



# EXPRESSION OF INTEREST

Loans and  
Guarantee in the  
Pacific



## United Nations Capital Development Fund

### Call for Expression of Interest for Loans and Guarantee in the Pacific

#### BACKGROUND DOCUMENT

## 1. Introduction

The United Nations Capital Development Fund (UNCDF) is the UN's impact investment agency. Unique in the UN system, UNCDF can deploy a spectrum of financing solutions (grants, loans, and guarantees) and technical assistance to businesses that have a positive impact on achieving Sustainable Development Goals<sup>1</sup>.

**UNCDF is inviting expressions of interest from organizations that are seeking loan or guarantee funding to finance their working capital or expansion goals in the Pacific Region.** UNCDF will use the information from the Expression of Interest (EOI) to create deal flow for direct financing through two funding instruments, the Bridge Facility and Build Fund. UNCDF will especially look for opportunities where UNCDF's financing can help the business unlock financing from banks and investors.

Additionally, the Call for EOI will help UNCDF and UNDP<sup>2</sup> to:

1. Landscape the current financing need for SDG-positive businesses that have development impact in the areas listed below.
2. Understand how the UN and business development organizations can assist sustainable businesses in the Pacific to access capital. Support in this area can include investment readiness support through grant financing and technical assistance, liaising with the Government, and exposure to investors.

Organizations that submit an expression of interest must have a **revenue-generating business model**, and the business model must also **have environmental and/or social impact** in one of the areas listed below:

1. Food Security and Nutrition
2. Energy Access
3. Financial Inclusion
4. Inclusive Digital Economy
5. Biodiversity Conservation

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<sup>1</sup> <https://sdgs.un.org/goals>

<sup>2</sup> UNCDF and UNDP partners together in SDG financing initiatives such as Pacific Digital Economy Programme, Pacific Insurance and Climate Adaptation Programme, Investing in Coral Reefs and the Blue Economy, Fiji Blue Bond

## 6. Climate Disaster Risk Financing and Insurance

UNCDF has two funding instruments:

1. **Concessional loan and guarantees (BRIDGE Facility)**, on UNCDF's own balance sheet – loan and guarantee investments in the range between USD 100,000 and USD 1,000,000, available in hard and local currency. Loan is offered on concessional terms including interest rate, tenor and collateral requirements.
2. **Commercial loan (BUILD Fund)**, on a third-party investor's balance sheet – loans between USD 250,000 and USD 2,500,000, available in hard and local currency.

For more information on the BRIDGE Facility and BUILD Fund, please visit:

- [The BRIDGE Facility presentation deck](#)
- [The BUILD Fund: A UNCDF and Bamboo Capital Partners partnership](#)

This is an open-ended call for expression of interest, with recurring quarterly deadlines. The first Call for Expression of Interest closes **23:59 PM Fiji Time on 28 February, 2023 (Tuesday)**.

The subsequent quarterly deadlines are as follows:

- Second application deadline: 31 May, 2023 (Wednesday)
- Third application deadline: 31 Aug, 2023 (Thursday)
- Third application deadline: 30 November, 2023 (Thursday)

## 2. How to apply:

1. Read through this document, particularly sections on UNCDF's Scope of Investment and Investment Process.
2. Submit your Expression of Interest **online** through the UNCDF's online application form available through this link :  
[https://apply.uncdf.org/prog/pacific\\_region\\_call\\_for\\_expression\\_of\\_interest\\_for\\_loans\\_and\\_guarantees\\_bridge\\_and\\_build\\_fund/](https://apply.uncdf.org/prog/pacific_region_call_for_expression_of_interest_for_loans_and_guarantees_bridge_and_build_fund/)
3. Apply online by the first application deadline **23:59 PM Fiji Time on 28 February, 2023 (Tuesday)**.

Inquiries regarding this Call may be submitted by email to [invest.pacific@uncdf.org](mailto:invest.pacific@uncdf.org) .

Please note submitting information in response to this call for Expression of Interest does not guarantee funding.

