is a major Strategic Breakthrough

How HDB's Role is upgraded by Securing the Pillar Assessment under the new Multiannual Financial Framework (MFF). G. Zavvos speaks to powergame.gr

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The Chairman of the Hellenic Development Bank, George Zavvos © ANA-MPA/GIORGOS VITSARAS

INTERVIEWS

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- **Greece has joined as a founding member** of the **Defense, Security and Resilience Bank (DSRB),** backed by a €100 billion capital base .

- **George Zavvos led the negotiations**, securing cheaper financing for defense needs with AAA-level interest rates.
- **The Hellenic Development Bank obtains Pillar Assessment certification**, immediately unlocking an additional €2 billion from the Recovery Fund.
- **The new Multiannual Financial Framework 2028-2034** offers massive resources, requiring a radical restructuring of national capital-raising mechanisms.
- **The goal is to support Greek SMEs** in the sectors of defense, cybersecurity, energy, and innovation, creating new quality jobs.

Greece has achieved a decisive geopolitical and economic upgrade by becoming a founding member of the **Defense, Security and Resilience Bank (DSRB)**. The man who led the multilateral and difficult negotiations on behalf of our country is the former Deputy Minister of Finance and "father" of the pivotal "Hercules" reform, **George Zavvos**, current Chairman of the Hellenic Development Bank (HDB).

Speaking exclusively to ***powergame.gr***, Mr. Zavvos states that Europe is entering a new geopolitical and economic era, where competitiveness, defense, security, and energy now form a single strategy. For Greece, this transition creates unprecedented challenges, but also prospects, which are summarized in three major opportunities:

- **First**, obtaining the **Pillar Assessment** for the Hellenic Development Bank constitutes the major institutional change ensuring expanded financing, acting as the critical bridge for the period after the expiration of the Recovery Fund.
- **Second**, the new **Multiannual Financial Framework (MFF) 2028-2034** opens up vast resources, the utilization of which, however, requires a radical change in national fundraising and investment management structures.
- **Third**, the strategic inclusion of Greece as a founding member of the **Defense, Security and Resilience Bank (DSRB)** ensures cheap financing to shield and develop the domestic defense and technological ecosystem.

The Defense, Security and Resilience Bank (DSRB)

Mr. Chairman, I will start with the third parameter you highlighted, which goes beyond narrow European borders. Greece participates as a founding member in the Defense, Security and Resilience Bank (DSRB). As the person who led the multilateral negotiations on behalf of our country, how exactly will this organization be funded, how will it achieve a reduction in the cost of money, and what is the tangible benefit for Greek industry, small and medium-sized enterprises, and the Greek taxpayer?

George Zavvos: First of all, I must refer to the Prime Minister's decision of paramount importance, to include our country in this new global organization. This move signals a decisive geopolitical and economic upgrade for Greece at a critical juncture of international realignments, as it places us directly at the founders' table, where new global financial balances are co-shaped. We did not merely participate actively in negotiations; we decisively influenced the structure and functions of the bank.

The DSRB uniquely stands as the first global financial institution to combine financing, defense, and security in a dynamic synergy. We have definitively left behind the era of traditional Bretton Woods institutions.

Greece's participation as a founding member of the Defense, Security and Resilience Bank (DSRB) dynamically fills a major gap in the global financial system—a purely intergovernmental bank with a capital base of €100 billion. Member states alone will influence its composition and decisions, while commercial banks and private groups will have access to it as clients. The Bank will hold a triple-A (AAA) credit rating. This ensures maximum possible leverage: the DSRB will raise multiple times more resources from international capital markets—without burdening state budgets—to provide affordable financing for defense, security, resilience, and dual-use technology projects.

Regarding your question about the cost of money, the answer has two parts:

- **On a state level:** Our country gains access to much cheaper capital to cover its defense needs, borrowing at AAA-level interest rates (i.e., the lowest possible market rates). This means massive resource savings for the state and the citizen. Consider what this relief means for a country that historically records some of the highest defense expenditures in NATO.
- **On a market level:** The benefit for Greek industry, SMEs, and employment is immediate and practical. With our entry, we aim for the horizontal reinforcement and cheap financing of the domestic ecosystem and the supply chain comprised of our small and medium-sized enterprises in highly critical sectors: defense industry, security, critical infrastructure, energy (such as networks and submarine cables), cybersecurity, advanced technology, drones, innovation, pharmaceuticals, and biotechnology.

In other words, we strengthen everything that falls under the operational concept of security, at a time when the classic distinctions between defense and development spending have essentially been blurred. Investments in these sectors return to the economy as a "growth dividend", creating new, high-quality, and well-paid jobs.

What is the actual gap that the DSRB comes to fill, though? Why is the existing European and international banking system unable to meet these needs?

