International Institutions COVID-19 response watch

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European Commission

Coronavirus Response Investment Initiative (CRII+)

European Commission directed from EU budget **EUR 37 bn** to Member States to the fight against coronavirus in the most affected sectors, including:

Healthcare

Labour markets

Community-based services

Allowing Member States to spend unallocated EU structural funds to coronavirus – funds that otherwise would have to be returned to the EU budget).

Flexibility in the use of EU funds allows:

- Transfers between funds, regions and policy objectives
- Abandoning national co-financing requirements.

The scope of the **Solidarity Fund** was broadened to include major public health crises. Starting from the 1st of April, this allows the hardest hit Member States to get access to financial support of up to EUR 800m in 2020.

EIB provides short-term liquidity to SMEs with its **€40bn** package.

State aid temporary measures to allow businesses have the liquidity to keep operating

Direct grant or tax advantage

Dedicated for schemes to grant up to EUR 800k to a company to address its urgent liquidity needs. Accordingly for agriculture the sailing is EUR 100k and fisheries EUR 120k.

Subsidised guarantees on bank loans

Member States can grant State guarantees or set up guarantee schemes supporting bank loans taken out by companies. The guarantees may relate to both investment and working capital loans.

Subsidised interest rates

The loans may relate to both investment and working capital needs.

Many MS already notified and received a GO on such support aid schemes for businesses (FR, DN, SI, LT, LU, PT, DE, IT, NL, PL, GR, UK, HU).

Safeguards for banks that channel State aid to the real economy

Some Member States plan to build on banks' existing lending capacities, and use them as a channel for support to businesses – in particular to SMEs. Such aid is considered as direct aid to the banks' customers, not to the banks themselves.

Short-term export credit insurance

Additional flexibility on how to demonstrate that certain countries are not-marketable risks, thereby enabling short-term export credit insurance to be provided by the State where needed.

Emergency Support Instrument

EUR 2.7 bn from EU budget resources with additionally voluntary contribution expected from Member States

Grant-based instrument to reinforce heathcare systems acting as an emergency aid

SURE short-time work scheme

EU loan instrument will be available for all MS but directed to where there is most urgent need in order to avoid mass lay-offs, helping workers keep their incomes and helping businesses stay afloat.

EUR 100 bn loans are based on EUR 25 bn guarantees provided by Member States for

- Firms
- Self-employed

Loosening budgetary rules

Activation of the general escape clause of the Stability and Growth Pact (SGP)

The clause can apply to a broad range of expenditure, provided they are linked to events beyond the control of governments, such as the coronavirus pandemic.

Eurozone safety nets

Pandemic Crisis Support

- Precautionary ESM credit line to support domestic financing of direct and indirect healthcare, cure and prevention
- Access granted will be 2% of the respective Member's GDP as of end-2019, as a benchmark

Balance of Payments Facility can provide financial support to Member States outside eurozone only to costs related to the COVID 19 crisis. EC will issue bonds only on the request of MS in need

Pandemic Emergency Purchase Programme (PEPP)

- ECB programme of EUR 750 bn
- Temporary asset purchase programme of private and public sector securities will counter the serious risks to the monetary policy transmission mechanism. It expands the range of eligible assets under the corporate sector purchase programme (CSPP) and eases the collateral standards
- Purchases will be conducted until the end of 2020

rescEU stockpile

EC created a strategic stockpile of medical equipment with Commission financing of 90% (EUR 50M)

Medical equipment part of the stockpile will include items such as:

- Intensive care medical equipment such as ventilators
- Personal protective equipment such as reusable masks
- Vaccines and therapeutics
- Laboratory supplies

In addition, under the Joint Procurement Agreement, Member States are in the process of purchasing personal protective equipment, respiratory ventilators and items necessary for coronavirus testing.

EU research-based response

Horizon 2020

Reallocation of EUR 48.5M to 18 research projects. 140 research teams are working on:

- Improving preparedness and response to outbreaks by developing better monitoring systems to prevent and control the spread of the virus
- Rapid point-of-care diagnostic tests, enabling quicker and more accurate diagnosis
- New treatments
- Developing new vaccines

EUR 80M of financial support to CureVac, a highly innovative vaccine developer from Germany, to scale up development and production of a vaccine against the Coronavirus. This H2020 support is in the form of an EU guarantee of a currently assessed EIB loan of an identical amount.

EUR 90M for Innovative Medicines Initiatives – a public-private partnership between the EU and the pharmaceutical industry. Call for research proposals will focus on developing treatments and diagnostics to tackle the current outbreak and increase preparedness for future.

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European Investment Bank Group

EIB Group has mobilises up to EUR 40 bn of financing

Dedicated financial instruments aim towards bridging loans credit holidays and other measures designed to alleviate liquidity and working capital constraints for SMEs and mid-caps.

The EIF – the EIB Group's specialist arm for SME financing – will work through financial intermediaries in the EU Member States and in partnership with national development banks.

