

INFORMATION SUMMARY FOR THE PUBLIC

Host Country	Mexico
Name of Borrower(s)	Alloy MF Mexico, S. de R.L. de C.V. and Alloy MF Gestion, S. de R.L. de C.V. (together, “ Alloy ”)
Project Description	<p>Alloy is an unregulated specialty finance company created in 2015 to provide Mexican SMEs with financing solutions primarily through leasing, factoring and loans. Alloy currently has an office in Mexico City and an office in Houston, Texas in the United States.</p> <p>OPIC’s loan of up to \$15 million will be used to expand Alloy’s portfolio of equipment leases, factoring transactions and loans to OPIC Eligible SME borrowers in Mexico (the “Project”). The expected development impacts of this transaction will contribute to OPIC’s longstanding objective of closing the credit gap in Mexico. While improvements in financial deepening and access to credit have transpired in the last decade, credit depth in Mexico continues to lag behind that of advanced economies and its Latin America and Caribbean peers.</p>
Proposed OPIC Loan/Guaranty	\$15,000,000 [7 years.]
Total Project Costs	\$39,743,633
U.S. Sponsor	AMF GP LLC, a Delaware incorporated company
Foreign Sponsor	Alloy Merchant Finance LP, a Canadian entity.
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 neutral U.S. trade balance impact.
Developmental Effects	This Project is expected to have positive developmental impact by expanding the availability of financing to SMEs in Mexico. Despite Mexico’s high-income status, access to finance for SMEs continues to be a constraint for growth. SMEs in Mexico face a financing gap of roughly \$163 billion. Only 31% of small firms have a line of credit, and just a little over a half of medium-sized firms hold a line of credit in Mexico. SMEs are an important driver for economic growth in Mexico, as they employ half of the labor force in the formal economy. The Project will help address this financing gap by providing tailored capital solutions including asset-based financings, such as equipment leases, vendor finance, and factoring, as well as structured cash flow loans to support rapid growth.

<p>Environment</p>	<p>The Project involves loans and leases for the purchase of equipment and vehicles to small and medium enterprises (“SME”) in Mexico. The Project has been reviewed against OPIC’s categorical prohibitions and has been determined to be categorically eligible. Projects involving financial services, including loans and leases for the purchase of equipment and vehicles, are screened as Category C projects under OPIC’s environmental and social guidelines but are subject to conditions related to the use of proceeds. Excluded activities include loans to entities engaged in categorically prohibited activities or activities likely to have a significant adverse impact on the environment. Environmental, health, and safety impacts associated with the Project are minimal and will be properly managed by the Borrower in a manner consistent with the International Finance Corporation’s Performance Standards (2012). The Co-Borrowers have developed policies and procedures that address environmental risks associated with its financing activities.</p>
<p>Social Assessment</p>	<p>The Project will be required to operate in a manner consistent with the International Finance Corporation’s Performance Standards, OPIC’s Environmental and Social Policy Statement and applicable local laws.</p> <p>OPIC’s statutorily required language regarding the rights of association, organization and collective bargaining, minimum age of employment, and prohibition against the use of forced labor, will be supplemented with provisions concerning non-discrimination, hours of work, the timely payment of wages, and hazardous working conditions. Standard and supplemental contract language will be applied to all workers of the Project, including any contracted workers.</p> <p>The Project will be required to implement a documented external grievance mechanism as a part of its overall social management and environmental and social policy to guide its lending and leasing activities. This review covers the commensurate human rights risks associated with loan and lease financing in Mexico.</p>