*Note: If you are a business development organization that works with businesses to provide market linkages or provides investment-readiness support, and you are supporting them to apply to this call, the applicant can provide your organization's details in the main application form under 'Technical Assistance' and indicate that they would like your organization to be informed when UNCDF conducts a light-touch due diligence (pre-assessment).*

## 3. Scope of UNCDF's Investment

### 3.1 Purpose

UNCDF uses its financing instruments to fill the “missing middle” finance gap – businesses and projects with financing needs that are too large for microfinance but still considered too small and too risky to be served by commercial financial institutions and investors. UNCDF's capital is best used to grow businesses, strengthen balance sheets, build credit history, and unlock funding from banks and other investors.

### 3.2 Type of entity eligible for funding

Applicants must be a **formally registered entity** and one of the below:

- Private sector entity (see detailed list in the pre-screening criteria)
- Public Private Partnership Entity
- Special Purpose Vehicle
- Non-profit

Individuals and public sector entities are NOT eligible for funding.

### 3.3 Growth stage of business

Applicants **must be generating revenue**, and in one of the following stages of growth. Pre-revenue companies are not eligible.

- **Early Stage:** The business idea has evolved, and a team is in place. It is focused on testing the market; developing their product or service; expanding customers; and building brand identity.
- **Growth Stage:** The business has a clear business model in place, and sales growth is beginning to accelerate. It can demonstrate increase in sales year over year, with good cash flow.
- **Mature Stage:** Business continues to grow, has strong cash position, growing through acquisition or spin off of other product lines. Operations is smooth, revenue is steady.

*Note: Mature businesses can seek funding for a new venture (greenfield or start-up) that has a positive SDG impact.*

### 3.4 Geographical scope

Companies can be registered anywhere, but must be operational in the following countries: **Fiji, Papua New Guinea, Solomon Islands, Vanuatu, Federated States of Micronesia, Kiribati, Republic of the Marshall Islands, Samoa, Tonga, Tuvalu, Timor-Leste.**

Whether a company is operational in the country or not is determined by revenue generation, and/or on-the-ground staffing in these countries.

### 3.5 Development Impact

Applicants must seek financing for **revenue-generating businesses that create positive environmental and/or social impact** in one of the areas listed below. **Environmental impact** can include improvements in climate-resilience, reduction in carbon emissions, and reduction in pollution. **Social impact** can include making solutions more accessible, increasing decent jobs, and improving income and business opportunities for under-served segments of the population as consumers, employees, and

partners in the value chain. Examples of under-served segments are smallholder farmers, informal workers, micro-merchants, women, youth, migrants, persons with disabilities.

Development Impact	Investment Areas
<p><b>1. Food Security and Nutrition</b></p> <p><a href="#">SDG 2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture</a></p>	<p>This includes investments in businesses that <b>improves the productivity and incomes of small-scale food producers, or improves the sustainability and climate resilience of food production.</b></p> <p><b>Prospective investees</b> are agriculture or fisheries businesses such as cooperatives and commercial farms that use sustainable cultivation practices, or food processing/exporting companies that source commodities from smallholder farmers.</p>
<p><b>2. Energy Access</b></p> <p><a href="#">SDG 7: Ensure access to affordable, reliable, sustainable and modern energy for all</a></p>	<p>This includes investments in businesses that make it easier for everyone to <b>use affordable, reliable and modern energy solutions, especially renewable or energy efficient solutions.</b></p> <p><b>Prospective investees</b> are solar mini-grid operators that service communities in remote areas, clean cooking solution companies, or sustainable transportation operators.</p>
<p><b>3. Financial Inclusion</b></p> <p><a href="#">SDG 8. Promote inclusive and sustainable economic growth, employment and decent work for all</a></p> <p><a href="#">SDG 9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</a></p>	<p>This includes investments in businesses that make it easier for everyone to <b>use a range of financial services at a reasonable cost and improve their financial health.</b></p> <p><b>Prospective investees</b> are providers of payment, savings, credit, insurance, money transfer services that are designed to be more accessible to under-served segments of the population.</p>
<p><b>4. Inclusive Digital Economy</b></p> <p><a href="#">SDG 9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</a></p>	<p>This includes investments in businesses that make it easier for everyone to <b>sell and consume goods and services using digital technology.</b></p> <p><b>Prospective investees</b> are providers of digital identification, network connectivity, and digital payment which are essential for people to enter the digital economy. Other potential investees include providers of digital solutions that improve access to basic services such as education and health, as well as e-commerce and trade.</p>

