

News release

BlueOrchard announces the launch of a Covid-19 support fund that aims to support more than 200 million jobs in emerging and frontier markets

Zurich, 9 November 2020 – BlueOrchard Finance Ltd (BlueOrchard), a leading impact investment manager and member of the Schroders Group, is pleased to announce the launch of the “BlueOrchard Covid-19 Emerging and Frontier Markets MSME Support Fund”. The Fund is backed by prominent public and private investors who will jointly support its launch with around USD 140 million. The first of its kind, the Fund will provide support funding to financial institutions and is expected to finance 20 institutions, serve three million micro-entrepreneurs and maintain 60 million jobs per each USD 100 million. The Fund has a target size of USD 350 million.

To support micro, small and medium enterprises (MSMEs) in emerging and frontier markets, BlueOrchard, in partnership with Schroders, CDC (the UK's development finance institution), DFC (U.S. International Development Finance Corporation), and JICA (Japan International Cooperation Agency), has launched the “BlueOrchard Covid-19 Emerging and Frontier Markets MSME Support Fund”. KfW, on behalf of the German Federal Ministry of Economic Cooperation and Development (BMZ), is currently in due diligence stage and intends to join the circle of investors.

The Fund will be further equipped with a dedicated Technical Assistance Facility supported by SECO (Swiss State Secretariat for Economic Affairs) to fast track the recovery of MSMEs even in the most vulnerable sectors and geographies.

The wide-ranging impact of the Covid-19 pandemic threatens to undo decades of progress made toward reducing poverty and inequality globally. Whereas Government support has been swift in most developed markets, it has largely been absent in emerging and frontier markets when it comes to supporting entrepreneurs and setting up effective support and recovery programmes.

Though many financial institutions have weathered the current crisis without major disruption, others need support in order to keep financing MSMEs, which build the backbone of developing countries in terms of economic growth and employment. During these times, pioneering impact investors like BlueOrchard have a key role to play in ensuring that these businesses in developing countries are not left behind.

The Fund qualifies under the [the 2X Challenge](#) criteria — a commitment by the development finance institutions of the G7 to mobilise USD 3 billion by 2020 toward investments that support women's economic empowerment in emerging markets.

Philipp Müller, BlueOrchard's CEO, said: “Unprecedented times require decisive action and innovators who go ahead. We are very thankful and proud that we successfully brought together a renowned group of public and private actors at record speed to support those most in need. For 20 years, we remain true

to our mission to reduce poverty and inequality globally. The impact of the pandemic has made our conviction even stronger.”

Maria Teresa Zappia, **BlueOrchard**’s Chief Impact and Blended Finance Officer & Deputy CEO said: “We thank our partners for their resolve and support for a key facility which will allow mitigating some of the challenges of the pandemic and we are proud of this remarkable collaborative effort of our teams across the globe.”

Schroders’ Group Chief Executive, Peter Harrison, commented:

“It is action rather than words that will help us deliver a more sustainable future for businesses, our clients and society.”

“At times like these tangible action is more important than ever. This fund is a clear demonstration of our efforts to make a real impact.”

“Emerging and frontier markets are being hit disproportionately hard by the impact of Covid-19: the significant amount of capital raised already by this fund will make a vital difference to businesses which are providing key support to these economies.”

Nick O’Donohoe, Chief Executive Officer, **CDC Group**, said: “We are pleased to have played a key anchor role in the Fund, enabling it to reach this timely launch. The Fund will deploy capital at scale to make a marked difference for millions of small entrepreneurs and support many more livelihoods in markets that have been heavily impacted by the pandemic. In these current times, it is vital that financial support is made available to help preserve, strengthen and assist MSMEs to rebuild, in order to contribute to the long-term growth and economic stability in emerging markets.”

“We are pleased to collaborate with BlueOrchard and other partners to address this challenge for frontier and emerging markets,” said **DFC** CEO Adam Boehler. “By providing capital to institutions that serve micro, small and medium-sized business, we help stabilize industries, safeguard jobs, and speed recovery.”

