

Beat: News

THE EUROPEAN INVESTMENT BANK & AFREXIMBANK DIRECT €300M OF SUPPORT

TO AFRICAN COVID-19 RESPONSE

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USPA NEWS - Accelerated EIB financing under Team Europe initiative; Over 25% of funds dedicated to women in business and climate action; Pan-African rapid response to alleviate COVID-19 impact and support climate action; Scheme to support trade and ensure medical supplies continue. The European Investment Bank (EIB), the lending arm of the European Union, and the African Export-Import Bank (Afreximbank), Africa's foremost multilateral trade finance institution, are directing EUR 300m of financing to support the resilience and recovery of African nations in response to the COVID-19 pandemic. The funds will ensure businesses across the continent have the working capital to sustain jobs and maintain vital imports. It also earmarks at least a quarter of the capital for climate change mitigation and adaptation, helping Africa maximize the opportunities of a green recovery.

THE EUROPEAN INVESTMENT BANK (EIB) & AFREXIMBANK TO DIRECT € 300M FINANCING SUPPORT TO AFRICA OVER COVID-19

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The support package is the first accelerated COVID-19 response for the entire sub-Saharan region under the EIB's Team Europe initiative—a EUR 6.7bn package to help the most vulnerable and exposed countries respond to the immediate health crisis, mitigate social and economic impacts, and build resilience for the future. The support for sub-Saharan Africa delivered with Afreximbank is structured in two parts. The package redeploys EUR 200m of funds previously allocated to trade-related investments, directing them specifically to sectors most impacted by the pandemic. Recognising the pressing need for support, Afreximbank and the EIB are also injecting a further EUR 100m to the package. This combination of existing and new funds, in addition to Afreximbank's position on the ground, means support can be activated immediately—a degree of agility that would not have been possible under a new agreement. Furthermore, Afreximbank's deep knowledge and broad presence across African markets will ensure capital reaches businesses and communities in all areas of the continent. The COVID-19 pandemic is inflicting an unprecedented negative impact on African economies, just as it has on nations around the globe. Manufacturing has been impacted by disruptions in global supply chains. Meanwhile, migrant remittances to some of the poorest economies in the world have dwindled, exposing the most vulnerable in those markets to exacerbated difficulties. As a result, many African economies are suffering serious vulnerabilities including liquidity pressure, trade payment defaults risk and fiscal challenges, alongside cuts to FDI, long term financing and portfolio flows. A portion of the Afreximbank and EIB support package will be targeted at enabling cross-border trade in medical supplies and equipment essential for slowing the spread of COVID-19. In addition, the support package will provide financing to long-term investments in trade expansion, helping both the availability of goods and growth in economic prosperity. The package will support participating Member States of Afreximbank, 46 of which a part of the Cotonou Agreement in Sub-Saharan Africa.

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Two key focus areas in Africa are on women in business and the Green Revolution. As a result, a portion of the package will target businesses owned or managed by women. In addition, at least 25% of the funds allocated under the partnership will be earmarked for green projects, such as renewable power, energy efficiency and climate change adaptation measures. Afreximbank is currently appraising renewable energy projects in excess of circa EUR 100 million for which the EIB facility will support. In addition, part of the funds will support the re-purposing of factories to manufacture PPE and other COVID-19 materials, through the African Medical Supplies Platform, a digital platform promoted by Africa CDC, Afreximbank, UNECA and AU Envoy, Mr. Strive Masiyiwa. Prof. Benedict Oramah, President of Afreximbank, said: "As continental neighbours, Europe and Africa must stand together against the global pandemic. The funding announced today is welcome not only because it answers an urgent need, but because it is deployed with urgency."

With the joint experience of Afreximbank and the EIB, the support will rapidly reach those most affected and be carefully designed to

have the greatest effect on the post-pandemic recovery. What's more, the package's support for green projects will help propel Africa towards the sustainable economy of the future and all the opportunities that entails.

I am confident that our work together will not only have a positive impact on African nations but will help us on the path to a closer relationship, based on shared prosperity, values and a commitment to a sustainable future."-----

Ambroise Fayolle, European Investment Bank Vice President, said: "Once again the European Investment Bank is strengthening our close cooperation with Afreximbank to unlock high-impact investment by companies across Africa. A total amount of EUR 300m has been made available as a direct result of the EIB's fast-track support and global response as part of Team Europe. Reflecting the scale of the global impact of COVID-19, the EIB Board has agreed to scale up financing with existing partners to rapidly deliver an immediate response. Together with Afreximbank this new financing will both unlock medical investment and ensure that climate action investment to cut energy use and emissions is not delayed."-----

Under a 2018 agreement, the EIB and Afreximbank have already deployed some of the previously allocated EUR 200M to projects now supporting the resilience of African nations during the pandemic. These have included programmes to expand intra-African trade and export manufacturing in sectors with high employment rates. The two organisations will continue to focus on this proven approach to provide both short-term relief and long-term resilience. Source: European Investment Bank (EIB).

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