

European bilateral development finance institutions and EIB launch EUR 280 million financing initiative to support Covid-19 impacted business



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As part of Team Europe's response to the Covid-19 pandemic, eleven members of EDFI, the Association of European Development Finance Institutions^[1], are strengthening cooperation with the European Investment Bank (EIB) to create a new dedicated Covid-19 financing initiative through the existing European Financing Partners (EFP) scheme. The EUR 280 million initiative will support financial institutions and businesses in developing countries and ensure continued business investment.

"Increasing targeted support for private sector investment around the world is crucial to strengthen the resilience of companies and communities most impacted by Covid-19. The European Investment Bank is pleased to join forces with development finance partners from across Europe to build on the successful track record of European Financing Partners. The EUR 280 million of new Covid-19 through EFP support represents a further milestone in Team Europe's rapid response to support partners around the globe," said **Ambroise Fayolle, European Investment Bank Vice-President.**

The dedicated support enables EDFI members and the EIB to scale up robust and targeted support for businesses in developing and emerging markets and assist local financial partners most impacted by Covid-19. The initiative will start operations in November with an initial amount of EUR 280 million. It has been designed to provide additional support to address challenges faced by companies suffering from the economic consequences of the pandemic.

Launched in 2003, EFP has demonstrated how financial support can be provided using an efficient and fast track process with low administrative overheads. EFP enables large-scale investment in developing countries to be supported while reducing the risk faced by individual development finance institutions.

Since its launch, the partnership between development finance partners and the EIB has supported sustainable private sector investment in 43 projects, with a total value of EUR 590 million across countries included in the OECD DAC list.

The new dedicated Covid-19 initiative builds on this excellent track record to pool resources, facilitate and streamline financial cooperation to face the current crisis

Forty percent of the EFP financing so far has been allocated to financial intermediaries, and infrastructure and agribusiness represent other key sectors. While financial institutions are expected to feel the negative consequences of Covid-19 more strongly over time, they are also essential to implement government's backed business support. In order to withstand any liquidity crunch, short-medium term financing may be required. Providing effective recovery solutions cannot be achieved without a well-functioning financial sector. Strengthening the impact of EFP to address new challenges caused by Covid-19 represents an important component of the response, as it will allow financial institutions and to mobilise additional resources and diversify their operations while reaching a broader spectrum of individuals in need.

"Co-financing between development finance institutions is an important component of the Team Europe's response. Building up on the long-lasting strategic partnership we have with the EIB and the success of our existing EFP facility, it has emerged as the preferred platform to offer emergency support financing to crucial sectors such as energy, infrastructure, financial intermediaries, manufacturing, agri-business and services," said Bruno Wenn, EDFI Chair.

About EDFI, the Association of European Development Finance Institutions

EDFI is the Association of 15 bilateral European development finance institutions that invest in the private sector in emerging and frontier markets to create jobs, boost growth, and fight poverty and climate change. Since EDFI was set up in 1992, its member institutions have financed app. 15,000 projects, and they now manage a combined investment portfolio of EUR 46 billion across financial services, clean energy, industry and many other sectors in more than 100 countries. EDFI's member institutions include BIO (Belgium), BMI-SBI (Belgium). CDC Group (UK). COFIDES (Spain), KfW-DEG

(Germany), Finnfund (Finland), FMO (Netherlands), IFU (Denmark), Norfund (Norway), OeEB (Austria), Proparco (France), SIFEM (Switzerland), Simest (Italy), SOFID (Portugal), and Swedfund (Sweden). www.edfi.eu

[1] BIO (Belgium), COFIDES (Spain), KfW-DEG (Germany), Finnfund (Finland), FMO (Netherlands), IFU (Denmark), Norfund (Norway), OeEB (Austria), Proparco (France), SIFEM (Switzerland), and Swedfund (Sweden).