

NON-CONFIDENTIAL PROJECT INFORMATION

Host Countries:	Kenya and Tanzania
Name of Borrower:	Commercial Bank of Africa Limited (“CBA”), a Kenyan commercial bank.
Project Description:	OPIC’s loan will support the growth of SMEs in Kenya and Tanzania and the expansion of financial inclusion. This project will address the limited access to U.S. Dollar financing in Kenya and Tanzania, which remains a key constraint on growth across the region. The proceeds of the OPIC loan will be used to: (i) finance a newly developed technology platform to provide financing to small businesses that supply larger businesses with goods or services; (ii) further expand a mobile-centric banking service that provides a savings and credit service to otherwise disenfranchised individuals; and (iii) expand CBA’s small and medium enterprise (“SME”) portfolio in both Kenya and Tanzania (the “Project”). The loan will allow CBA to provide longer term U.S. Dollar funding to its borrowers since it will reduce the tenor mismatch between CBA’s short term U.S. Dollar denominated liabilities (deposits) and its longer-term loans.
Proposed OPIC Loan:	An investment guaranty not to exceed \$75,000,000 with a tenor of eight years.
Total Project Costs:	\$100,000,000 of which \$25,000,000 shall be contributed <i>as pari passu</i> debt by Citibank, N.A. The Citibank, N.A. loan will have a tenure of three years.
U.S. Sponsor:	Citibank, N.A.
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 as it involves the provision of financial services. There is no U.S. procurement associated with this Project, so the Project is expected to have a neutral impact on U.S. employment. The Project is expected to have a negative five-year U.S. balance of payments impact.
Developmental Effects:	The Project will support the growth of SMEs in Kenya and Tanzania and increase the level of financial inclusion in these countries. Access to credit is a key constraint to economic

	<p>growth in the region. Fifty-eight percent of adults in Kenya do not have formal bank accounts, and 50% of the Kenyan population is excluded from the formal financial sector. In Tanzania, the level of financial inclusion and access to banking services both lag behind those in Kenya. The World Bank reported in 2011 that only 17% of adults in Tanzania have accounts at formal financial institutions. Furthermore, the provision of credit is generally outside of formal financial institutions, with only 7% of the Tanzanian population obtaining loans from formal financial institutions and 46% borrowing from friends and family. Providing the Project bank with longer-term funding will allow it to make loans with longer tenors and improve its capital funding structure.</p> <p>In addition, the Project involves the enhancement of the bank's information technology platform. The Project will fund the development of a technology platform to support supply-chain financing products for SMEs and the expansion of the bank's mobile-centric banking service, enabling it to expand its reach to underserved populations.</p>
Environment:	<p>Loans to financial institutions for the purposes of on-lending to SMEs are screened as Category C projects under OPIC's environmental and social policies, but are subject to conditions related to the use of proceeds. CBA has an environmental and social policy that will be used to guide the Project and achieve sound and sustainable environmental and social performance. CBA also has an appropriate grievance mechanism.</p>
Workers Rights:	<p>OPIC's statutorily required standard worker rights language will be supplemented with provisions concerning the rights of association, organization and collective bargaining that will apply to SME borrowers, including provisions that address employment of minors and other applicable labor law requirements. Standard and supplemental contract language will apply to all workers of the Project. The Project will be required to operate in a manner consistent with the International Finance Corporation's Performance Standard 2 on Labor and Working Conditions.</p>
Human Rights:	<p>OPIC issued a human rights clearance for the Project on January 25, 2013.</p>