<p><b>5. Biodiversity Conservation</b></p> <p><a href="#">SDG 14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development</a></p> <p><a href="#">SDG 15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss</a></p>	<p>This includes investments in businesses that <b>protect and preserve a variety of species, habitats, ecosystems and genetic diversity in both ocean and terrestrial ecosystems.</b></p> <p><b>Prospective investees</b> are businesses that manage protected areas; sustainably dispose, reduce, and reuse waste; or promotes sustainable tourism.</p>
<p><b>6. Climate Disaster Risk Financing and Insurance</b></p> <p><a href="#">SDG 13. Climate Action: Take urgent action to combat climate change and its impacts</a></p>	<p>This includes investments in businesses that <b>meet a variety of disaster risk financing-related needs, including financial and disaster preparedness, response and recovery.</b></p> <p><b>Prospective investees</b> include financial service providers that provide savings, credit, insurance or reinsurance coverage against climate disaster risk, and digital solution providers that support the ecosystem to deliver affordable and appropriate climate disaster risk financing and insurance at the meso (industry) and micro (retail customers) level.</p>

## 4. How UNCDF Invests

UNCDF provides loan and guarantee investments through two different funding instruments:

- 1) **BRIDGE Facility:** UNCDF directly invests in companies or projects through the BRIDGE Facility. Typically, these are companies at an early stage of growth, and therefore deemed too risky or too small for investment by commercial investors and banks. UNCDF’s main goal is to demonstrate to financiers that these businesses are investible. Loan is offered on concessional terms including interest rate, tenor and collateral requirements.
- 2) **BUILD Fund:** The BUILD Fund is a private fund with the ability to take on relatively high-risk investments sourced through UNCDF. The BUILD Fund is designed to attract concessional, semi-commercial and select commercial growth finance to UNCDF’s pipeline of SMEs, financial service providers, and local infrastructure projects. Through the BUILD Fund, UNCDF and Bamboo Capital Partners (BCP) are aiming to capitalize the financing gap that affects entrepreneurs in frontier markets, where growth is constrained by a lack of access to follow-on financing. The fund is managed by BCP, while UNCDF has the role of sourcing and vetting investment opportunities for financial viability and SDG impact. The BUILD Fund invests in growth stage businesses that are not yet ripe for purely commercial investments. BUILD investments are expected to provide a higher risk-adjusted return than BRIDGE investments.

Key features of the BRIDGE Facility and BUILD Fund are summarized as follows. UNCDF will determine which funding instrument is appropriate for the business when funding considerations are made.



Funds	BRIDGE Facility	BUILD Fund
Fund manager	UNCDF	Bamboo Capital Partners
Growth stage of target investees	-Early, Growth -Mature if seeking funding for a new venture	Growth, Mature
Instruments	Loans, Guarantees	Loans
Use of proceeds	Capex investments, project finance, working capital	Capex investments, project finance, working capital, refinancing
Deal size	USD 100,000 to USD 1,000,000	USD 250,000 to USD 2,500,000
Currency	Local currency and USD	Local currency and USD
Security and collateral	Unsecured	Secured and unsecured
Pricing	Concessional	Commercial

For examples of investments made under BRIDGE and BUILD, please visit:

- [UNCDF boosts access to finance: Women’s MicroBank in Papua New Guinea receives loan from UN](#)
- [Blended Finance in Action: Renewable Energy Company Case Study in Uganda](#)

## 5. Application Process

The purpose of this Call for Expression of Interest is to **shortlist potential investees that would be considered for a light touch investment due diligence**, otherwise known as ‘pre-assessment’ in UNCDF. Pre-assessments help UNCDF determine whether a prospect is suitable for investment or not, and the prospect to better understand the nature of UNCDF’s investments, before both parties move onto a full investment due diligence.

