



european community

May 6, 1993
No. 19/93

NEWS

EUROPEAN COMMUNITY ESTABLISHES EQUITY LINE WITH IFC TO BOOST INVESTMENT IN SMALL AND MEDIUM-SIZED ENTERPRISES IN DEVELOPING COUNTRIES

The International Financial Corporation (IFC) and the EC Commission announced an agreement that establishes a ECU 5 million (US\$5.75 million) equity line to boost investment in small and medium-sized enterprises in developing countries. The agreement was signed today by Juan Prat, Director General, North-South Relations of the EC Commission and Makarand V. Dehejia, Vice President, IFC Corporate Business Development. This is the first equity line established by the EC with the IFC.

The agreement reflects the EC's efforts under its Investment Partner Facility to encourage the creation of joint ventures between enterprises of the Community and of countries of Latin America, Asia and the Mediterranean region.

Under the agreement, IFC will be able to tap the ECU 5 million equity line for additional equity financing for projects involving EC joint venture partners or transfers of EC intellectual property of know-how. Up to ECU 1 million (US\$1.15 million) will be invested from the equity line per project in conjunction with IFC's own investment.

"Our aim is to foster the growth of small and medium-sized enterprises in the developing world. These enterprises have a great economic impact," stated Mr. Prat at a signing ceremony at IFC's headquarters in Washington DC. "The equity line is a financial incentive to companies in the EC to increase their investment and involvement in developing economies."

"We are delighted to collaborate with the EC on this innovative financing instrument that will strengthen our investment capability with Community partners in the developing world," added Mr. Dehejia. "The equity line concept has great potential for growth as small and medium-sized private sector ventures in developing economies increasingly seek equity finance."

The equity line will be utilized for smaller projects in agribusiness, tourism, telecommunications and capital markets.

The IFC is the private sector investment arm of the World Bank and the largest source of direct project financing for private sector projects in developing countries.

Press Contacts:	EC Delegation	IFC
	Ella Krucoff	Jeanne Segal
	Tel: (20) 862-9540	Tel: (202) 473-0393

Office of Press and Public Affairs, EC Delegation

Washington: 2100 M Street NW 7th Floor Washington DC 20037 / Telephone (202) 862-9500 / Fax (202) 429-1766

New York: 3 Dag Hammarskjöld Plaza 305 E 47th Street New York NY 10017 / Telephone (212) 371-3804 / Fax (212) 688-1013