KITAOKA Shinichi, **JICA** President, said: “One of our missions is to achieve Human Security. Its core is to ensure everyone the right to live in dignity. In pursuit of our mission, JICA is working to build more resilient societies that enable the protection of people’s lives under the Covid-19 pandemic. As part of our efforts, JICA has joined the BlueOrchard Covid-19 Fund. In partnership with BlueOrchard, we have supported about 120,000 MSMEs mostly owned by women entrepreneurs in Asia through the Japan ASEAN Women Empowerment Fund since 2016. I believe that the financial opportunities offered by this fund to MSMEs in low- and middle-income countries will enable their fast recovery from the Covid-19 crisis and future growth.”

Liliana de Sá Kirchknopf, Head of Private Sector Development, **SECO**, said: *“The Covid-19 Support Fund is an initiative aiming to provide much needed liquidity to financial institutions serving MSMEs in emerging markets. SECO supports the initiative via a dedicated Technical Assistance Facility that will assess the impact of liquidity financing at financial institution and MSME level during the stabilization and recovery phase. This will generate valuable market data that will be shared as public good to ensure lessons learned on MSMEs’ needs at time of crisis can improve the response and fulfilment of financing needs in future market turbulences.”*

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About BlueOrchard Finance Ltd

BlueOrchard is a leading global impact investment manager and a member of the Schroders group. The firm is dedicated to fostering inclusive and climate-smart growth in emerging and frontier markets, while providing attractive returns for investors. BlueOrchard was founded in 2001, by initiative of the UN, as the world’s first commercial manager of microfinance debt investments. The firm has built a distinct track record in offering premium impact investment solutions, including credit, private equity, and sustainable infrastructure. Being an expert in innovative blended finance mandates, the firm is a trusted partner of leading global development finance institutions. BlueOrchard has invested to date more than USD 7bn for sophisticated global private and public clients, enabling tangible social and environmental impact. For additional information, please visit: www.blueorchard.com.

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Schroders plc

As a global investment manager, we manage investments actively and responsibly for a wide range of institutions and individuals, to help them meet their financial goals and prepare for the future. The world is forever changing, and with our clients at the centre of everything we do, we understand the need to continue to adapt and evolve our business in line with what matters most to our clients today, and in the future.

Our ongoing success is built on a history of experience and expertise, whereby we partner with our clients to construct innovative products and solutions across our five business areas consisting of Private Assets & Alternatives, Solutions, Mutual Funds, Institutional and Wealth Management and invest in a wide range of assets and geographies. By combining our commitment to active management and focus on sustainability, our strategic capabilities are designed to deliver positive outcomes for our clients.

We are responsible for £525.8 billion (€578.4 billion/\$649.6 billion)* assets of our clients, managed locally by 42 investment teams worldwide. As a global business with over 5,000 talented staff across 35

locations, we are able to stay close to our clients and understand their needs. We have over 200 years of experience in investment and innovation and remain committed to creating a better future by investing responsibly for our clients.

Growing our Wealth Management business is a key strategic priority. We currently look after £65.7bn* for our Wealth Management clients worldwide.

Further information about Schroders can be found at www.schroders.com.

*as at 30 June 2020

About CDC Group

CDC Group is the world's first impact investor with over 70 years of experience of successfully supporting the sustainable, long-term growth of businesses in Africa and South Asia.

CDC is a UK champion of the UN's Sustainable Development Goals – the global blueprint to achieve a better and more sustainable future for us all.

The company has investments in over 1,200 businesses in emerging economies with total net assets of £5.8bn and a portfolio of £4.3bn. This year CDC will invest over \$1.5bn in companies in Africa and Asia with a focus on fighting climate change, empowering women and creating new jobs and opportunities for millions of people.

CDC is funded by the UK government and all proceeds from its investments are reinvested to improve the lives of millions of people in Africa and South Asia.

CDC's expertise makes it the perfect partner for private investors looking to devote capital to making a measurable environmental and social impact in countries most in need of investment.

CDC provides flexible capital in all its forms, including equity, debt, mezzanine and guarantees, to meet businesses' needs. It can invest across all sectors, but prioritises those that help further development, such as infrastructure, financial institutions, manufacturing, and constructions. Find out more at www.cdcgroup.com

Disclaimer:

COVID-19 EMERGING AND FRONTIER MARKETS MSME SUPPORT FUND SCSp SICAV-RAIF is a closed-end fund, unlike open-end funds, shares are not continually offered. An investment in a closed-end fund presents a number of risks and is not suitable for all investors.

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