

EIB Group establishes EUR 25 billion guarantee fund to deploy new investments in response to COVID-19 crisis

- **Extraordinary Board of Directors meeting approves the EIB Group's response to economic effects of COVID-19 crisis: a €25 billion European guarantee which aims to deliver up to €200 billion for the European economy**
- **Board decision follows 9 April recommendation by Eurogroup to include EIB proposal into joint EU response package**

The EIB Group is set to play a key role in the fight against the economic consequences of the COVID-19 pandemic. Following a recommendation by the Eurogroup on 9 April, the Board of Directors of the European Investment Bank (EIB) today backed the creation of a €25 billion European COVID-19 guarantee fund. The fund will enable the EIB Group to scale up its support for European companies up to an additional €200 billion – with a focus on SMEs.

The guarantee fund envisages a contribution from all 27 EU Member States and will also be open to contributions by third parties, for example from the EU budget. The guarantee fund will be established under the EIB's structure of Partnership Platform for Funds (PPF), based on existing legal frameworks and standardized procedures. The fund will be formally established as soon as Member States accounting for at least 60% of EIB capital have made the necessary commitments. As there is no need to create new instruments or processes, the fund can be set up rapidly.

"Europe needs an ambitious pan-European response to the pandemic. This guarantee will allow the EIB Group to play a strong role in the EU package of measures agreed by the Eurogroup. The EU Finance Ministers asked us to act without delay and that is what we are doing. We can now move very fast indeed, work hand in hand with national and EU partners, and ensure that support reaches the economy wherever it is most deeply and urgently needed," said EIB President **Werner Hoyer**.

The European COVID-19 guarantee fund will be implemented by the EIB and the EIF, the Group's subsidiary specialised in funding small and medium-sized enterprises. It will serve as a protective shield for European firms facing liquidity shortages. In order to address the consequences of the pandemic in all impacted markets and sectors, the EIB Group will deploy a broad mix of products. The EIB Group and its partners will make sure that the mix of products backed by the fund responds to market needs and requirements to respond to the crisis. The EIB Group will implement the fund in consultation with experts in national authorities, including central banks, to identify where the needs are most pressing.

President **Hoyer** added: *“The decisions by the Member States on how to help mitigate the destructive effects of COVID-19 show true European solidarity. They prove that Europe stands united and ready to act. Beyond deciding on an immediate backstop, we will need to work hard on a recovery programme for the European economy. The EU’s recovery from this terrible crisis must be fast; it must be green, supporting the pursuit of our climate goals; and it must help Europe catch up in innovation, technology and competitiveness. The EIB Group will play its part.”*

In addition to establishing and managing the COVID-19 guarantee fund, the EIB Group is also implementing the emergency measures announced in March to repurpose existing guarantees to support companies in the EU to overcome the consequences of the crisis. The first measure, launched by the EIF on 6 April, offers dedicated EU-supported guarantees to contain the impact of the pandemic, making available €8bn of financing for SMEs and midcaps across Europe.

As well as this, the EIB Group is using existing financial instruments shared with the European Commission – primarily the InnovFin Infectious Disease Finance Facility – to finance projects that work towards halting the spread of the coronavirus, finding a cure, and developing a vaccine. The EIB Group will also support emergency measures to finance urgent infrastructure improvements and equipment needs in the health sector, using existing framework loans or undisbursed amounts from existing health projects. The EIB Group’s current pipeline of projects in the health sector amounts to around €5 billion.

[Detailed information about the help offered by EIB and EIF](#)