

## REPORT FROM OPIC PROJECT TEAM TO BOARD OF DIRECTORS

### SECTION I: NON-CONFIDENTIAL PROJECT INFORMATION

Host Country:	Afghanistan
Name of Borrower(s):	Afghan SME Borrowers
U.S. Sponsor:	Small Enterprise Assistance Funds, incorporated in New York as a not-for-profit corporation.
Foreign Sponsor:	Not Applicable
Project Description:	Under a framework agreement with Afghan Growth Finance LLC, a non-bank financial institution in Afghanistan (“AGF”), OPIC will co-finance loans to Afghan SMEs that are originated, arranged, and monitored, by AGF.
Total Project Costs:	\$40 million
Proposed OPIC Loan:	\$30 million
Development Effects:	The project will have a positive developmental impact on the host country. The project will support the development of the financial services sector in Afghanistan through the expansion of credit available for lending to small and medium-sized businesses. The project’s business model focuses on technology and knowledge transfer by providing technical assistance for business development to all borrowers. As the project will provide long-term capital to small and medium businesses throughout the host country, the project will stimulate significant multiplier impacts in an underdeveloped sector. Finally, the project will have significant corporate governance impacts, through the introduction of best business practices and adherence to international accounting standards, as well as human capital development impacts, through the creation of several local jobs, the provision of benefits to employees, and by providing training to all employees.
U.S. Effects:	Since this clearance relates to a framework facility, there is no potential for an adverse impact on the U.S. economy at this time and an industry analysis is not warranted. However, the downstream investments will be individually analyzed for their impact on the U.S. economy in accordance with OPIC’s guidelines. OPIC will assess the U.S. economic impact of each of the downstream investments upon receipt of the completed application prior to giving the OPIC consent. This evaluation will include the downstream investment’s impact on the specific U.S. industry, employment, and balance of

	<p>payments, as well as the destination of the downstream investment's production and identification of any trade-related performance requirements imposed by the host country.</p>
<p>Environment:</p>	<p>Framework agreements are screened as Category D projects under OPIC's environmental and social guidelines. As in all framework facilities, OPIC will review and provide environmental and social clearance on each downstream loan prior to granting consent for each such loan. OPIC will require mandatory environmental and social language to be included in the downstream loan documentation applicable to downstream borrowers.</p>
<p>Worker Rights:</p>	<p>Each of the subprojects 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 for each subproject will be included in the subproject's loan agreement.</p>
<p>Human Rights:</p>	<p>In consultation with the Department of State, the project received a Human Rights Clearance on January 7, 2010.</p>