The proposed financing package consists of:

- Dedicated guarantee schemes to banks based on existing programmes for immediate deployment, mobilising up to **€20 billion** of financing
- Dedicated liquidity lines to banks to ensure additional working capital support for SMEs and mid-caps of **€10 billion**
- Dedicated asset-backed securities (ABS) purchasing programmes to allow banks to transfer risk on portfolios of SME loans, mobilising another **€10 billion** of support.

EUR 1bn within the European Fund for Strategic Investments (EFSI) will be used to increase existing guarantee facilities managed by EIF

InnovFin SME Guarantee

COSME Loan Guarantee Facility

European Guarantee Fund

New fund of EUR 25bn based on MS contribution

- Aim to support EUR 200bn of financing for SMEs, companies and municipalities across EU27
- Complimentary with other EIB/EC initiatives in respond to COVID-19 as well as InvestEU
- Delivery via national development banks & other financial intermediaries
- Managed by EIB

Infectious Diseases Finance Facility

InnovFin Infectious Diseases Finance Facility (IDFF) provides debt and equity-type financing for amount range of EUR 7.5M – EUR 75M, to SMEs, research entities, universities, NGOs or SPV active in developing innovative vaccines, drugs, medical and diagnostic devices or novel research infrastructures for combatting infectious diseases.

Project costs may include clinical trial costs, set-up of commercialisation such as market access, development of prototypes or industrial roll-out of novel equipment, pre-clinical R&D costs and working capital requirement.

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EU response to COVID-19 in partner countries

TeamEurope

EUR **15.6 bn** to global response provided mainly by EC and EIB

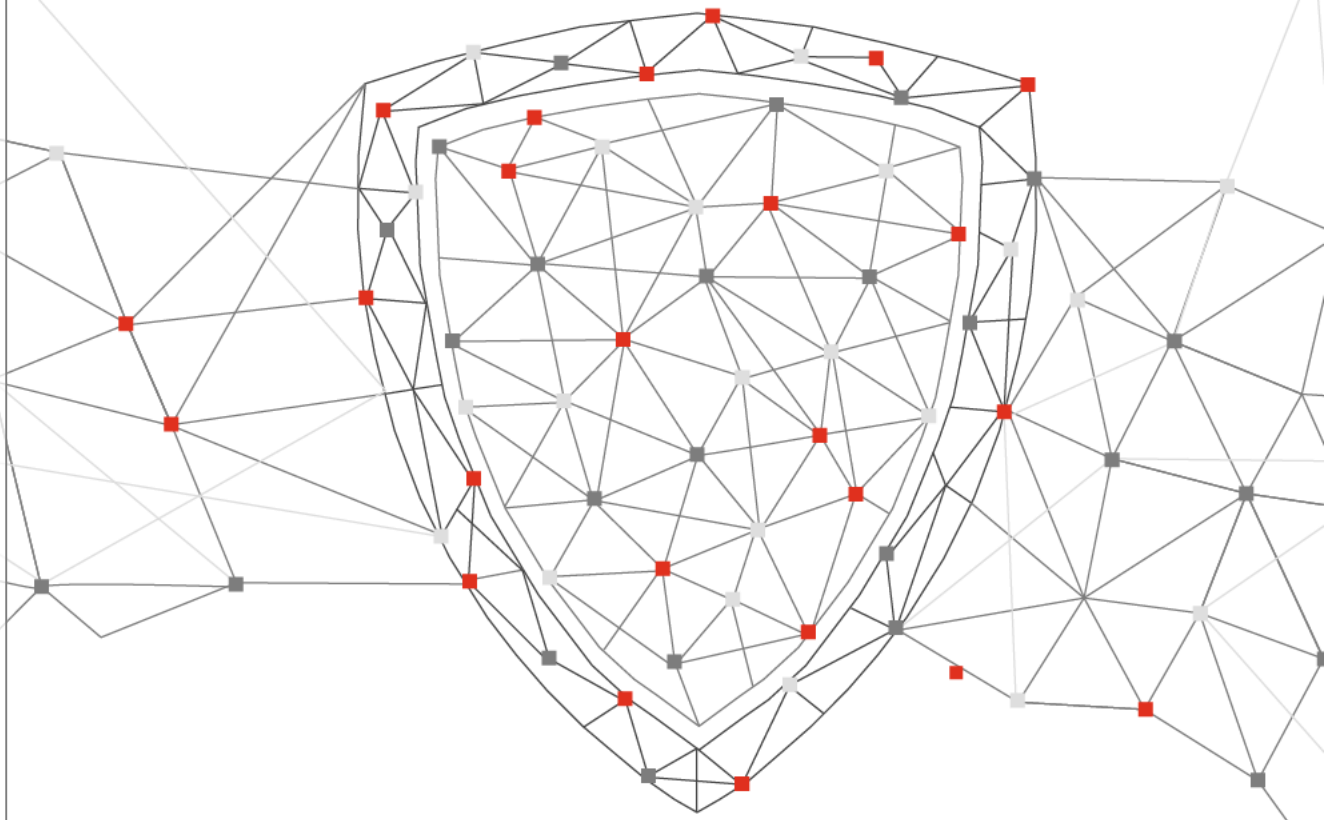
Short-term emergency response to healthcare needs and protective materials EUR 502M:

- Eastern Partnership EUR 30M
- Western Balkans EUR 38M

Supporting health systems and research EUR 2,8 bn

Mitigation of economic and social impact EUR 12,3 bn:

- Direct budget support and financing
- Supporting the private sector through loan guarantees, technical assistance and increased access to liquidity support, working capital and trade finance.



