

# Peru: EIB provides USD 100m to COFIDE to support SMEs and climate projects



©EIB

- **European Investment Bank to invest USD 100 million to finance SMEs and climate action projects in Peru;**
- **The project backed by the European Union will help businesses impacted by the COVID-19 crisis;**
- **The investment contributes to the achievement of a number of Sustainable Development Goals and to building Peru's resilience to pandemics such as Covid-19.**

The European Investment Bank is providing a USD 100 million framework loan to Peru's development bank, Corporación Financiera de Desarrollo S.A. (COFIDE), to finance small businesses and climate action investment projects, primarily in the renewable energy and energy efficiency sectors.

As a response to the COVID-19 crisis, the EIB loan will provide approximately USD 30 million to small and medium sized businesses, targeting companies impacted by current economic challenges. The loan will be channelled to eligible investment projects through local commercial banks.

The investment will also benefit from a EUR 3.7m (USD 4.5m) EU Latin America Investment Facility (LAIF) grant blending resources. LAIF funds would primarily be deployed in the form of technical assistance support, aimed at

strengthening COFIDE's environmental and social risk management systems, enabling private investment in the sustainable energy sector in Peru.

**EIB Vice-President, Ricardo Mourinho Félix** responsible for Latin America said: *"Investing in micro, small and medium enterprises is crucial to create jobs and drive economic development and innovation. We are pleased to be signing this agreement with COFIDE to provide additional financial support to Peruvian small businesses impacted by COVID-19, and to further boost the development of the sustainable energy sector in the country. The agreement is a good example of joint EU efforts under "Team Europe" and highlights our priorities in Latin America: contributing to sustainable and inclusive growth and promoting Climate Action."*

**Carlos Linares, President of COFIDE**, said: *"As part of our role as a development bank in Peru and aligned with our triple bottom line strategy that seeks to achieve positive economic, social and environmental impacts, we are very pleased with this agreement with the European Investment Bank that will benefit MSMEs in their search for finance allowing them to reactivate their businesses, especially after this difficult situation at all levels. It will also help us to continue contributing to closing the infrastructure gap, but with an emphasis on green projects, which COFIDE has been financing for several years now."*

**EU Ambassador to Peru, Diego Mellado**, said: *"The existence of climate and environmental effects are a smouldering problem for Peru and the world. In this context, supporting sustainable projects, such as renewable energy or urban mobility or green housing, are essential to face these risks and these projects are also in line with other efforts such as the European Green Pact. The investment of the European Investment Bank, precisely, will promote and help to carry out initiatives and business support that help to mitigate against these climate risks. This will have a very positive impact on the future of Peruvians."*

### **EIB global response to COVID-19**

The dedicated EIB support for COVID-19 economic resilience in Peru is part of the EIB's EUR 20 billion global response to reduce the economic impact of the pandemic.

### **EU guarantee and the SDGs**

The EU bank is providing this finance in the framework of the 2014-2020 lending mandate for Latin America and the agreement is covered by the EU guarantee. By supporting this project, the EIB is contributing to the achievement of the United Nations' Sustainable Development Goals, ensuring access to affordable, reliable, sustainable and modern energy while fighting climate change.

### **The EIB in Latin America**

The EU is the main development partner of the Latin America region, its number one investor and its second-largest trading partner. As the EU bank,

the EIB supports the EU's relationship with Latin America by financing projects that contribute to the EU's external policy objectives: the development of economic, environmental and social infrastructure; private sector development; and climate change mitigation and adaptation.

In Latin America, the EIB has become a major promoter of renewable energy and energy efficiency, having signed projects worth over EUR 1,564m in the region between 2015 and 2019. Climate change mitigation and adaptation is the EIB's main priority in the region, where projects supported by the EU bank focus on the environment, and especially on boosting renewable energy, energy efficiency and sustainable public transport schemes. Climate change adaptation-related projects involve upgrading existing infrastructure to be more resilient in the face of more volatile and unpredictable weather patterns, preparing it for direct and indirect impacts.

In 2019, the EIB stepped up its contribution to sustainable development and climate action in Latin America, providing EUR 817m to finance 9 operations: that is the highest number of EIB operations structured in one year in the region.

The operation is the EU bank's sixth in Peru, where the EIB has to date financed investment projects for a total financing amount of USD 360 million.