

Public Information Summaries

Host Countries	Multi-regional with focus on Sub-Saharan Africa and Southeast Asia.
Name of Guaranteed Party	BUILD Fund S.A., SICAV-RAIF; BUILD-I Sub-Fund, Luxembourg
Project Description	In 2018, the United Nations Capital Development Fund (UNCDF) signed a partnership with Bamboo Capital Partners to launch the “Bamboo-UNCDF Initiative for the Least Developed Fund” (BUILD), a blended finance investment vehicle to provide capital to businesses in low-income and lower middle-income countries. The fund will primarily support early and growth stage businesses with individual transaction sizes as low as \$250,000. The overarching Sustainable Development Goals (SDG) supported by BUILD are SDG 1 (reduce poverty), SDG 8 (decent work and economic growth) and SDG 10 (reduce inequalities).
Proposed DFC Loan/Guaranty	Total amount to be financed by DFC is \$10,000,000 with a five-year tenor. Total amount to be guaranteed by DFC will be \$5,000,000 over 10 years.
All-Source Funding Total	Up to \$75,000,000
Policy Review	
Developmental Objectives	The BUILD Fund is expected to have a highly developmental impact by making debt and other investments in SMEs, with a focus on reaching SMEs located in Least Developed Countries (LDCs) where UNCDF maintains programmatic resources. The OECD reports that just six percent of private finance mobilized by development finance interventions between 2012 and 2018 was in LDCs, compared to these countries’ 16 percent share of low- and middle-income countries’ total population. According to IFC data on LDCs, at least an additional \$78 billion is needed to reach financially constrained SMEs in these countries. The BUILD Fund will also be supported by the BUILD Enterprise Resource Technical Assistance Facility, using UNCDF’s experience and local presence in LDCs to provide pre- and post-investment support to downstream SME borrowers.
Environment and Social Assessment	The Project has been reviewed against the DFC’s 2020 Environmental and Social Policies and Procedures manual (“ESPP”) and has been determined to be categorically eligible. DFC loan portfolio guaranties for Financial Intermediaries to support their expansion of lending to small and medium enterprises are screened as a Category D for environmental and social assessment. These downstream investments are expected to result in minimal adverse environmental and social impacts. Therefore, all of those downstream investments have been pre-

screened as Category D and further review and consent is not required for these investments.

To ensure that the Guaranteed Party's investments are consistent with the DFC's statutory and policy requirements, the DFC loan portfolio guaranty will be subject to conditions regarding the use of proceeds. The primary environmental and social issues identified in this transaction relate to the need for an Environmental and Social Policy ("ESP") that meets the 2012 IFC Performance Standards.

Under the DFC's ESPP, the Guaranteed Party is required to comply with applicable local and national laws and regulations related to environmental and social performance and applicable provisions of the 2012 International Finance Corporation's Performance Standard ("PS") 1 and 2. A desk-review based due diligence assessment indicates that because the Project will use DFC support for the expansion of lending to small and medium enterprises focusing in the manufacturing and agriculture sectors worldwide, significant adverse impacts concerning community health and safety, biodiversity, land acquisition and resettlement, indigenous people, and cultural heritage are not anticipated; therefore, PS 3, 4, 5, 6, 7, and 8 are not triggered at this time.

The Guaranteed Party has an environmental and social management system ("ESMS"), environmental and social risk identification and mitigation procedures, and human resources policies commensurate with its investment strategy, but will require some strengthening regarding its environmental and social risk management policies and human resources policy in order to meet the DFC's 2020 Environmental Policy and Procedures.