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European Bank for Reconstruction and Development

EBRD approved €1 billion to clients suffering temporary difficulties as a result of COVID-19 outbreak

Elements of the resilience framework

Expansion of trade finance and where required short term (up to 2 years) finance through financial institutions, notably in support of SMEs

Short-term (up to 2 years) working capital facilities for corporates and energy developers

For sub sovereign municipal, energy and infrastructure clients, balance sheet restructuring and short-term liquidity support

EBRD will take “an enabling view” to restructuring of existing loans adjusted repayment schedules, collateral, interest rates and fee structures

EBRD will exploit their ability to disburse in local currency, including the possible conversion of existing facilities into local currency

SME Finance and Development teams are working to support SMEs by using available digital tools to provide critical advice on cash, liquidity and crisis management

EBRD is already responding in the CEE region to the COVID-19 crisis

Central European Initiative of the EBRD launched the COVID-19 Extraordinary Call for Proposals 2020 aiming at addressing quickly the specific needs of communities in three areas: healthcare and telemedicine, education and e-learning/ distance learning, and support to SMEs

Ukraine
A 4-year EBRD senior loan of up to €15 million to OTPL – Ukraine's leading leasing company, will facilitate long-term leases to SMEs across the country. The funding will be available under the EU4Business-EBRD Credit Line provided in the context of DCFTA.

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The World Bank Group

World Bank and IFC approving $14 billion package of the Fast Track Facility in response to the rapid spread of COVID-19

Additional support is being provided via restructuring of existing projects – so far up to $1.5 billion

A framework for rapid responses is to be established for 40 countries and additional 14 are in decision – approach will allow for easy duplication in other territories

A range of rapid procurement modalities to support bulk purchasing, in addition to standard country-led procurement has been identified

World Bank Group together with International Monetary Fund released together w call on all official bilateral creditors to suspend debt payments from IDA countries that request forbearance

IFC response components

Accounting for **$2 billion each** of financing

Real Sector Crisis Response Facility supporting existing clients in the infrastructure, manufacturing, agriculture and services industries vulnerable to the pandemic (incl. healthcare) through loans to companies in need and, if necessary, equity investments

Global Trade Finance Program covering the payment risks of financial institutions so they can provide trade financing to companies that import and export goods – expected to support SMEs involved in global supply chains

Global Trade Liquidity Program and the Critical Commodities Finance Program offering risk-sharing support to local banks so they can continue to finance companies in emerging markets

Working Capital Solutions Program offering funding to emerging-market banks to extend credit to help businesses shore up their working capital, the pool of funds that firms use to pay their bills and compensate workers

Health Emergency Preparedness and Response Multi-Donor Fund (HEPRF)

Up to $160 billion of financing over the next 15 months to support COVID-19 measures that will help countries respond to immediate health consequences of the pandemic and bolster economic recover.

Providing incentives to IDA-eligible countries to increase investments in preparedness, for example, by offering co-financing grants that encourage the use of their IDA allocations for better health emergency prevention, detection and response.

Enabling low-income countries to quickly and effectively respond to major disease outbreaks at an early stage, complementary to IDA's Crisis Response Window. It will also support other countries and territories that do not have access to financing such as IDA countries in arrears and non-creditworthy IBRD countries.

World Bank and IFC are already working to deploy their response financing

These are already announced for beneficiaries in the CEE region

Mongolia

$2.2 million to help strengthen Mongolia's hospital services in the wake of the COVID-19 pandemic. The funding will be used to purchase the most needed medical diagnostic equipment in the country. This immediate financing is being provided under the ongoing E-health project. Additional $26.9 million for the *Mongolia COVID-19 Emergency Response and Health System Preparedness Project* to meet emergency needs in the face of the pandemic and to better prepare for future health crises

Georgia

EUR 45 million for Economic Management and Competitiveness Development Policy Operation, which aims to support mitigating the economic impact of COVID-19

Armenia

$3 million to address the country's urgent needs for equipment and supplies needed for the intensive care of people with a confirmed COVID-19 diagnosis

Kyrgyz Republic

$12.15 million from IDA for the Kyrgyz Republic Emergency COVID-19 Project. In addition, $9 million dollars of financing from an on-going project will be reallocated to support the country's efforts to prepare for and respond effectively to the health and social risks associated with COVID-19

Tajikistan

$11.3 million in grant financing from the IDA for the Tajikistan Emergency COVID-19 Project, which will support the country's efforts to prepare for and respond effectively to the health and social risks associated with COVID-19

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