


INFORMATION SUMMARY FOR THE PUBLIC

Host Country	Myanmar (Burma)
Name of Borrower	Proximity Finance (“PF”)
Project Description	<p>Myanmar has the lowest rate of financial intermediation among ASEAN nations, with total loans to the private sector representing just over 15% of GDP in 2014 (compared to 40% of GDP in Cambodia and almost 100% in Vietnam). Myanmar has a population of 53.3 million people, including 39.8 million adults. Of these adults, 7.2 million are reported to be self-employed, of which 65% (4.7 million) are in the informal sector. Fewer than 20% of adults have access to financial services according to the World Bank. In order to address this need, OPIC will provide a senior loan of up to \$8 million with a five-year tenor and a bullet maturity. The Skoll Foundation has committed \$2 million in subordinated debt as a credit enhancement. PF focuses on agricultural clients in rural areas, as one of the few MFIs active in the Delta, Dry Zone and Uplands areas, which have limited or no access to formal financing. The OPIC loan is expected to reach approximately 20,000 rural borrowers once fully disbursed, and several multiples of that over five-year life of the loan.</p>
Proposed OPIC Loan	\$8,000,000
Total Project Costs	\$10,000,000
U.S. Sponsor	PD, a California based 501(c)(3) non-profit
Foreign Sponsor	NA
Policy Review	
U.S. Economic Impact	<p>This Project is unlikely to have a negative impact on the U.S. economy. There will be no U.S. procurement associated with this Project, and therefore the Project is expected to have a neutral impact on U.S. employment. The Project is not expected to impact the U.S. balance of trade.</p>
Developmental Effects	<p>This Project is expected to have a highly developmental impact in Myanmar by providing micro credits and other services to smallholder farmers, primarily women. Myanmar depends upon agriculture for half of its employment and 29 percent of GDP, yet the sector has grown very slowly. Smallholder farmers’ lack of available credit compounds their low productivity, while unregulated money lending at very high interest rates remains commonplace. The Project aligns with U.N. Sustainable Development Goals for zero hunger (2), gender equality (5), and decent work and economic growth (8).</p>

	
Environment	<p>This Facility has been reviewed against OPIC’s 2017 Environmental and Social Policy Statement (“ESPS”) and has been determined to be categorically eligible. Microfinance lending is screened as a Category C activity for the purposes of environmental and social assessment. To ensure that the Facility is consistent with OPIC’s statutory and Policy requirements, the OPIC-guaranteed loan made to the Borrower will be subject to conditions regarding the use of proceeds. The primary environmental and social issues associated with the Facility include the need for an Environmental and Social Management System (“ESMS”) and strengthened land acquisition screening policies to ensure that downstream investments are developed in accordance with the applicable 2012 IFC Performance Standards. The need for specific land ownership screening is reflected in issues raised in the 2017 Human Rights Reports and in guidance received from OPIC’s consultation with the U.S. Department of State.</p> <p>The Borrower has an Environmental and Social Policy that commits the Borrower to minimize negative effects of its activities on the environment and communities where it operates. Further, the policy states that the Borrower will abide by all local regulations, national law, and industry best practices.</p>
Social Assessment	<p>Under OPIC’s ESPS, the Facility is required to comply with applicable local and national laws and regulations related to environmental and social performance and applicable provisions of the 2012 International Finance Corporation’s Performance Standard (“PS”) 1 and 2.</p> <p>A desk review due diligence of the Borrower’s microfinance of rural loans and office expansions in Myanmar (Burma) did not reveal significant adverse impacts with respect to community health and safety, indigenous peoples, or cultural heritage. These investments will be to smallholder farmers and no significant impacts to biodiversity or environmental health are anticipated. Therefore, PS 3, 4, 6, 7, and 8 are not triggered at this time.</p>