

## NON-CONFIDENTIAL PROJECT INFORMATION

Host Countries:	Congo, Malawi, Tanzania, Uganda, Zambia, Armenia, Azerbaijan, Georgia, Kosovo, Kyrgyzstan, Tajikistan, Russia, Afghanistan, Pakistan, Jordan, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua
Name of Borrower:	FINCA Microfinance Holding Company LLC (or “FMH” a majority owned subsidiary of FINCA International), a Delaware LLC
Project Description:	According to the World Bank, an estimated 2.5 billion adults do not have accounts at formal financial institutions and are considered to be “financially excluded.” In developing countries, only 41% of adults have access to formal financial services. <sup>1</sup> In order to provide these underserved populations with greater access to financial services such as credit, savings, payment services and insurance, FINCA International (“FI” or “FINCA”), a U.S. company, operates through FMH, a network of subsidiaries (microfinance institutions) in 22 countries. FINCA has requested a \$45 million senior, unsecured loan from OPIC, with a seven year maturity, to support expansion of its microfinance lending activity (the “Project”). By 2019, FINCA hopes to double the number of clients reached to nearly two million and achieve a gross loan portfolio of over \$2 billion.
Proposed OPIC Loan:	\$45 million
Total Project Costs:	\$292 million (consisting of FMH total 2012 equity of \$247 million and OPIC loan of \$45 million)
U.S. Sponsor:	FINCA International (68.9% of the Borrower as of 8/1/13)
Foreign Sponsors:	IFC, KFW, FMO, Triple Jump and responsAbility (31.1% of the Borrower)
<b>Policy Review</b>	
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 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.  OPIC issued a U.S. Economic Impact clearance for this Project on January 29, 2013. An amendment to the development impact analysis was issued on June 7, 2013.
Developmental Effects:	This Project will have a positive developmental impact with the expansion of FINCA’s portfolio through its network of 22

<sup>1</sup> World Bank Global Financial Inclusion Database

	<p>subsidiaries located in developing countries around the globe. This Project provides additional capital for the expansion of portfolio lending that will benefit an estimated 60,000 micro-borrowers. This Project will have a strong impact on the host country economies through its downstream multiplier effects in the form of microfinance business expansion and job creation. The Project also supports a variety of innovative financial products and technology that allows microfinance borrowers who do not have a lengthy credit history or a significant asset base for collateral to gain access to financing. In addition FINCA subsidiaries provide their employees with various benefits that exceed local requirements and engage in multiple activities that benefit their communities.</p>
<p>Environment:</p>	<p>Projects involving loans to microfinance institutions are screened as Category C projects under OPIC’s environmental and social guidelines. Environmental, health, safety and social impact concerns are minimal. However, in order to insure that the Borrower’s loans are consistent with OPIC’s statutory and policy requirements, proceeds of the OPIC loan will be subject to conditions regarding use of proceeds.</p> <p>OPIC issued an environmental clearance amendment for this Project on November 5, 2012.</p>
<p>Workers Rights:</p>	<p>OPIC’s statutorily required standard worker rights language will be supplemented with provisions concerning the right of association, organization and collective bargaining. Loans to borrowers through the FINCA subsidiaries will be restricted with respect to the borrower’s operations, including the employment of minors and other applicable labor law requirements. Standard and supplemental contract language will be applied to all workers engaged by the Project. The Project will 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>Human Rights:</p>	<p>OPIC issued a human rights clearance amendment for this Project on November 19, 2012.</p>