1. **Call for Expression of Interest:** To be considered for pre-assessment, the applicant must first submit an online application. The online application form is divided into two sections.
  - a. **Part 1. Eligibility Criteria Survey:** This first section is a quick survey to determine if the applicant is eligible or not for this Call for EOI. Only when the applicant meets all the eligibility requirements, will the applicant be able to move onto the second part of the application form.
  - b. **Part 2. Expression of Interest Form:** Applicants that meet the minimum eligibility criteria above will complete a questionnaire asking for business, organizational, financial and impact information. UNCDF will use this information to shortlist applicants that would go onto what is referred to as a ‘pre-assessment stage’ described below.
2. **Pre-assessment:** After reviewing the applications, UNCDF will short-list applicants for pre-assessment. A pre-assessment is a light touch due diligence for UNCDF to determine whether the applicant is ready for a full investment due diligence or not. At this stage, UNCDF will organize a call or a meeting with the applicant and request for documents to be submitted for analysis (e.g. business plan, financial statements).

3. **Investment due diligence & credit scoring:** If the pre-assessment findings deem the investee as suitable for investment either through the BRIDGE Facility or BUILD Fund, UNCDF will conduct a full investment due diligence with the prospect, along with a credit scoring. The investment will be presented to UNCDF's Impact Investment Committee for approval.

## 6. Step 1. Expression of Interest

The online application form is divided into two sections as below.

### Part 1. Eligibility Criteria Survey

<b>Business Registration</b>	Is a formally registered legal entity
<b>Geographic Scope</b>	<p>Fiji, Papua New Guinea, Solomon Islands, Vanuatu, Federated States of Micronesia, Kiribati, Republic of the Marshall Islands, Samoa, Tonga, Tuvalu, Timor-Leste.</p> <p>Business is operational in these countries as demonstrated through business volume, revenue generation, and/or on-the-ground staffing.</p>
<b>Development Impact</b>	<p>Business has environmental and/or social impact in one of the six areas:</p> <ol style="list-style-type: none"> <li>1. Food Security and Nutrition</li> <li>2. Energy Access</li> <li>3. Financial Inclusion</li> <li>4. Inclusive Digital Economy</li> <li>5. Biodiversity Conservation</li> <li>6. Climate Disaster Risk Financing and Insurance</li> </ol>
<b>Permits, Licenses</b>	<p>Complies with relevant standards, regulations and applicable legislation to which applicant may be subject to, and possesses required regulatory approvals, licenses and certificates for their operations.</p> <p>Credit providing entities must comply with prudential regulations and guidelines including corporate governance measures and risk management procedures.</p>
<b>Revenue</b>	Business is generating revenue
<b>Business Plan</b>	Has a business plan or in the process of developing one
<b>Financials</b>	<p>Able to provide financials if selected for pre-assessment (next stage of this Call):</p> <ol style="list-style-type: none"> <li>1. <b>Early Stage:</b> Can provide year-to-date financial statements or management accounts for the most recent month.</li> <li>2. <b>Growth Stage:</b> Can submit at least 1 year of audited financials.</li> <li>3. <b>Mature Stage:</b> Can submit at least 3 years of audited financials.</li> </ol>
<b>Exclusion criteria</b>	Applicant does NOT meet any of the UN Exclusion Criteria referred to in Annex 1 of this document.



