Project Summary for Public Disclosure
(after approval of NDB financing)

Project Name	Emergency Program for Supporting Brazil's Economic Recovery from COVID-19
Country	The Federative Republic of Brazil
Type	Sovereign
Area of Operation	COVID-19 Emergency Assistance
Financing Approval Date	07 December 2020
Total Project Cost	USD 3.5 billion
Initial Limit of NDB Financing	USD 1.0 billion
Current Limit of NDB Financing	USD 1.0 billion
Borrower	The Federative Republic of Brazil
Project Entity	Banco Nacional de Desenvolvimento Economico e Social
Project Context	The crisis unraveled by the COVID-19 outbreak represented an unprecedented impact to Brazil's economy. Macroeconomic indicators deteriorated and unemployment and household debt levels increased. Small and Medium Enterprises (SMEs) were especially impacted as they faced the most severe credit restrictions. In Brazil, SMEs represent 99% of the total number of business firms, 27% of the country's GDP, 52% of the employment generation and 40% of the country's payroll. To address the adverse impact on SMEs, the Government of Brazil (GoB) created the Credit Access Emergency Program (PEAC). The Program consists of expansion of the existing Investment Guarantee Fund (FGI) with an additional investment of USD 3.5 billion to improve credit access, increase credit limits and reduce borrowing costs for SMEs.
Project Description	The NDB's loan (Loan) was to support the recovery of the Brazilian economy by providing resources for the GoB to capitalize the FGI-PEAC Fund that provided guarantees to participating Financial Institution (FIs) on loans provided to SMEs. FGI was created in 2010 and is managed by the Banco Nacional de Desenvolvimento Economico e Social (BNDES). FGI, in partnership with FIs, provides fast and less costly guarantees on SME loans availed from FIs. The Fund was expanded in 2020 under PEAC, as a response from the GoB to the COVID-19 impact on the economy. The Fund provides guarantees to participating FIs for 80% of the loans provided to SMEs, limited to BRL 10 million (USD 1.8 million) per SME per

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<tr><td></td><td>FI. No premium rate is charged and only minimum personal guarantees are required in accordance with the respective FIs' policies.</td></tr>
<tr><td>Project Objective</td><td>The Emergency Program (Program) was proposed to address the adverse economic impact of COVID-19 pandemic and enable economic recovery. Its objective was to improve SMEs' access to credit by providing guarantees to help them overcome any temporary liquidity problem, ensure the continuity of their operations, and strengthen their financial sustainability, thereby preventing significant loss of jobs.</td></tr>
<tr><td>Implementation Arrangements</td><td>FGI-PEAC was operational from June 2020 and eligible SMEs obtained loans guaranteed by the fund until December 31, 2020. The GoB utilized the Loan to partially finance its contribution to the FGI-PEAC Fund. BNDES as the Fund manager was responsible for operating the guarantees, underwriting and overall coordination of the participating FIs. BNDES also monitored and reported on the Program's performance. As of November 2020, the Fund had already provided more than USD 15 billion in guarantees. The disbursement was concluded in one tranche of the full Loan amount with 100% retroactive financing.</td></tr>
<tr><td>Environmental and Social Information</td><td>The Program was categorized as Category FI-B in line with the NDB's Environmental and Social Framework (ESF), considering the existing eligibility criteria for SMEs to participate in the Fund and the use of credit proceeds for working capital and other necessary investments to support the SMEs. The guarantees were provided for activities not included in the NDB's E&S Exclusion List and in adherence to country systems requirements, resulting in material compliance with NDB ESF.</td></tr>
<tr><td>Financing</td><td>The total cost of the Program was USD 3.50 billion. NDB financed USD 1.00 billion or 29% of the total cost. The balance cost was financed by the Inter-American Development Bank (IDB) (a loan of USD 200 million) and GoB (USD 2.30 billion).
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<tr><th>Source of Fund</th><th>Amount (USD million)</th></tr>
<tr><td>NDB</td><td>1,000</td></tr>
<tr><td>IDB</td><td>200</td></tr>
<tr><td>GoB</td><td>2,300</td></tr>
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<tr><td>Contacts</td><td>
<table>
<tr><th>NDB</th><th>Borrower</th><th>Project Entity</th></tr>
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