

## EIB Group moves to scale up economic response to COVID-19 crisis



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- **Extraordinary Board of Directors discussed the EIB Group's proposed response to economic effects of COVID-19 crisis: a €25 billion pan-European guarantee fund to support up to €200 billion for the European economy**
- **The Board also approved key elements of an emergency measure package announced in March**

The Board of Directors of the European Investment Bank (EIB) today discussed the creation of a €25 billion guarantee fund to enable the EIB Group to scale up its support for companies in all 27 EU Member States by an additional up to €200 billion. This comes on top of an immediate support package of up to €40 billion announced in March. The Board prepared the proposal for the guarantee fund for discussion by the Eurogroup on the 7<sup>th</sup> of April 2020.

*"We need a pan-European response to the pandemic. We need this response to be ambitious and we need it fast," said EIB President **Werner Hoyer**. "Companies throughout the European Union need massive support. They need more credit lines, bridge loans and working capital to overcome this unprecedented challenge. With the backing of the Member States, the EIB Group's coronavirus response would support financing of up to 1.5% of Europe's GDP to face this unprecedented crisis, complementing the extraordinary efforts made by the Member States."*

The pan-European guarantee fund would serve as a protective shield for

European firms facing liquidity shortages. It could be set up with contributions provided by the Member States and be open to participation by other EU institutions. Building on the EIB Group's existing guarantee programmes and proximity to the market, the funds could be deployed within a very short time. The scheme would be implemented by the EIB and the European Investment Fund (EIF), which form the EIB Group, in close partnership with national promotional banks, the European Commission and other financial partners. It would create a level playing field for small and medium-sized companies in all Member States.

The deployment of funds through the EIB Group would ensure that every Member State benefits from the EIB's AAA rating. The guarantee fund would complement and enhance national packages as EU Member States are heavily influenced by what happens to overall EU demand and market confidence, intra-EU trade, and supply chains and financial markets. 40% of the positive impact on growth and employment from EU investments are thanks to cross-border spillovers of investments. This makes the EIB scheme genuinely complementary to national measures. The EIB Group will work closely with experts in national authorities, including central banks, to identify where the needs are most pressing.

President **Hoyer** added: *"The guarantee fund would be an effective, timely and truly European response to an unprecedented crisis. We want to fight the economic impact of COVID-19 now by getting ahead of it and relieving the stress on the real economy rather than dealing with fall-out later on. Sharing the burden across Member States avoids adding more debt to those countries that are hardest hit by the crisis and under the highest health expenditure stress."*

The Board also approved a multi-beneficiary intermediated loan (MBIL) of EUR 5bn covering all EU Member States, as part of its emergency response package which aims to rapidly mobilise financing for SMEs and Midcaps in the coming weeks up to EUR 40bn.

In addition, 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](#)