## Part 2. Expression of Interest Form

Applicants that meet the minimum eligibility criteria above will be asked to provide the information detailed in the table below. Based on this information, UNCDF will shortlist entities that are eligible for pre-assessment. The criteria for shortlisting will be:

Criteria	Aspects that UNCDF will look at
<b>Business and Management Team</b>	<ol style="list-style-type: none"> <li>1. Mission</li> <li>2. Business model, target customers, services / products</li> <li>3. Results against business key performance indicators (e.g. sales, number of customers)</li> <li>4. Profile of management team</li> </ol>
<b>Financials</b>	<b>Early Stage</b> <ol style="list-style-type: none"> <li>1. Clear revenue model</li> <li>2. Total equity<sup>3</sup> should be USD 50,000 or more in local currency</li> <li>3. 20% of company equity committed by owner/founder of company</li> </ol>
	<b>Growth, Mature Stage</b> <ol style="list-style-type: none"> <li>1. Has recurring revenue streams</li> <li>2. Has stable or improving profitability trends</li> <li>3. Has an equity to total assets ratio of 15% or more</li> </ol>
	<b>For credit providing entities only:</b> <ol style="list-style-type: none"> <li>1. Operational Self Sufficiency (OSS) ratio (Revenue - financial costs - operational costs - loan loss costs) (Ratios must be provided, but there are no minimum/maximum thresholds)</li> <li>2. Portfolio at Risk (PAR) &gt; 30 (Ratios must be provided, but there are no minimum/maximum thresholds)</li> </ol>
<b>Environmental and Social Impact</b>	Businesses can demonstrate commitment to creating impact by sharing: <ul style="list-style-type: none"> <li>• Corporate strategy and sustainability practices in the business</li> <li>• Impact measurement framework and system</li> <li>• Impact results to date</li> </ul>
<b>Investment request</b>	<ol style="list-style-type: none"> <li>1. Total investment size</li> <li>2. Purpose of funds requested</li> <li>3. Total financing request from UNCDF and type of instrument</li> <li>4. Co-financing availability (aside from UNCDF)</li> <li>5. Relevance to UNCDF's investment principles               <ul style="list-style-type: none"> <li>• No market distortion</li> <li>• Market development</li> </ul> </li> </ol>

<sup>3</sup> Total Equity = Total Asset – Total Liabilities

	<ul style="list-style-type: none"> <li>• <b>Additionality:</b> Extent to which applicant would not be able to obtain funding from local or international commercial or semi-commercial capital with similar terms or investment amounts without UNCDF financing</li> </ul>
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## 7. Step 2. Pre-Assessment

This step happens after you submit your Expression of Interest Form. A pre-assessment is a light touch due diligence for UNCDF to determine whether the applicant is ready for a full investment due diligence or not. After short-listing applicants under Step 1, UNCDF will request for a call or a meeting with key people in the organization, as well as documents such as financial statements for UNCDF to analyze.

At the pre-assessment stage, UNCDF will analyze the following documents in further detail:

<b>Financial Information</b>	<ol style="list-style-type: none"> <li>1. Audited Financials (growth and mature stage businesses)</li> <li>2. Unaudited year-to-date complete financial statements/management accounts for the most recent month</li> <li>3. Business plan</li> <li>4. Financial projections</li> </ol>
<b>Institutional and Human resources information</b>	<ol style="list-style-type: none"> <li>1. Institutional Overview or other documentation that describes vision and business</li> <li>2. Copy of Incorporation certificate</li> <li>3. Organogram</li> <li>4. CVs or biographies of Management Team</li> </ol>

At the pre-assessment stage, businesses will be based on the following criteria:

Criteria		Source of Verification
<b>Viability of the business</b>	<ul style="list-style-type: none"> <li>- Potential for commercialization, including likelihood of profitability and/or break-even</li> <li>- Estimated market size and growth</li> <li>- Scalability of the business with UNCDF investment</li> <li>- Extent to which UNCDF's investment would contribute to market additionality and positive market demonstration effects</li> </ul>	<ul style="list-style-type: none"> <li>- Company pitch deck</li> <li>- Business plan &amp; financial projections</li> <li>- Interviews with management</li> </ul>
<b>Organizational readiness</b>	<ul style="list-style-type: none"> <li>- Compliance with registration, tax, licensing, permits, etc.</li> <li>- Profiles of management team</li> <li>- Governance and organizational structure</li> <li>- Business track record</li> </ul>	<ul style="list-style-type: none"> <li>- Company pitch deck</li> <li>- Business plan</li> <li>- Interviews with management</li> <li>- Relevant certificates and licenses</li> <li>- CVs of key management</li> <li>- Organogram</li> </ul>

