

US\$60+ Million in Commitments for UN-Affiliated Impact Investment Vehicle Announced at the Finance for Development Forum

Six Development Institutions Committing Financing to Blended Finance Vehicle Co-Created by Bamboo Capital Partners and the UN Capital Development Fund (UNCDF)

Over US\$60 million has been committed from six member states and development institutions representing Canada, the United States, Norway, Luxembourg, Sweden and the Nordic states through the Nordic Development Fund—to the BUILD Fund, a blended impact investment vehicle, as well as its associated technical assistance facility, to finance small and medium-sized businesses in the world’s least developed countries (LDCs) to help achieve the Sustainable Development Goals (SDGs). The announcement of the financing commitments was made today at this year’s Finance for Development Forum (FFD) in New York.

The Bamboo-UNCDF Initiative for the Least Developed (“BUILD”) is an innovative blended impact finance vehicle designed to bring finance to small-and-medium sized enterprises (SMEs) and entities that have the potential for strong development impact in the world’s frontier markets or least developed countries. Managed by Bamboo Capital Partners, the Fund provides growth capital to businesses identified, supported and nurtured by UNCDF. The BUILDER Technical Assistance (TA) Facility is managed at arm’s length by UNCDF, which will be closely involved in pipeline generation, portfolio building, and business advisory support to businesses.

So far, the BUILD Fund has received a total of US\$55 million in financial commitments which will be deployed via a variety of modalities, including as first-loss financing to absorb early financial losses; a guarantee protection against credit losses; and senior debt financing. Additionally, the US\$6.5 million in financial commitments to the BUILDER TA Facility will be deployed to provide much-needed pre- and post-investment business advisory support to BUILD’s prospective and active investees. The commitments breakdown as below:

- Luxembourg: Anchor investor with Euro 2 million in first loss to the BUILD Fund
- Global Affairs Canada (Canada): up to CAD 24.7 million in first loss to the BUILD Fund (in addition to CAD 6.8 million for BUILDER TA Facility / CAD 32 million, including funds for monitoring and evaluation)
- Norad (Norway): US\$3 million in first loss to the BUILD Fund (in addition to ~\$0.9 million for BUILDER TA Facility)
- Nordic Development Fund (NDF): US\$10 million in first loss to the BUILD Fund
- Swedish International Development Cooperation Agency & U.S. Development Finance Corporation (Sida/USDFC): US\$10 million (US\$5 million each) in loan guarantees
- U.S. Development Finance Corporation (USDFC): US\$10 million in senior debt financing to the BUILD Fund

The BUILD Fund is designed to attract concessional, semi-commercial and select commercial growth finance to early-stage businesses, especially in the agriculture, renewable energy and financial inclusion sectors, with the ultimate goal of achieving significant progress towards the SDGs in its target countries. The BUILD Fund is one of the few investment funds in the market to focus on LDCs. Through the BUILD Fund, UNCDF and Bamboo Capital Partners are aiming to capitalize the financing gap that affects SMEs - including women entrepreneurs - in frontier markets, where growth is constrained by a lack of access to follow-on financing. This financing gap, otherwise known as the “Missing Middle,” occurs when the capital needs of firms and projects are too large for microfinance institutions and too small for commercial finance; a gap that overwhelmingly impacts frontier markets and least developed countries.

The BUILDER TA Facility is designed to provide impactful pre and post investment business advisory support to prospective and active investees of the BUILD Fund. Such support could for example consist in enhancing the financial management, training in how to define and track social and environmental goals, developing and documenting operational procedures and best practices, creating a methodology and a framework to track and report selected gendered impact indicators, etc.

Harjit S. Sajjan, Minister of International Development and Minister responsible for the Pacific Economic Development Agency of Canada: “Canada’s \$32 million in support for the BUILD Fund, a partnership between UNCDF and Bamboo Capital Partners, helps attract additional financing for dynamic entrepreneurs in least developed countries. This initiative will help drive business growth, support good jobs for women and men, and demonstrate financial returns in some of the most vulnerable economies.”

Olivier Maes, Permanent Representative of Luxembourg to the UN: “Innovative financing for SMEs is not an option, but a necessity if we want to promote the recovery response to COVID-19 and achieve the SDGs. We need to work together at scale and with a diversity of actors, to orient investments to where they are most needed. Initiatives such as the BUILD Fund represent innovative financing tools that benefit from partnerships of a large range of partners, including from the public and private sectors, which can help provide the necessary financial means in LDCs to build back better and reshape the world of tomorrow. We are proud of being the first anchor investor in the BUILD Fund.”

Henrik Franklin, Director, Portfolio Origination and Management, Nordic Development Fund: “As the joint Nordic International Finance Institution focusing on the nexus between climate change and development in lower-income countries and countries in fragile situations, we are excited to join the BUILD Fund and fully support its focus on local SMEs. Engaging the private sector is an important success factor in addressing climate change and the BUILD Fund has great potential in closing some crucial gaps. As a concessionary financier, we are ready to explore new avenues and we are proud to be part of the de-risking tranche of the BUILD fund. We look forward to working with UNCDF

and BCP towards our common goal to promote sustainable development and address the impacts of climate change in least developed countries.”

Per Fredrik Ilsaas Pharo, Director, Department of Partnerships and Shared prosperity, Norad: “As a UNCDF core donor and having contributed to the development of UNCDF’s LDC Investment Platform as well as the ‘BRIDGE Facility,’ we are proud of today’s announcement regarding catalysation of first loss for the BUILD fund, as well as contributions to the BUILDER TA Facility alongside Global Affairs Canada. For us, this partnership with UNCDF to make blended finance work for LDCs, as well as private sector collaboration with Bamboo is crucial. We believe there is a great need and potential for blended finance initiatives in LDCs. To succeed, collaboration amongst donors and private investors is essential. Going forward, efforts must focus on mobilising private capital to the BUILD Fund.”

Scott Nathan, US DFC, CEO: “The BUILD Fund is a compelling example of blended finance in action. The Fund’s capital structure, focus on development, and provision of on-the-ground support for SMEs in less developed countries make it a powerful investment for DFC.”

True Schedvin, Head of Unit Global Sustainable Economic Development, Swedish International Development Cooperation Agency (Sida): “Sweden is a proud long-term partner of UNCDF. We are very pleased to be part of the BUILD Fund, including the partnership with Bamboo Capital Partners. The fund is particularly important due to its focus on LDCs and for creating opportunities to grow for those SMEs that otherwise would be trapped in the “missing middle” with limited access to finance. We believe our guarantee alongside DFC will play the catalytic role that it is intended for.”

Ms. Preeti Sinha, Executive Secretary, UNCDF: “UNCDF has a unique capital mandate within the UN system to leverage loans and guarantees as well as set up blended finance funds. Our partnership with Bamboo Capital Partners in setting up the BUILD Fund is our attempt to move capital to LDCs, specifically into the last mile companies that strengthens the local economic ecosystem. The \$55 million for BUILD and \$6.5 million for BUILDER in commitments from member state donors being announced today is a testimonial to the willingness of our partners to ensure holistic development of LDC countries that advances the long-term well-being of their economies and their communities.”

Jean-Philippe de Schrevel, Founder and Managing Partner at Bamboo Capital Partners: “Bamboo, as an impact investor, strongly believes there is a need for capital to unlock the potential of early-stage businesses in LDCs and low-income countries, and our partnership with UNCDF ensures that capital and impact are aligned together. UNCDF’s strong presence on the ground, along with our investment experience, has been recognized by the member state donors and DFI partners providing de-risking capital. We are confident that they will be joined by the private sector in making the BUILD fund a success.”