

Public Information Summary

Host Country(ies)	Global
Name of Borrower	BlueOrchard COVID-19 Emerging and Frontier Market MSME Support Fund SCSp SICAV-RAIF
Project Description	Capitalization of the BlueOrchard COVID-19 Emerging and Frontier Market MSME Support Fund which will provide liquidity to microfinance institutions and other financial institutions serving small and medium enterprises in the wake of the COVID-19 pandemic.
Proposed DFC Loan	\$45,000,000
All-Source Funding Total	\$350,000,000
Policy Review	
U.S. Economic Impact	N/A
Developmental Objectives	The Project is expected to have a highly developmental impact by supporting the provision of vital financial resources to financial institutions globally for the purposes of on-lending to micro, small, and medium enterprises in need of stability and growth capital, with a substantial amount expected to be women-owned or women-led. As a result of the COVID-19 global health pandemic and subsequent economic crisis, emerging markets are experiencing extreme stresses on their economies, and especially within their MSME segments. It is estimated that the MSME finance gap in developing countries is approximately \$5 trillion, or 1.3 times the current level of MSME lending, with the COVID-19 pandemic and subsequent economic impacts expected to increase this gap. The Project will be unique in that it expects to provide vital stabilization capital and also follow-on investment for client growth in the future.
Environment and Social Assessment	<p>The Project has been reviewed against the DFC’s 2020 Environmental and Social Policies and Procedures (“ESPP”) and has been determined to be categorically eligible. The capitalization of a fund is screened as a Category D for environmental and social assessment. All of the Project’s 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 C and further review and consent are not required for these investments.</p> <p>To ensure that the Borrower’s investments are consistent with the DFC’s statutory and policy requirements, the DFC-guaranteed loans made to the Borrower will be subject to conditions regarding the use of proceeds. The primary environmental and social issues identified in this transaction</p>

	<p>relate to the need for an Environmental and Social Policy (“ESP”) that meets the 2012 IFC Performance Standards.</p> <p>Under the DFC’s ESPP, the Borrower 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 involves the capitalization of a fund, significant adverse impacts concerning community health and safety, biodiversity, land acquisition and resettlement, indigenous peoples, and cultural heritage are not anticipated, and therefore, PS 3, 4, 5, 6, 7, and 8 are not triggered at this time.</p> <p>The Borrower’s ESG Policy commits itself and all those with whom it partners or invests in to abide by local and national laws. Furthermore, all employees and third-party consultants are required to abide by the terms of the Borrower’s Compliance Manual. The Compliance Manual includes a general Code of Conduct and other areas related to conducting behavior in an ethical and professional manner in business transactions and in dealings with employees, clients, and third parties and covers, among other aspects, reporting inappropriate conduct and client complaints.</p> <p>With respect to investees of the Borrower’s funds, all standard loan and shareholder agreements include representations that investees abide with local labor laws and the Borrower’s exclusion lists, which expressly prohibit engaging in or financing of companies that engage in forced or child labor. The Borrower has dedicated policies for grievance mechanisms, human resource policies, external stakeholder contact and outreach mechanisms, and an overall structure that has responsible parties conducting ESG compliance and continuous improvement as part of their job descriptions.</p>
Grants Assessment	N/A