

## Program Summary for Public Disclosure

<b>Program Name</b>	Brazil Emergency Assistance Program for Economic Recovery
<b>Country</b>	The Federative Republic of Brazil
<b>Sector</b>	COVID-19 Emergency Program Loan
<b>Board Approval Date</b>	07 December 2020
<b>Total Program Cost</b>	USD 3.5 billion
<b>Loan Amount</b>	USD 1.0 billion
<b>Borrower</b>	The Federative Republic of Brazil
<b>Implementing Agency</b>	The Brazilian Development Bank (BNDES)
<b>Program Context</b>	<p>The crisis unraveled by the COVID-19 outbreak represents an unprecedented impact to Brazil's economy. Macroeconomic indicators are deteriorating, and unemployment and household debt levels are expected to increase further. Small and Medium Enterprises (SMEs) are especially impacted as they face 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) has 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.</p>
<b>Program Objective</b>	<p>The Emergency Program (Program) is proposed to address the adverse economic impact of COVID-19 pandemic and enable economic recovery. Its objective is 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.</p>
<b>Program Description</b>	<p>The NDB's loan (Loan) is to support the recovery of the Brazilian economy by providing resources for the Government of Brazil (GoB) to capitalize the FGI-PEAC Fund that provides guarantees to participating Financial Institution (FIs) on loans provided to SMEs.</p> <p>FGI was created in 2010 and is managed by the 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</p>

	<p>guarantees to participating FIs for 80% of the loans provided to SMEs, limited to BRL 10 million (USD 1.8 million) per SME per FI. No premium rate is charged and only minimum personal guarantees are required in accordance with the respective FIs' policies.</p>								
<b>Expected Benefits</b>	<p>The expected Program benefits are: (i) increased credit access to SMEs; (ii) prevented job losses in supported SMEs; and (iii) increased ability of SMEs to survive the COVID-19 pandemic crisis, as compared to SMEs that have not been supported by FGI-PEAC.</p>								
<b>Environmental and Social Aspect</b>	<p>The Program has been 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 will be provided for activities not included in the NDB's E&amp;S Exclusion List and in adherence to country systems requirements, resulting in material compliance with NDB ESF.</p>								
<b>Financing Aspect</b>	<p>The total cost of the Program is estimated at USD 3.50 billion. NDB will finance USD 1.00 billion or 29% of the total cost. The balance cost will be financed by the Inter-American Development Bank (a loan of USD 200 million) and GoB (USD 2.30 billion).</p> <table border="1" data-bbox="470 1220 1452 1411"> <thead> <tr> <th data-bbox="470 1220 1029 1265">Source of Fund</th> <th data-bbox="1029 1220 1452 1265">Amount (USD million)</th> </tr> </thead> <tbody> <tr> <td data-bbox="470 1265 1029 1310">New Development Bank</td> <td data-bbox="1029 1265 1452 1310">1,000</td> </tr> <tr> <td data-bbox="470 1310 1029 1355">Inter-American Development Bank</td> <td data-bbox="1029 1310 1452 1355">200</td> </tr> <tr> <td data-bbox="470 1355 1029 1411">Government of Brazil</td> <td data-bbox="1029 1355 1452 1411">2,300</td> </tr> </tbody> </table>	Source of Fund	Amount (USD million)	New Development Bank	1,000	Inter-American Development Bank	200	Government of Brazil	2,300
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<b>Implementation</b>	<p>FGI-PEAC is operational since June 2020 and eligible SMEs can obtain loans guaranteed by the fund until December 31, 2020. The GoB will utilize the Loan to partially finance its contribution to the FGI-PEAC Fund. BNDES as the Fund manager is responsible for operating the guarantees, underwriting and overall coordination of the participating FIs. BNDES will also monitor and report on the Program's performance.</p> <p>As of November 2020, the Fund has already provided more than USD 15 billion in guarantees. The disbursement will be in one tranche of the full Loan amount with 100% retroactive financing.</p>								

<b>Contacts</b>	<b>NDB</b>	<b>Borrower</b>	<b>Implementing Agency</b>
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