

Spain: The EIB joins forces with ICO and PSA Finance to support Spanish SMEs and mid-caps affected by the COVID-19 crisis



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The European Investment Bank (EIB) is joining forces with the Instituto de Crédito Oficial (ICO) and PSA Financial Services Spain, E.F.C., S.A. (PSA Finance) to support Spanish small and medium-sized enterprises (SMEs) and mid-caps affected by the coronavirus crisis. To this end, the EIB and ICO will subscribe several tranches of a securitisation of a loan portfolio originated by PSA Finance, a joint venture between Banque PSA Finance (50%) and Santander Consumer Finance (SCF) (50%) focused on vehicle financing. The EU bank will provide €250 million while ICO will contribute €100 million.

The EIB and ICO's participation in this securitisation operation will enable PSA Finance to provide €350 million in financing to SMEs to cover the liquidity needs of the Spanish industry, supporting the automotive sector and encouraging the spread of low-emission vehicles in Spain.

This EIB is carrying out this operations as part of the initiatives it launched in March as a rapid response to the crisis caused by the pandemic. The Bank has taken extraordinary measures to speed up its processes and to

make its internal policies more flexible to – among other things – deploy its support as quickly as possible and finance expenses that it would not normally cover, such as the operating costs of European businesses. The agreement signed with PSA Finance falls under this strategy. The EIB funds will make it possible to strengthen the liquidity of SMEs affected by the crisis and to finance their working capital expenditure.

The EU bank and ICO are working together to mobilise financing for Spanish SMEs, providing resources to meet their liquidity needs with the aim of sustaining employment and boosting their long-term investments. In this line of joint action, in May the two institutions agreed on [a loan of up to €1.5 billion to support the investments of self-employed people, SMEs and mid-caps.](#)

EIB Vice-President [Ricardo Mourinho Félix](#), who is responsible for the EU bank's operations in [Spain](#), said: *"Facilitating access to finance for small and medium-sized enterprises and promoting green investments are two key elements of the EIB Group's response to the impact of the coronavirus. That is why we are pleased to be joining forces with ICO and PSA Finance to continue deploying this support and to extend the benefits of our financing to Spanish SMEs in the automotive sector, encouraging the spread of low-emission vehicles. This agreement will protect the industry and employment, promote a sustainable and inclusive recovery of the Spanish economy and improve the standard of living of Spanish citizens."*

ICO Chairman José Carlos García de Quevedo stressed that *"ICO is strengthening all its instruments and financing formulas to enable the self-employed and businesses to cover their liquidity needs and make new investments. The operation with PSA Finance is part of this effort. It will mobilise financing for vehicle renewal by the self-employed and SMEs, thereby driving the transition towards more sustainable transport. This agreement is another example of the partnership between the EIB and ICO to support Spanish businesses."*

EIB response to COVID-19

To combat the economic impact of this crisis and as part of the package of measures the EU is deploying to tackle the economic effects of the pandemic, on 23 April the European Council approved the EIB Group's creation of a €25 billion pan-European COVID-19 guarantee fund focusing primarily on supporting SMEs across the EU. The fund will make it possible to mobilise up to an estimated €200 billion of additional financing.

Under the initial package of financial measures approved in March, the EIB is offering an asset-backed securities (ABS) purchase programme to enable banks to pass on the risk of their SME loan portfolios to the EIB, with the aim of mobilising €10 billion. The EU bank is also adapting its existing financing instruments shared with the European Commission to mobilise up to €10 billion in additional financing for European SMEs and mid-caps. For its part, the EIF (the venture capital specialist subsidiary of the EIB Group) is offering specific EU-backed guarantees to financial intermediaries that will help to mobilise up to €8 billion.

The EIB Group is playing a key role in directly combating COVID-19 by supporting EU efforts to halt the spread of the pandemic, find a cure for the illness and develop a vaccine. To this end, the EU bank is prioritising all investments related to the health sector and research and development programmes focusing on this goal. The EIB's current project portfolio for supporting both critical healthcare infrastructure and research and development investments in the EU health sector stands at around €6 billion. The EIB and the World Health Organization also recently signed an agreement to drive cooperation between the two institutions and work together to strengthen healthcare systems in the countries most vulnerable to the pandemic.

[More detailed information on the support offered by the EIB and EIF](#)

ICO Group:

On the basis of public-private cooperation, ICO is working intensively to manage government-approved guarantee lines to provide financing for businesses and the self-employed to mitigate the economic effects of the global COVID-19 health crisis. In parallel, it is strengthening the various financing instruments it offers to Spanish companies, rendering them more flexible to drive the recovery process and the transition of the Spanish economy to a more sustainable and digitised growth model.

In March, the Ministry of Economic Affairs and Digital Transformation implemented a €100 billion guarantee line aiming to secure access to liquidity for the self-employed, SMEs and companies, and to mitigate the economic and social impact of COVID-19 and safeguard industry and jobs. This guarantee line made it possible to inject over €103 billion in financing via more than 834 000 operations for the self-employed and businesses.

In addition, a new €40 billion guarantee has been activated to promote the granting of new financing to the self-employed and companies to enable them to make new investments in Spain to adapt, expand or renew their production and service capacities or to relaunch or reopen their businesses.

Supporting small and medium-sized enterprises (SMEs) is one of the EIB Group's key priorities in Spain. The Bank dedicated over €4.8 billion to this goal last year, representing 57% of the EIB Group's activity in Spain, which received more support for SMEs than any other country. These funds benefited more than 82 600 Spanish companies employing 766 000 people.

The **Instituto de Crédito Oficial** (ICO – www.ico.es) is a corporate state-owned entity attached to the Spanish Ministry of Economic Affairs and Digital Transformation. ICO has become a reference point for the financing of both SMEs and large investment projects. ICO contributes to inclusive and sustainable growth, supporting economic activities meriting promotion and development as a result of their social, cultural, innovative or environmental importance.