George Zavvos: The Defense, Security and Resilience Bank comes to cover a deep structural market weakness. Neither the European nor the international commercial banking system is in a position to finance the massive needs of defense. With state budgets squeezed and commercial banks reluctant to finance SMEs in the defense sector due to strict capital adequacy rules (ESG and Basel), the question was where these resources would be raised from in a timely manner. This weakness, if not addressed immediately, would create a sharp supply-demand imbalance that could send inflation soaring.

In any case, the DSRB will operate complementarily to European institutions, reinforcing the country's strategic autonomy. As you know, my long-standing position on Europe is that the decision to issue a European defense bond has been distinctively delayed. At the same time, the Savings and Investments Union has lost a decade, as it has not yet adopted at the European level the securitization mechanism that we successfully used in the "Hercules" program to raise resources from capital markets without burdening the taxpayer.

The Pillar Assessment

Mr. Chairman, HDB has been working systematically over the past four years to obtain the European Pillar Assessment certification. What exactly will this development mean in

practice for the Development Bank itself, as well as for your main target group, Small and Medium-Sized Enterprises?

George Zavvos: For HDB, obtaining the Pillar Assessment certification—a goal we focused on with a strategic plan and perseverance over the last four years, in close cooperation with the government's economic team—is a catalyst. This is a significant credit and institutional upgrade. It makes HDB an organic part of the European financial architecture, equal in access to European resources to the major development banks of Europe, such as France's Bpifrance and Germany's KfW.

Following a six-year period during which we mobilized over €15.5 billion for small and medium-sized enterprises, we are now immediately unlocking an additional €2 billion from the Recovery Fund, with a multiplied leverage effect. Most importantly, though, the Pillar Assessment shields the financial future of Greek businesses, serving as the natural and necessary continuation for capital flow as we head toward the completion of Recovery Fund resources. Thus, we ensure for SMEs—the engine of our economy—continuous, easier access to cheaper financing and investment programs that until now remained out of their reach.

The New Multiannual Financial Framework (MFF) for the 2028-2034 Period

You refer to the new Multiannual Financial Framework (MFF) for the 2028-2034 period, where the numbers are indeed staggering: €200 billion for the Competitiveness Fund, €106 billion for security and defense, €170 billion for Global Europe. How can Greece effectively tap into these resources, and how do we respond to the challenges of the Draghi and Letta reports on competitiveness?

George Zavvos: This is a fundamental, qualitative change. In the new Multiannual Financial Framework (MFF), the European Commission substantially upgrades the role of national development banks. Especially through the new European Competitiveness Fund and the InvestEU-type architecture—with around €70 billion—national development banks that possess the necessary Pillar Assessment can act as implementing partners of the European Commission. This gives them the direct capability to manage European financial instruments and guarantees firsthand.

Therefore, we are not limited simply to the role of a final intermediary through national programs, but we become part of the European core for mobilizing investments in strategic sectors: competitiveness, green and digital transition, innovation, critical infrastructure, resilience, security, defense, and energy.

The new European Budget 2028-2034 offers an unprecedented opportunity, as for the first time, a Greek development institution will be able to directly tap into these resources for the benefit of the economy. However, this new environment requires exceptional caution and a strategic reorientation from us. Greece must achieve a dual balance: on one hand, to continue pursuing convergence through traditional cohesion and structural funds (with resources for cohesion and agriculture estimated at around €50 billion), and on the other hand, to meet the demanding competitiveness-through-innovation targets set by the Draghi and Letta reports.

At the same time, there is an extremely critical dimension of extroversion that the Pillar Assessment brings: the Hellenic Development Bank now gains the right to access and manage special European Union funds intended for third states. A characteristic example is the

resources for the reconstruction of Ukraine, a package reaching €89 billion. This means that HDB can function as a vehicle that will support and pull the ecosystem of Greek engineering, technology, and manufacturing companies into large-scale international projects, creating a real, powerful footprint of extroversion for our country.

Mr. Chairman, combining these three powerful tools—Pillar Assessment, European Budget 2028-2034, and the new Defense, Security and Resilience Bank—you make a very serious observation: that the Greek financial ecosystem, the banks, the administration, but also the Hellenic Development Bank itself of 2019, must change radically to respond to the 2028-2034 period. What is your final message to the market, investors, and citizens?

George Zavvos: The message is that Europe and the world are changing rapidly, and Greece, which is moving in the right direction, must accelerate and systematically invest in its true competitive advantages. For us, the challenge is not just the quantitative absorption of European or international capital. The key is its correct, qualitative, and targeted allocation to those critical sectors that will trigger the deep transformation of the Greek productive and industrial model—something I will not stop repeating.

Through the dynamic synergy of these three tools, the Hellenic Development Bank can act as the catalyst that converts European and international strategies into real investments, more opportunities for Greek businesses, stronger national resilience, and, above all, dynamic growth and new, quality jobs for citizens. But to achieve this, we must dare and immediately continue the major institutional and reformative breakthroughs dictated by the vital challenges of our time. Adapting to today is a matter of national survival and future perspective.