

# Spain: EIB and ICO agree loan of up to EUR 1.5 billion to help alleviate the economic and social impact of the COVID-19 crisis on small businesses

- **ICO will channel funds to Spanish self-employed, SMEs and mid-caps through Mediation Lines and direct financing programmes**
- **EU bank's funds will help companies employing more than 230 000 workers**

The European Investment Bank (EIB) and the Instituto de Crédito Oficial (ICO) are providing the self-employed, SMEs and mid-caps in Spain with up to EUR 1.5 billion to enable them to cope with the impact of the COVID-19 crisis. The first EUR 1 billion instalment of this financing package has been signed under an accelerated approval procedure introduced by the EIB in response to this emergency, enabling the funds to reach Spanish firms as quickly as possible.

The EIB is providing this finance on favourable terms, especially regarding interest rates, maturities and flexibility. ICO will pass on these funds through its different instruments: Mediation Lines, in cooperation with financial institutions, and direct financing programmes, to meet the liquidity needs of the self-employed, SMEs and mid-caps in order to safeguard jobs and support economic recovery. According to European Commission data, Spain's small businesses account for 72% of employment in the country. The EUR 1.5 billion that the EIB has approved providing to ICO under this operation will help to support small and medium-sized Spanish firms employing more than 230 000 people.

*"We are very pleased to be once again joining forces with ICO, especially in these times of crisis. This agreement makes clear the EIB's firm commitment to supporting smaller Spanish businesses, meeting their most urgent financing needs triggered by the pandemic", said **EIB Vice-President Emma Navarro**, responsible for the Bank's activity in Spain. "At the EIB, we will continue working to help alleviate the economic fallout of the COVID-19 crisis in Spain."*

**ICO's CEO José Carlos García de Quevedo** added that *"ICO is focusing all of its firepower on managing and implementing measures to alleviate the social and economic impact of the COVID-19 crisis, including this new agreement with the EIB".* He went on to stress the close cooperation between the two institutions, saying that *"it is extremely important at a time like the present as it is enabling EU bank funding to be channelled into Spain's business fabric so that the self-employed and SMEs can access the necessary finance to carry out their activity."*

**The EIB and ICO's response to the COVID-19 crisis**

## **EIB Group:**

The EIB Group is playing a key role in combating the COVID-19 crisis head-on, supporting European efforts to stop the spread of the pandemic, find a cure for the disease and develop a vaccine. Accordingly, the EU bank is giving priority to all investments relating to the health sector and R&D programmes focused on this goal. The EIB's portfolio of projects supporting critical health facilities and R&D investment in the health sector in the EU currently amounts to some EUR 5 billion. In addition, the EIB and the World Health Organization recently signed an agreement to boost cooperation between the two institutions, working together to strengthen public health systems in countries most vulnerable to the pandemic.

To tackle the economic impact of the pandemic in Europe, and following the Eurogroup's recommendation of 9 April, on 16 April the Bank's Board of Directors endorsed the creation of a EUR 25 billion pan-European COVID-19 guarantee fund. It is estimated that this fund will enable the EIB Group to leverage up to EUR 200 billion of additional financing largely targeting SMEs.

At the same time, the EIB Group is refocusing its activity to meet the financing needs caused by the COVID-19 crisis and provide immediate help to European firms. In March it announced a set of emergency measures with this aim. In this first response package, the European Investment Fund, the EIB Group subsidiary specialising in supporting small businesses, is providing dedicated EU-backed guarantees to financial intermediaries that will help to mobilise up to EUR 8 billion worth of finance. For its part, the EIB is adapting the existing joint financial instruments with the European Commission to deliver up to EUR 20 billion of additional finance for European SMEs and mid-caps.

In addition, the EIB has adopted extraordinary measures to speed up its procedures and relax its internal policies with the aim, amongst other things, of deploying its support as quickly as possible and financing costs that it would not finance in normal circumstances, such as the current expenditure of European firms. Today's agreement with ICO to support Spanish SMEs and mid-caps is an example of this strategy.

[Find out more about the proposed EIB and EIF support](#)

## **ICO Group:**

Faced with the economic and social impact of the COVID-19 crisis, the Spanish Government has approved various packages of urgent economic measures designed to protect families, workers, the self-employed and companies, minimise the economic fallout and ensure rapid recovery once the health emergency has been overcome.

ICO is managing, on behalf of the state, a number of measures designed to help safeguard jobs and provide companies with liquidity in order to alleviate the economic effects of the COVID-19 crisis:

- A Guarantee Line of up to EUR 100 billion to secure, on behalf of the Ministry of the Economy and Digital Transformation, loans granted by financial institutions to companies and the self-employed hit by the COVID-19 crisis
- A Guarantee Line of EUR 400 million to help companies and the self-employed in tourism and related sectors.
- A Guarantee Line of EUR 1.2 billion to secure, on behalf of the Ministry of Transport, Mobility and the Urban Agenda, loans to lessees in an economically and socially vulnerable situation as a result of the spread of COVID-19.

At the same time, the Spanish Government has increased ICO's debt limit by €10 billion in order to strengthen the provision for Mediation Lines designed to finance the activity and investment of the self-employed, SMEs and other firms.

#### **About ICO:**

The Instituto de Crédito Oficial/ICO is a corporate state-owned entity attached to the Ministry of the Economy and Digital Transformation. It has become a benchmark for the financing of both SMEs and large investment projects. ICO fosters inclusive and sustainable growth, supporting economic activities meriting promotion and development as a result of their social, cultural, innovative or environmental importance.