<b>Financial readiness</b>	<ul style="list-style-type: none"> <li>- Financials (historical, projections)</li> <li>- Financial management practices</li> <li>- Ability to repay</li> <li>- Extent to which applicant could not obtain funding from local or international commercial or semi-commercial capital with similar terms or investment amount without UNCDF financing</li> </ul>	<ul style="list-style-type: none"> <li>- Company pitch deck</li> <li>- Financial statements (audited and unaudited)</li> <li>- Financial projections</li> <li>- Interviews with management</li> </ul>
<b>Development Impact</b>	<ul style="list-style-type: none"> <li>- Degree to which product/service and value chain are inclusive to under-served customer segments</li> <li>- Degree to which product/service and value chain creates positive environmental impact</li> <li>- Extent to which the applicant could attain faster, larger, or better development impacts with UNCDF funding</li> </ul>	<ul style="list-style-type: none"> <li>- Company pitch deck</li> <li>- Business plan</li> <li>- Interviews with management</li> </ul>
<b>Use of Investment Funds</b>	<ul style="list-style-type: none"> <li>- Proposed use of funds is clear and justified</li> <li>- Intended impact of the proposed use of funds on the business, market, and key customer segments</li> </ul>	<ul style="list-style-type: none"> <li>- Company pitch deck</li> <li>- Business plan</li> <li>- Interviews with management</li> </ul>

## 8. Submission deadline and timeline

This is an open-ended call for Expression of Interest with re-occurring quarterly deadlines over 1 year. After each quarterly deadline UNCDF will assess investment applications. Below is the schedule of deadlines which will apply to this call for Expression for Interest:

- First application deadline: **23:59 PM Fiji Time on 28 February, 2023 (Friday).**
- Second application deadline: 31 May, 2023 (Wednesday)
- Third application deadline: 31 Aug, 2023 (Thursday)
- Third application deadline: 30 November, 2023 (Thursday)

## 9. Annex: Exclusion Criteria

Below is a list of exclusion criteria as stated under the 'Eligibility Criteria Survey'. Applicants must truthfully declare the following or will be disqualified:

- Entities shall not have been the subject of bankruptcy, liquidation, judicial settlement, safeguarding, cessation of activity or any other similar situation resulting from a similar procedure.
- Entities and any of their staff or member of their board of directors shall not have been included in the United Nations financial sanctions lists, particularly in the fight against the financing of terrorism and against attacks on international peace and security; and
- Entities must not be involved in any of the following activities:
  - Manufacture, sale or distribution of controversial weapons or their components, including cluster bombs, anti-personnel mines, biological or chemical weapons or nuclear weapons.
  - Manufacture, sale or distribution of armaments and/or weapons or their components, including military supplies and equipment.
  - Replica weapons marketed to children.
  - Manufacture, sale or distribution of tobacco or tobacco products
  - Involvement in the manufacture, sale and distribution of pornography
  - Manufacture, sale or distribution of substances subject to international bans or phase-outs, and wildlife or products regulated under the CITES.
  - Gambling including casinos, betting etc. (excluding lotteries with charitable objectives)
  - Violation of human rights or complicity in human rights violations
  - Use or toleration of forced or compulsory labor.
  - Use or toleration of child labor.
- Entities shall have fulfilled all the obligations relating to the payment of social security contributions or obligations relating to the payment of taxes in accordance with legal provisions in force in the country of incorporation.
- Credit providing entities only : Compliance with non-involvement standards of financial frauds, notable large-scale financial fraud cases, including anti-money laundering, will become ineligible.