



Investment works

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Briefings

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Responding to COVID-19

CDC Group is the UK's 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 most 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 pillars: 'preserve', 'strengthen' and 'rebuild'.

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

Our first priority has been to support our investee businesses who have been affected by this global crisis.

Our teams have been working closely with portfolio companies and funds, supporting them through the challenges and uncertainty of the crisis. This has included identifying those most affected by COVID-19, for example those operating in severely affected sectors, to establish where we can assist and to protect the environmental, economic and social impact of these businesses.

With investee businesses that employ over 800,000 people in total, ensuring these companies can support their employees has been a key part of this work. Our support has included providing working capital, technical assistance and guidance to our portfolio companies, to improve their resilience and protect jobs.

Early on, we also introduced several changes to our investment process to speed up our response and ensure that we could meet our investees' immediate needs as quickly as possible.



2. Strengthen: scaling-up businesses to respond to the economic and health challenges of the crisis

We are supporting businesses to scale up to meet the economic and health challenges of the crisis.

First, we're channelling much-needed liquidity to local banks to enable them to support their business customers. Companies need urgent working capital to survive this period. Local banks are crucial in providing funding to those companies but, at a time when commercial investors are withdrawing, can only do that if organisations like CDC step forward.

We also know that the fastest and most effective way to provide additional support to our markets is by working with our existing partners. That's why we're building on our partnerships with banks and through our pre-existing trade finance programmes, we can inject liquidity to ensure that domestic supply chains keep operating.

To date, we've committed over \$400 million to our programme of systemic liquidity over the last few months. As an example, we've recently [made an additional \\$75 million commitment](#) to our existing trade finance facility with Absa Bank, an African financial services group. The investment will boost trade finance to some of Africa's most vulnerable countries and in sectors that are critical to serving people's basic needs during the crisis – food security and health.

Second, to support those that have a direct role in combating the COVID-19 pandemic, we are assessing opportunities to invest in businesses providing healthcare or access to basic goods and services. For example, 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.

We are committed to supporting companies that can help mitigate the challenges posed by COVID-19 and can be flexible to meet the needs of the market. For example, we have adjusted our product offering to accommodate smaller deal sizes and address shorter-term liquidity constraints.

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. MedAccess has rapidly responded to the pandemic, and in July 2020, announced [a guarantee of up to \\$50 million](#) which will enable UNICEF to secure vital COVID-19 medical products.

You can find further information about the 'Strengthen' pillar – including our impact priorities and how we're addressing them – in the Appendix.

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, credit fund investing 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.



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.

We recognise that as the crisis shifts from an acute to a chronic challenge, there is still a long road to recovery. We know that finance and support from institutions like CDC will be critical to the rebuilding process.

We've already begun to take action under the 'Rebuild' pillar of our response, approving over \$250 million of new investments over recent months. We will continue to stand firm with our investee companies – and support the countries where they operate – through the pandemic and beyond to recovery and prosperity.

Other areas of support

Sharing advice 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 cdcgroupp.com/covid-19-response

- [Guidance for employers](#)
- [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](#)
- [Guidance on returning to the workplace during COVID-19: Labour and workforce considerations](#)
- [Guidance on returning to the workplace during COVID-19: Occupational health and safety considerations](#)
- [2X Challenge and Gender Finance Collaborative response to COVID-19: why women and girls should be central to response mechanisms](#)

Providing technical assistance

Another part of our approach has been to provide support to investee businesses through our technical assistance facility, CDC Plus. It's launched two new programmes in response to the pandemic.

The first, the "COVID-19 Business Response Facility" is providing grants and advisory to our investee businesses, so they can adapt or scale-up to form part of the response to the pandemic. The facility is prioritising healthcare businesses, and other businesses adapting to provide basic goods and services.

The second facility, the "COVID-19 Emergency Technical Assistance Facility" is supporting the development of specific guidance for companies on how to respond to the crisis, and providing funding for customised expertise, advisory and capacity building to navigate the crisis.

We've now held two application rounds for both facilities and received an overwhelming response. To date we've approved 47 projects across both facilities, totalling £3.5 million and providing supporting to a diverse range of businesses. Examples include a project to scale up an Indian logistics company so it can deliver critical medical supplies to some of the most remote parts of the country.

Find out more about the facilities [on our website](#).

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

Appendix

'Strengthen' pillar

Through our Strengthen pillar we are scaling-up businesses to respond to the economic and health challenges of the crisis. We are doing this in two ways. First, by strengthening systemic liquidity. And second, by investing in healthcare and basic services

The tables below outline our approach to each type of activity in more detail:

Strengthening systemic liquidity

| Our impact priorities | How we plan to address these priorities | | | |
|---------------------------------|--|---|--|---|
| Healthcare (COVID-19 and other) | Enabling financial institutions to provide working capital for COVID-19 response industries or to serve vulnerable clients | | | |
| Food security | | | | |
| Water and sanitation | | | | |
| Financial access | | | | |
| Energy | | | | |
| Economic opportunities | Enabling financial institutions to support SMEs, essential corporates or vulnerable economies | Supporting resilience of small to medium financial institutions | Enabling financial institutions to support large employers and trade | Supporting resilience of systemically important banks |

Investing in healthcare and basic services

| Our impact priorities | How we plan to address these priorities | | | |
|---------------------------------|--|---|---|--|
| Healthcare (COVID-19 and other) | Investing in suppliers and input providers e.g. textiles and raw materials production for PPE, chemicals for pharmaceuticals, agricultural inputs | Investing in manufacturers e.g. medicines, protective equipment, diagnostics, vaccines; food production and processing; hand sanitiser and other sanitary products | Investing in service providers e.g. hospitals, clinics, labs, digital health, pharmacy retail; warehousing and distributors; utilities | Investing in transport and logistics Across the supply chain from inputs to end patient or consumer |
| Food security | | | | |
| Water and sanitation | | | | |