

ANNEX B -- INFORMATION SUMMARY FOR THE PUBLIC

Host Country:	Global
Name of Beneficiary:	MFX Solutions, Inc.
Project Description:	<p>The Project involves a \$120 million increase in OPIC’s investment guaranty to MFX Solutions, Inc. (“MFX”), a U.S.-based organization that offers currency hedging services to micro, small and medium enterprise (“MSME”) financial intermediaries and impact investors operating in certain sectors, such as energy production and housing (the “Project”). OPIC provided an initial guaranty of \$20 million to MFX in 2009. OPIC extended the tenor and increased the size of the guaranty to \$48 million in 2016. This Project will further increase the size of the guaranty to \$168 million. The OPIC-supported guaranty will permit MFX to increase the number of MSME and impact sector clients to which it offers hedging.</p> <p>MFX was established in 2008 with the goal of eliminating the problem of currency mismatch for microfinance borrowers which have revenues in local currencies, but debts in hard currencies. MFX engages in currency hedge contracts with its clients, which protects its clients against depreciation of the local currency. MFX offsets its currency exposure by entering into matching, opposite hedging contracts with The Currency Exchange Fund (“TCX”) or a commercial bank counterparty. MFX provides hedging contracts in 45 different currencies. Approximately 16 percent of MFX’s portfolio is in sub-Saharan Africa, 28 percent is in Latin America, and 44 percent is in Asia. This Project is expected to increase the number of microfinance clients serviced by MFX, and will also permit MFX to offer its hedging products to Projects and borrowers supported by OPIC.</p>
Proposed OPIC Guaranty:	\$168 million guaranty will replace OPIC’s existing \$48 million guaranty
Total Project Costs:	\$224 million
U.S. Sponsor:	MFX Solutions, LLC
Foreign Sponsor:	N/A
Policy Review	
U.S. Economic Impact:	The Project is not expected to have a negative impact on the U.S. economy. There is no U.S. procurement associated with this Project, and, therefore the Project is expected to have a neutral impact on U.S. employment.

	The Project is expected to have a positive balance of payments impact over the first five years.
Developmental Effects:	This Project is expected to have a highly developmental impact by helping borrowers in the MSME lending sector as well as other impact sectors manage currency risk. In doing so, the Project facilitates local currency lending and investments in impact sectors in countries with currencies that are unstable and difficult to hedge. By enabling MSME financial intermediaries to hedge hard currency loans, the Project allows these financial intermediaries to lend to MSMEs in local currency, while mitigating the financial risk of a devaluation of the local currency. The Project is also expected to help reduce emerging countries' vulnerability to capital outflows that results from an excessive reliance on short-term debt. MFX is the only provider of collateral-free hedging products in the MSME sector. MFX also participates in efforts to provide risk management technical assistance to microfinance institutions.
Environment:	<p>Projects involving financial services to MIVs, MFIs, and SME lenders that have portfolios of eligible microfinance, small and medium-sized enterprises (MSME) are screened as Category C under OPIC's environmental and social guidelines. Environmental, health, safety and social impact concerns are minimal. However, in order to ensure that the Borrower's activities are consistent with OPIC's statutory and policy requirements, the Project will be subject to conditions regarding the use of OPIC proceeds. Prior OPIC approval is required for subprojects that are not an MIV, MFI or SME lender.</p> <p>The Borrower has a Social and Environmental Management System in place that is commensurate to the risks of the Project. All projects supported with OPIC proceeds will be required to adhere to the International Finance Corporation's (IFCs) Performance Standard 2 and relevant national legislation relating to a safe work environment.</p>
Social Assessment:	The Project will be required to operate in a manner consistent with the IFC's Performance Standards, OPIC's Environmental and Social Policy Statement, and applicable local laws.

	<p>Financial services contracts to sub-projects providing financial services to MIVs, MFIs, and SME lenders that have portfolios of eligible microfinance, small and medium-sized enterprises (MSME) will be restricted with respect to the borrower's operations, including the employment of minors and other applicable labor law requirements. The Project has developed and implemented an ESMS, including contractual categorical prohibitions for its clients, which addresses social risk commensurate with the risks associated with the Project's anticipated portfolio. It is anticipated the Project will operate in a manner that is consistent with local law, IFC Performance Standards, and OPIC's ESPS.</p> <p>Prior consent by OPIC will be required for any loans or partnerships outside of MSME lending sector.</p> <p>This review covers the commensurate human rights risks associated with financial services.</p>
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