

INFORMATION SUMMARY FOR THE PUBLIC
East Africa Loan Guaranty Facility

Host Countries:	Kenya, Tanzania and Malawi
Name of Partner Financial Institutions:	Financial Institutions (to be determined) in Kenya, Tanzania and Malawi
Project Description:	Historically, lending for agriculture purposes in Kenya, Tanzania, and Malawi has been characterized by extreme aversion to risk and a general lack of capacity to assess or manage small- and medium-sized enterprise (“SME”) credit risk for agriculture purposes. The project (the “Project”) involves supporting local lending to agribusiness SMEs operating in the agriculture sector in Kenya, Tanzania, and Malawi via a loan guaranty facility (the “Facility”). The loans under the Project will be made by participating financial institutions and guaranteed pursuant to separate guaranty facility agreements among OPIC, Global Communities, and each participating financial institution. Global Communities will also provide technical assistance and training to the participating financial institutions, to assist those institutions in assessing the creditworthiness of prospective agribusiness SME borrowers and to structure loans that effectively meet the working capital or long term financing needs of those businesses. The goals of the Facility are to increase the number and enhance the quality of agriculture sector loans from private financial institutions operating in Kenya, Tanzania and Malawi to local agribusiness SMEs, and to improve economic conditions in these three countries.
Proposed OPIC Loan Guaranty Amount:	\$35 million guaranty facility (6 year total facility tenor, up to 4 year guaranty consent period).
Total Project Costs:	\$59,500,000
U.S. Sponsor:	Global Communities
Policy Review	
U.S. Economic Impact:	The Project is unlikely to have a negative impact on the U.S. economy as it involves the provision of financial services in Kenya, Tanzania, and Malawi. Each guaranty facility agreement between OPIC and a participating financial institutions will be analyzed individually for its estimated impacts on the U.S. economy.
Developmental Effects:	The Facility is expected to have a positive developmental impact in Kenya, Malawi and Tanzania. According to IFC estimates, SMEs make up to 90 percent of all businesses in the Sub-Saharan African, yet only a small percentage of agribusiness SMEs are able to secure financing. Agribusiness SMEs in the project countries face various barriers including perceived risk of

	<p>lending to agribusiness SMEs, lack of capacity by financial institutions in assessing agribusiness SMEs, high collateral requirements and lack of loan products tailored to agriculture. This Facility will provide technical assistance to financial institutions as well as agribusiness SME clients, allow participant financial institutions to increase their lending to agribusiness SMEs and identify and develop new financial products for agribusiness SMEs. By facilitating capital to local agribusiness SMEs, this Facility is expected to stimulate private sector growth in the project countries, create jobs, and improve market linkages through a technology platform.</p>
Environment:	<p>Establishment of a local currency guaranty facility is screened as a Category D project for the purpose of environmental and social assessment. In accordance with OPIC’s Environmental and Social Policy each downstream loan guaranty originated under the facility will be screened and subject to the full scope of OPIC’s environment and social assessment process, including public disclosure of the borrower’s environmental and social impact assessment for Category A projects, conditionality and monitoring, as is warranted by the nature and scope of the downstream borrowers.</p> <p>The Facility will be required to develop and implement an environmental and social policy that will be used to guide the Facility and achieve sound and sustainable environmental and social performance, and a grievance mechanism. Further, the Facility will require its partner financial institutions to also develop an environmental and social policy statement and grievance mechanism.</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. The Facility 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.</p> <p>Each of the Facility’s participating financial institutions will be evaluated separately with regard to specifics of operation and compliance with OPIC worker rights and human rights approval criteria. Standard and supplemental worker rights language will be applied to each OPIC-supported investment, as appropriate.</p>
Human Rights:	<p>OPIC issued a Human Rights clearance for this project on March 26, 2015.</p>