

INFORMATION SUMMARY FOR THE PUBLIC

Host Country:	Georgia
Name of Borrower:	T&K Restaurants Ltd., a limited liability company organized under the laws of Georgia (the “Project Company”).
Project Description:	Establishment of up to eight (8) McDonald’s branded restaurants, comprising seven new restaurants and one restaurant to be newly renovated, located in Georgia.
Proposed OPIC Loan:	\$19,700,000, up to 8 years including an 11 month grace period
Total Project Costs:	\$32,500,000
U.S. Sponsor:	None. Significant U.S. business involvement in Project by McDonald’s Corporation, a corporation organized in the state of Delaware.
Foreign Sponsors:	Temur Chkonია and Tengiz Kapanadze, both Georgian citizens.
Policy Review	
U.S. Economic Impact:	<p>Initial U.S. procurement associated with this Project is expected to be \$240,000 for legal services. This procurement is expected to create 0.45 person-years of direct and 1.1 person-years of indirect employment. The Project is not expected to result in the displacement of U.S. production and is not expected to have a negative effect on U.S. employment. The new restaurants will generate \$2.3 million in franchise and licensing fees to McDonalds Corporation. In addition, the Project will procure an estimated \$3.2 million annually from the European branches of U.S. multinational companies.</p> <p>U.S. capital outflows for the Project are expected to be \$19.7 million. Total reflows to the U.S. in the form of loan principal, interest, licensing, and franchise fees are expected to total \$21.2 million over the Project’s first five years. This Project will not export to the United States. As a result of these flows, the net impact on the U.S. balance of payments is expected to be positive \$1.8 million.</p>
Developmental Effects:	<p>This Project is expected to have a highly developmental impact on Georgia. The Project will have strong human capacity building impacts by creating hundreds of new local jobs with above-average wages and a wide array of benefits. An estimated 75% of the new workers will be under 25 years of age in a country where youth unemployment stands at 29%. Employees will be eligible for a number of employee development programs, including trainings abroad, online training, and local professional short-term courses. The new restaurants will feature electronic ordering kiosks, electronic tracking of orders, and social media integration for customer communication. Local suppliers will benefit from an increase in demand for local produce, food products, and paper supplies. The Project will also indirectly</p>

	<p>strengthen the local construction sector through procurement of local construction goods and services and temporary construction labor. The Project Company has an annual budget to support community development projects. Finally, the Project aligns with UN Sustainable Development Goal #8 (Decent Work & Economic Growth).</p>
<p>Environment:</p>	<p>The Project has been reviewed against OPIC’s categorical prohibitions and has been determined to be categorically eligible. Construction and operation of retail food chains are screened as Category B projects under OPIC’s environmental and social guidelines because impacts are site-specific and readily mitigated. Environmental and social issues associated with the Project include the need for a robust Social and Environmental Management System to manage potential environmental and social risks from construction and operation of the restaurants, appropriate hygiene and food preparation measures, proper disposal of effluents and wastes and occupational health and safety measures.</p> <p>APPLICABLE STANDARDS: Under OPIC’s Environmental and Social Policies, the Project Company will be required to comply with applicable national laws and regulations related to environmental and social performance and applicable provisions of the International Finance Corporation’s Performance Standard (P.S.):</p> <ul style="list-style-type: none"> • PS 1: Assessment and Management of Environmental and Social Risks and Impacts; • PS 2: Labor and Working Conditions; • PS 3: Resource Efficiency and Pollution Prevention; and • PS 4: Community Health, Safety and Security. <p>In addition to the Performance Standards listed above, the IFC’s April 2007 Environmental, Health, and Safety General Guidelines are applicable to this project.</p> <p>Environmental and Social Risks and Mitigation: The Project involves the construction and operations of seven McDonald’s restaurants in Tbilisi, Kutaisi, and Batumi Georgia. T&K Restaurant’s Project Managers are responsible for overseeing environmental, health and safety aspects and ensuring that the Project is constructed and operated in compliance with the McDonald’s Europe environmental and social policies. T&K implements McDonald’s Europe policies and plans including a Hazard Analysis and Critical Control Point system, as well as Georgia specific plans and procedures. During construction contractors are responsible for</p>

	<p>developing their own plans that follow the McDonald’s Europe environmental and social policies.</p> <p>Water, sewer, solid waste removal and electricity are provided to the restaurants during construction and operations by the municipalities.</p> <p>The Project Company will be required to hire a qualified professional to develop a Fire Life and Safety Master Plan in accordance with international standards.</p>
Workers Rights:	<p>OPIC’s statutorily required standard worker rights language will be supplemented with provisions concerning the right of association, organization and collective bargaining, minimum age, hours of work, the timely payment of wages, and hazardous work situations. The Project will also be required to operate in a manner consistent with the requirements of the International Finance Corporation’s Performance Standard 2 on Labor and Working Conditions. Standard and supplemental contract language will be used.</p>
Human Rights:	<p>OPIC issued a human rights clearance for this Project.</p>