CDC
Investment works

This briefing is updated regularly, please visit cdcgroup.com/covid-19 for the latest version.

Briefing

Responding to COVID-19

CDC Group is the world's first impact investor, wholly funded by the UK Government, with over 70 years' experience of successfully supporting the sustainable, long-term growth of businesses in Africa and South Asia. We aim to help solve the biggest global development challenges by investing patient, flexible capital to support private sector growth and innovation.

With investments in over 1,200 businesses, we provide flexible capital in all its forms, including equity, debt, mezzanine and guarantees. CDC invests across all sectors, but prioritises those that help further development, such as infrastructure, financial institutions, manufacturing, and construction.

Our response to the COVID-19 pandemic has three areas of focus: 'preserve', 'strengthen' and 'rebuild'.

1. Preserve: supporting our partners to safeguard impact and weather the crisis

Our first priority is to support our current investee businesses who have been affected by this global crisis. Recognising their immediate needs, we have significantly increased our level of communication with our investee companies and fund managers to ensure that we're able to provide as much support as we can throughout the pandemic.

In doing so, we are identifying those who are most affected by COVID-19 to establish where we can assist, for example those that operate in a severely affected sector, such as logistics.

Job security through this pandemic is paramount. We are committed to ensuring our investee companies can support their employees. This includes helping companies put in place mitigation strategies and easing liquidity issues if they arise.

We have also instituted new processes to ensure we can respond quickly to requests.

Sharing expertise and guidance

Our teams are drawing on their expertise to produce bespoke guidance to support businesses at this challenging time. You can find all the relevant resources at **cdcgroup.com/covid-19**

- Guidance for employers
- Webinars and resources to help businesses navigate the crisis

This briefing was last updated on 1 June 2020

- Guidance for investors and financial institutions on job protection
- Guidance on protecting customers during COVID-19
- Guidance for managing COVID-19 risks in the construction sector
- Guidance on managing a remote workforce during COVID-19
- Guidance on business integrity during COVID-19
- Guidance on business integrity for financial institutions during COVID-19
- 2X Challenge and Gender Finance Collaborative response to COVID-19: why women and girls should be central to response mechanisms

Providing technical assistance

We have approved two new technical assistance facilities with CDC Plus to support our current investee businesses and have already agreed several grants.

- The first, the **"COVID-19 Business Response Facility"** will provide grants and advisory to businesses, so they can adapt or scale-up to form part of the response to the pandemic. Healthcare businesses will be prioritised in the first round of funding, followed by businesses adapting to address the basic needs of underserved groups, up to £160,000 per company.
- The second facility, the **"COVID-19 Emergency Technical Assistance Facility"** will support the development of specific guidance for companies on how to respond to the crisis, and will provide funding for customised expertise, advisory and capacity building to navigate the crisis. In the first instance, this funding will be reserved for our investee companies within our Catalyst portfolio with a limit of £25,000 per company.

We had an overwhelming response to our first application round in April, receiving 45 applications totalling around £4 million for both facilities. We approved around £1 million of support for 22 projects. The 10 projects funded under the Business Response Facility will support healthcare companies and businesses distributing basic goods and pharmaceutical products in Africa and South Asia. Twelve projects are being funded under our Emergency Technical Assistance Facility, several of these to produce portfolio-wide guidance and tools. Round two of applications was launched in early May and was also heavily subscribed. Results of this round will be available soon. Find out more about the facilities on our website.

Finance offered by CDC

Multiple investment solutions; flexible and tailored to a business's ambitions.

Equity financing

Both directly and through investment funds ($10 – $200 million)

Debt financing

Corporate debt, project financing, trade finance and guarantees ($20 – $200 million)

Technical assistance

CDC Plus addresses business challenges and uncovers opportunities in priority sectors and geographies, including in areas such as gender equality, climate change, job quality and human capital.

2. Strengthen: scaling-up our response to the economic and health challenges of the crisis

Beyond assisting our current investees, we are also looking at how we can extend our support.

The fastest and most effective way to provide additional support to our markets is by working with our existing partners. This includes other finance institutions, such as the International Finance Corporation and other European development finance institutions, our colleagues across the Department for International Development (DFID), as well as investment funds and other corporate partners.

For example, in responding to the Ebola crisis in Sierra Leone, we found we could be most effective by partnering with Standard Chartered Bank to increase lending to local businesses. Facilitating cash flows allowed businesses to keep going throughout the crisis and meant they could continue to grow and create more jobs after it was over.

We know that an economic emergency is unfolding. Companies that are otherwise healthy will need urgent working capital to survive this period. We recognise the private sector, made up of millions of large and small companies, is the life blood of many communities and economies.

Local banks will be crucial in providing funding to those companies but will only be able to do that if organisations like CDC step forward. So, we're in contact with partners to help provide this liquidity through financial intermediaries.

We also know that public health systems are severely constrained in the countries where we invest: there's a lack of access to personal protective equipment (PPE), ventilators are scarce, and, even when they become available, access to vaccinations may be slow.

Our teams are speaking with several partners to explore investments that can scale up access to healthcare and basic services. For example, we are talking to existing investees who would like to adapt their operations to respond to the crisis, whether through ventilator production or rapid diagnostic tests.

In addition, through MedAccess, established and fully-funded by CDC, we provide innovative social finance that enables life-changing medical supplies to reach people in Africa and Asia. Med Access has rapidly responded to the pandemic, stepping up its coordination with pharmaceutical companies and UN agencies to enable COVID-19 products to be procured for those in need.

3. Rebuild: a long-term partner to the countries where we invest

Our goal, to support the economic stability that that will improve the lives of millions of people in Africa and South Asia, has never been more important. We are a long-term partner to our investee businesses, and we often invest in countries and sectors at times when it is challenging for mainstream investors to commit.

This pandemic will take many months to play out and its effects will be felt long after in the countries where we invest. We know that finance and support from institutions like CDC will be critical to the rebuilding process. We will stand firm with our investee companies – and support the countries where they operate – through the pandemic and beyond to recovery and prosperity.

News and guidance

From CDC Group
Development finance institutions join forces to respond to COVID-19 in developing countries (6 April 2020)

From the Department for International Development
PM announces record funding to find a coronavirus vaccine (26 March 2020)
UK aid and Unilever target a billion people in global handwashing campaign (26 March 2020)
UK leads global fight to prevent second wave of coronavirus (12 April 2020)

From the World Health Organization
COVID-19 response

Wash your hands. Stay safe.

Contact

For our investee companies and fund managers

If you're facing any specific issues and would like to discuss how to handle these situations, please reach out to your regular CDC contact.

For other organisations
Email: enquiries@cdcgroup.com