

1. Opening statements

I would like to briefly give you an overview of the EIB Group COVID-19 crisis response so far, inside but also outside the European Union.

In a second step, I will then take a brief moment to reflect how our engagement could look like during the recovery phase we all wish to start as soon as possible.

Overall, our response provides much needed liquidity for SMEs and mid-caps and provides essential risk cover benefitting the real economy.

Our crisis response to the COVID-19 crisis has four parts.

First, the Support Action Plan.

Together with the Commission, we presented already two months ago a Support Action Plan, which is expected to unlock 28 billion euro of financing to help struggling SMEs. This financing goes to alleviate liquidity and working capital constraints for SMEs and MidCaps.

The financing package consists of:

- Dedicated guarantee schemes based on existing programmes for immediate deployment. Based on a EUR 1 billion guarantee tranche, the EIF will provide guarantees worth EUR 2.2 billion to financial intermediaries, unlocking EUR 8 billion in available financing.
- Dedicated liquidity lines to banks to ensure additional working capital support for SMEs and mid-caps of up to EUR 10 billion;
- Dedicated asset-backed securities (ABS) purchasing programmes to allow banks to transfer risk on portfolios of SME loans, mobilising up to another EUR 10 billion of support.

To get the help out quickly, we work with financial intermediaries in all Member States and in partnership with national promotional banks. It is mainly EIF implementing this support.

Second, supporting the health sector.

In parallel, we announced a EUR 5 billion pipeline of projects in the health sector. We're using existing financial instruments shared with the European Commission, primarily the InnovFin Infectious Disease Finance Facility, to finance projects that work towards finding a cure for and developing a vaccine against coronavirus. The EIB Group will also support emergency measures to finance urgent infrastructure improvements and equipment needs in the health sector, using existing framework loans or undisbursed amounts from existing health projects.

I would also like to stress the important role our advisory services have. They continue to provide support to ensure that investment plans remain alive, even if rescheduled or reconfigured. Specifically in the healthcare sector, EIB Advisory is already helping numerous related infrastructure projects in, for example, Romania, Poland, Bulgaria and Croatia, and is also assisting in the identification and preparation of projects related to the development of vaccines and treatments for infectious diseases in order to pass them on for EIB due diligence. In this context, we have recently signed an advisory agreement with CEPI, the Coalition for Pandemic Preparedness Innovations. In addition, our PPP expertise centre provides support to public authorities dealing with the impact of the crisis on PPP projects in procurement, construction and operation.

To make things more concrete, the EIB currently has a portfolio of 22 leading European companies with promising R&D projects in vaccines, treatments and diagnostics for COVID-19, for a total investment of around EUR 700 million.

Third, the European Guarantee Fund

The European Guarantee Fund will enable the EIB Group – in partnership with local lenders and national promotional banks – to scale up its support to SMEs, mid-caps and corporates in the real economy by mobilising up to 200 billion euro investment. This is **in addition** to the Support Action Plan I just mentioned.

This European Guarantee Fund of EUR 25 billion is our contribution to the EUR 500 billion rescue package of the EU, as agreed by the European Council on 23 April.

Together with the ESM's new pandemic credit line and the European Commission's support for short time work, this fund will be the pillar that supports businesses.

It is important to recall that the guarantee fund will support different types of operations of the EIB Group that we could not do under current instruments, mainly due to the very high expected risk.

We are currently negotiating contribution agreements with its members for the first closing of the fund.

Forth, a response to the pandemic outside the EU

We also need to look across the EU borders, where the needs are equally huge. The EIB Group response for outside EU is part of the Team Europe response and supported by guarantees from the EU budget.

We are making financing available for up to **5.2 billion euro** to both strengthen urgent health investment and accelerate long-standing support for private sector investment that reflects financing needs in more than 100 countries around the world.

The immediate fast-tracked support will help to sustain jobs and livelihoods in sectors most threatened by the economic and social impacts of the COVID-19 pandemic. It will be followed by additional long-term health and business financing as needed.

In early May, the EIB and the World Health Organisation signed a Memorandum of Understanding to enhance cooperation, starting with health projects in vulnerable countries. With the support of the Commission and the Bill and Melinda Gates Foundation, the EU Bank has launched the African Health Diagnostics Platform to improve diagnostic services for low income populations.

EIB continues its work on the recently approved EUR180m guarantee facility for GAVI – a global vaccine alliance - to ensure access to vaccines for the poorest.

The recovery phase

While we now still focus our efforts on the immediate crisis response as outlined in the previous four parts we also need to prepare the assistance for the economic recovery that will follow. This is a longer-term task and the needs will be even bigger.

There are several risk factors:

- If there is one key lesson from the last crisis, then that levels of public investment tend to be cut first, often with protracted consequences. Only last year, EU Member States returned to pre-crisis levels with some Member States still lagging. While investment growth is likely to rebound in 2021, again only some ground will be recovered.
- Already before the pandemic, research and development expenditure in the EU lagged behind that of peer economies and a large and persistent productivity gap had opened between the most productive European firms and the rest.
- As necessary as it has been to allow for full flexibility of the Stability and Growth Pact, the capacity of Member States to react with national fiscal measures varies enormously. Adding liquidity and guarantee measures, Member states measures range from 1% of GDP to 20% of GDP. In fact, this is a risk factor for further fragmentation of the Single Market during the recovery period.
- Finally, the impact of the crisis should not slowdown the transition process to a carbon-neutral EU economy.

In this light, cooperation at EU level and multilateral cooperation are paramount.

Therefore we look forward to the expected Commission proposal for a revised MFF and a possible proposal on the design of the Recovery Fund.

While the severity of the situation calls for significant additional investment support during the recovery phase, quantity alone will not suffice. Transformation requires a qualitative shift towards future oriented investment focused inter alia on climate and environmental sustainability, innovation and digitalization, and social investment and skills.

The EIB Group's financing and advisory services can support an acceleration in this shift:

- The EIB Group has access to SMEs, midcaps and corporates in all Member States, with a broad base of public and private counterparts, also based on the success of the EFSI.
- Direct access to clients and through financial intermediaries will become particularly important, as economic recovery will unfold heterogeneously across sectors and places.
- The EIB Group can support the design, structure and implementation of initiatives, facilitating a European-wide approach and help address market fragmentation, while ensuring positive spill-over effects.
- Therefore, the EIB Group can complement national measures and ensure a level playing field providing similar financing opportunities for all SMEs and midcaps in the EU.

Based on this I look forward to a discussion with you, how the EIB Group could support the EU to recover from the COVID-19 crisis.