



## Team Europe partners with Equity Bank to support Kenyan business and agriculture amid COVID-19

Brussels, 3 March 2021

The European Union and the European Investment Bank, working together as Team Europe, are providing €120 million (KES 15.8 billion) of new support for Equity Bank to enhance financing to Kenyan companies most impacted by the COVID-19 crisis.

The financing package will support access to finance at appropriate conditions for Kenyan SMEs, including in the agriculture sector, through €100 million loans from the European Investment Bank to Equity Bank and €20 million of European Union (EU) grant support.

New technical assistance, backed by the European Union, will further strengthen Equity Bank's capacity to assess, execute and monitor longer-term agricultural value chains investment projects and further develop provision of long-term financing for agriculture.

*"As an inclusive regional financial institution these facilities strengthen Equity's position to further enhance the strength of MSMEs which are key actors in value chains and ecosystems in the economy. By ensuring their survival and growth the MSMEs will continue to protect jobs, create more jobs and support lives and livelihoods in society, serving to create resilience as the pandemic subsides, vaccines become available in Kenya, and market growth returns. We value our long-term partnership with the EIB and the European Union who have walked with us and our customers on our path for sustained human development for many years including their investment to scale Kilimo Biashara. We thank them for supporting our efforts to strengthen the role of MSMEs to stimulate the economy back to prosperity, and hence support lives and livelihoods through market growth."* said Dr. James Mwangi, [Group Managing Director](#) and [Group Chief Executive Officer](#) of [Equity Group Holdings Plc](#).

*"New EIB and EU support for leading Kenyan partner Equity Bank will help entrepreneurs, business and agricultural small holders across Kenya to access finance and better withstand the economic challenges and business uncertainties caused by COVID-19. Today's new agreements demonstrate Team Europe and Kenya joining forces to beat COVID-19 and help business flourish."* said Thomas Östros, Vice President of the European Investment Bank.

*"The EU is working to revamp our cooperation with our African partners to tackle the common challenges that affect people's lives, in particular the youth. We want to build back better together from the COVID-19 pandemic to guarantee a sustainable, green and just recovery. The SME sector is a lifeline for employment, including for the most vulnerable populations and in particular in critical sectors such as agriculture. Agreements like the one signed today to support Kenyan SMEs to mitigate the negative impact of COVID-19 and will help us to achieve this."* said Jutta **Urpilainen**, Commissioner for International Partnerships.

Kenya's National Treasury observed a downturn growth rate from 6.1 % to 2.5 % in 2020, making it the worst year for the country in more than a decade. Small and medium-sized enterprises (SMEs), which sustain the highest proportion of employment in the region, are the most vulnerable with limited access to external financing.

The Kenya – Team Europe COVID-19 Response Access to Finance and Kenya Agriculture Value Chain Facility initiatives were formally signed in Equity Bank HQ Nairobi at a COVID-19 compliant event attended by the European Union Ambassador to Kenya, EIB Regional Representative in East Africa and Kenyan stakeholders. EIB Vice President Thomas Östros participated remotely.

### Improving access to finance by agriculture

Agriculture contributes about 51% to Kenya's GDP (26% directly and another 25% indirectly), 60% of employment and 65% of the exports. Growth of agriculture based economic activity is constrained by limited long-term financing, which delays its development and modernization.

Increasing private sector access to long-term financing is crucial to unlock development potential across all sectors impacted by the COVID-19 pandemic, including agriculture and agricultural value chains.

## **Enhancing economic resilience of Kenyan business of COVID-19**

The new private sector financing initiative unveiled today will strengthen access to finance by Kenyan SMEs and boost business resilience at a time of global economic slowdown and investment uncertainty.

In addition, the new cooperation with Equity Bank will stimulate investment, creating decent jobs and contributing to the country's recovery efforts and sustainable development.

The programme announced today is part of the larger €300 million EU response to the COVID-19 crisis in Kenya and targeted EIB support for economic resilience across Africa.

Other partnerships with banks to provide access to finance may be forthcoming.

### **Strengthening cooperation with leading Kenyan financial institutions**

Equity Bank is the largest partner for EIB backed private sector support in Kenya.

Over the last 10 years, the EIB has worked with 17 Kenyan banks and financial institutions to increased access to finance by entrepreneurs, small holders and business expansion through targeted credit lines and financing initiatives.

Since 1976 the European Investment Bank has provided more than €1.5 billion of financing to support private and public investment across Kenya.

### **Background information**

The EU and Kenya have a long-standing partnership. The EU's cooperation with Kenya amounts to €435 million for the period 2014-2020, covering the sectors of Job Creation and Resilience, Sustainable Infrastructure and Governance. The country is also supported by the EU Emergency Trust Fund for Africa; with over €58.3 million for 2015-2019.

Today's announcement illustrates the commitment of the EU and its Member States present in Kenya in supporting the country's main objectives outlined in the 'Big 4 Agenda'. In 2018, the second phase of the Joint Programming strategy was signed, seeking to boost manufacturing, food and nutrition, security, affordable housing and universal health coverage.

Team Europe's total global response to COVID-19 stands at almost €38.5 billion, combining resources from the EU, its Member States, the European Investment Bank and the European Bank for Reconstruction and Development. Around €8 billion of this assistance is designated to African countries. The programme announced today is part of the larger €300 million EU response to the COVID-19 crisis in Kenya.

### **For more information**

[EU cooperation with Kenya](#)

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