

INFORMATION SUMMARY FOR THE PUBLIC

Host Country(ies):	Africa
Name of Borrower(s):	African Local Currency Bond Fund (the “Fund”), a Limited Company domiciled in Mauritius.
Project Description:	<p>Many local financial institutions and companies in Africa are unfamiliar with capital markets transactions and institutional investors. Their perception is that the process is long and reporting requirements burdensome. Instead, they often borrow at subsidized rates in local currency (thereby crowding out local investors) or in hard currency (thereby assuming high risk FX exposures).</p> <p>The Fund engages with financial institutions and companies at an early-stage of the funding process, helping them to understand whether a bond issuance is the right path and the process involved. Technical assistance from the Fund is available for this preparation. The Fund Advisor, Lion’s Head Global Partners Asset Management, undertakes due diligence on the issuer and prospective bond offering and, if the results of such process are satisfactory, commits as an anchor investor to catalyze other investors. The Fund always prices along-side local investors and cannot be more than 30% of the issuance.</p> <p>The OPIC loan will facilitate the Fund’s participation in approximately 10-14 local currency bond issuances for institutions operating in financial inclusion, housing, agriculture, renewable energy, and other developmental sectors throughout Africa.</p>
Proposed OPIC Loan:	\$40 million and 10 years.
Total Fund Size:	\$147 million.
U.S. Sponsor:	Calvert Social Investment Foundation, a 501(c)3 non-profit, created in Maryland in 1988.
Foreign Sponsor:	KfW Development Bank (KfW Entwicklungsbank), a German public law institution created on 5 November 1949 and 100% owned by the German Federal Ministry for Economic Cooperation and Development (BMZ).
Policy Review	
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, therefore 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.

Developmental Effects:	<p>This Project is expected to have a highly developmental impact in Africa by increasing the amount of long-term local currency financing available to companies operating in impact sectors such as financial inclusion, off-grid solar, housing and agriculture. Acting as an anchor investor, the Fund attracts local institutional and retail investors to first-time bond issuances by local entities. The Fund will provide technical assistance to companies to off-set some of the costs of first-time issuance, such as financial advice, legal support and ratings. The Project aligns with numerous UN Sustainable Development Goals, including #1 (No Poverty), #8 (Decent Work and Economic Growth), and #10 (Reduced Inequalities).</p>
Environment:	<p>The Project has been reviewed against OPIC’s categorical prohibitions and has been determined to be categorically eligible. Projects involving investments in local currency bond issuances of companies such as MSMEs and financial intermediaries that on-lend to MSMEs are screened as Category C under OPIC’s environmental and social guidelines. Environmental, health, safety and social impact concerns are minimal. However, in order to ensure that the Fund’s activities are consistent with OPIC’s statutory and policy requirements, the Project will be subject to conditions regarding the use of OPIC proceeds. Prior OPIC approval is required for subprojects that are not investments in MSMEs or financial intermediaries that on-lend to MSMEs. The Fund has a Social and Environmental Management System in place that is commensurate to the risks of the Project. All projects supported with OPIC proceeds be required to adhere to PS 2 and relevant national legislation relating to a safe work environment.</p>
Social Assessment:	Clearance in Progress