

INFORMATION SUMMARIES FOR THE PUBLIC
MSME Loan

Host Country:	Cambodia
Name of Borrower:	ACLEDA Bank Plc.
Project Description:	Cambodia’s economy relies upon micro, small and medium enterprises (“MSMEs”) to generate economic growth, employment, and goods and services that improve the quality of life for its people. As the largest bank in Cambodia, ACLEDA provides loans, collects deposits and provides a range of other financial services that help Cambodian companies to expand their businesses and enable a growing segment of the Cambodian population to have access to the financial system. ACLEDA needs additional financing to expand its loan portfolio, as well as longer-term financing to strengthen its balance sheet. The loan will provide ACLEDA with financing to expand its micro, small and medium enterprise loan portfolio and strengthen its asset-liability management. ACLEDA believes that the loan will permit the development of larger and more sustainable businesses in Cambodia and improve the quality of life for hundreds of thousands of Cambodians who are clients of ACLEDA.
Proposed OPIC Loan:	\$125,000,000 with a seven year term
Total Project Costs:	\$175,050,000
U.S. Sponsor:	A U.S. Eligible Investor lender
Foreign Sponsor:	ACLEDA Staff Association, a Cambodian public limited company; ACLEDA NGO, a Cambodian non-governmental organization; Sumitomo Mitsui Banking Corporation, a Japanese banking corporation; Orix Corporation, a Japanese private limited company; COFIBRED, a French limited liability company; Triodos Microfinance Fund, a Dutch private limited liability company; Triodos Fair Share Fund, a Dutch private limited liability company; and Triodos Sustainable Finance Foundation, a Dutch private limited liability company.
Policy Review	
U.S. Economic Impact:	The loan is not expected to have a negative impact on the U.S. economy or employment. There is no U.S. procurement associated with this loan, and, therefore the loan is expected to have a neutral impact on U.S. employment. The loan is expected to have a negative five-year U.S. balance of payments impact.

<p>Developmental Effects:</p>	<p>The loan is expected to have a highly developmental impact in Cambodia by expanding ACLEDA’s lending to MSMEs. MSMEs are an important driver in the Cambodian economy, accounting for at least 40-50% of total employment, but the sector is constrained by limited access to finance. Only 7.9% of Cambodian firms use banks to finance investments and only 3.6% use banks to finance working capital. Loans originated by ACLEDA to MSMEs will be used for start-up, working, and expansion capital purposes. ACLEDA is also expected to hire additional permanent employees to work on MSME lending as a result of this expansion. ACLEDA has several initiatives that support the human capacity building of its employees, such as skill development training at its regional training centers, where ACLEDA also provides technical assistance to other MFIs.</p>
<p>Environment:</p>	<p>Projects involving loans to micro, small and medium enterprises 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 ACLEDA’s investments are consistent with OPIC’s statutory and policy requirements the loan will be subject to conditions regarding use of proceeds.</p> <p>ACLEDA has an environmental and social management system to screen and assess potential environmental and social risks of projects it supports, but does not have a formalized community grievance mechanism. ACLEDA will be required to develop and implement a formalized community grievance mechanism.</p>
<p>Worker 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. Standard and supplemental contract language will be applied to all ACLEDA workers. ACLEDA will be required to operate in a manner consistent with the requirements of the International Finance Corporation’s (“IFC”) Performance Standard 2 on Labor and Working Conditions.</p> <p>Loans to MSMEs will be restricted with respect to the MSME’s operations, including the employment of minors and other applicable labor law requirements.</p> <p>ACLEDA has developed and implemented an environmental and social management system; however, OPIC will require modifications to its written grievance mechanism to fully align with the requirements of IFC Performance Standard 2.</p>

Human Rights:	OPIC issued a human rights clearance for the project on January 19, 2016.
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