

REPORT FROM OPIC MANAGEMENT TO BOARD OF DIRECTORS

SECTION I: NON-CONFIDENTIAL PROJECT INFORMATION

Host Country:	Afghanistan
Name of Borrower(s):	Afghan Growth Finance LLC, a limited liability company organized and existing under the laws of Delaware (“AGF”), and Afghan Growth Finance, LLC, a wholly-owned subsidiary of AGF, organized and existing under the laws of Afghanistan (“AGF Afghanistan”) (each of AGF and AGF Afghanistan, a “Borrower” and collectively, the “Borrowers”).
U.S. Sponsor:	Small Enterprise Assistance Funds, a New York not-for-profit corporation based in Washington, DC which is the 100% owner of AGF.
Foreign Sponsor:	None
Project Description:	Expansion of the operations of AGF Afghanistan, a non-bank financial institution operating in Afghanistan dedicated to providing senior loans and equipment leases to small- and medium-sized enterprises in Afghanistan with a focus on agribusiness, light manufacturing, construction, consumer goods and services with offices in Kabul, Mazar-e-Sharif and Herat.
Total Project Costs:	Total anticipated project costs: \$67.9 million.
Proposed OPIC Loan:	An OPIC loan of up to \$30 million will be complemented by a grant of up to \$10 million that will provide the needed credit for AGF Afghanistan to expand its current program. This is in addition to a loan of up to \$20 million previously committed to the Borrowers by OPIC, of which \$9.5 million has been disbursed.
Developmental Effects:	This project will have a positive developmental impact on the host country. It will support the development of the financial services sector in Afghanistan through the expansion of credit available for lending to small and medium sized businesses. The project’s business model focuses on technology and knowledge transfer by providing technical assistance for business development to all borrowers. As the project will provide longer-term capital to small businesses throughout the host country, the project will stimulate significant multiplier impacts in an underdeveloped sector. Finally, the project will have significant corporate governance impacts, through the introduction of best business practices and adherence to international accounting standards, as well as human capital development impacts, through the creation of a number of local jobs for its own operations, the provision of benefits to employees, and by providing training to all employees.
Environment and Social:	Microfinance and small business lending facilities are screened as Category C projects, but subject to conditions related to the use of proceeds. Excluded activities include lending to entities engaged in categorically prohibited activities or activities likely

	to have a significant adverse impact on the environment or local communities.
Workers Rights:	OPIC's statutorily required standard worker rights language will be supplemented with provisions concerning the right of association, organization and collective bargaining, minimum age requirements, the timely payment of wages, minimum wages, and hours of work. Loans to SME borrowers will be restricted with respect to the SME borrowers' operations, including the employment of minors and other applicable labor law requirements. Standard and supplemental contract language will be applied to all workers of the Project. This Project received a Worker Rights clearance on August 19, 2009.
Human Rights:	This Project received a Human Rights Clearance on October 5, 2009.
US Effects:	The Project is not expected to have a negative impact on the U.S. economy or employment, since the Project involves the provision of financial services exclusively in the host country. The Project does not involve U.S. procurement, so it should have a neutral impact on U.S. employment. The Project is expected to have a net negative five-year U.S. balance of payments impact; however, this impact is expected to turn positive over the lifetime of the OPIC Loan.