

EBRD unveils €1 billion emergency coronavirus financing package

Bank stands ready to do more
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The EBRD has unveiled an emergency €1 billion “Solidarity Package” of measures to help companies across its regions deal with the impact of the coronavirus pandemic.

This is an initial response to the crisis and the Bank stands ready to do more if and when needed.

The proposals were approved today by shareholders of the Bank which invests to support the development especially of the private sector across 38 emerging economies.

Under the emergency programme, the EBRD will set up a “resilience framework” to provide financing for existing EBRD clients with strong business fundamentals experiencing temporary credit difficulties.

Commenting on the EBRD’s response to the global health crisis, EBRD President Sir Suma Chakrabarti said, “The COVID-19 pandemic and its economic consequences present an unprecedented challenge to the EBRD and its countries of operations.”

He added, “To respond in solidarity with its shareholders, countries of operations, partners and clients, the Bank has today established a resilience framework comprising €1 billion of new and additional funding for existing clients, comprising emergency liquidity, working capital and trade finance. This is a first step. The Bank stands ready to further scale up its response, and is taking active and urgent steps to review, adjust and expand its financing instruments, in partnership with its countries of operations, partner IFIs and the international community.”

The planned measures will include an expansion of trade finance and the provision of short-term finance of up to two years through financial institutions, specifically in support of small and medium sized enterprises.

The Bank will seek to provide short-term working capital facilities of up to two years for other corporates and energy developers and balance sheet restructuring and short term liquidity support for municipal, energy and infrastructure clients.

It will assess the need to restructure existing loans, including the possibility of extending maturities and changing other conditions and use its ability to disburse in local currency, including the possible conversion of existing facilities into local currency.

The response will put a premium on providing a rapid response to the needs of companies that are suffering from the effects of the coronavirus and the global economic turmoil that has ensued.

In formulating its own response, the EBRD is closely following the statements of its major shareholders and coordinating with other multilateral development banks in order to exchange ideas and learn from previous experiences.

This EBRD’s package of emergency measures comes as the Bank is already pledging strong support generally for its existing countries of operations and follows a record level of investment of €10.1 billion in 2019.

The EBRD's economists are expecting economic output to be affected right across its regions of operations, with growth seen slowing especially in Central Asia and also in Eastern Europe and the Caucasus, Russia and south eastern Europe.

Countries that are highly integrated into global supply chains, and in particular have direct dependencies on China and Europe, are likely to suffer most from the virus. The tourism industry is likely to be affected in many of the EBRD's countries.

The recent slump in oil prices will have also an impact on oil producing countries in the EBRD regions and the flow of remittances from workers back to their home countries is also expected to slow.

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