

Elimination of poverty

Anticipated transaction impact

Empowerment of poor Paraguayan youth to rise from poverty through a program that trains them to have a sustainable income stream

Impact score Pass (18/21)
Credit score Pass (19/21)

Loan Overview

Commitment limit	USD 150,000
Tenor and structure	48 months, fully amortizing
Interest rate	8.50%
Collateral	Cheese-making equipment plus additional collateral valued at >USD 25,000
Currency hedge	Up to USD 50,000

Financial Overview

2019E Revenue	TBD
2019 Maturing loans	USD 9,771,905
Net assets as of Dec 2018	USD 10,981,426

Company Information

Legal name	Fundación Paraguaya de Cooperación y Desarrollo
Incorporation date	1985
Corporate address	Asunción, Paraguay
Nature of business	Non-profit for poverty reduction
Website	fundacionparaguaya.org.py

Company management

Name	Position
Martin Burt	Executive Director
Daniel Elicetche	Trustee
Luis Fernando Sanabria	General Manager

Recommendation

Approval of a USD 150,000 USD term loan given the company's positive impact rating, financial stability of the Company's MF operations, and a 50% personal guaranty from a philanthropic supporter.

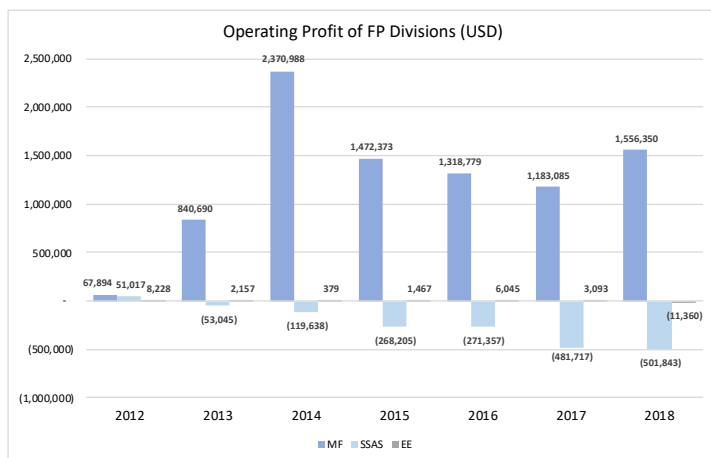
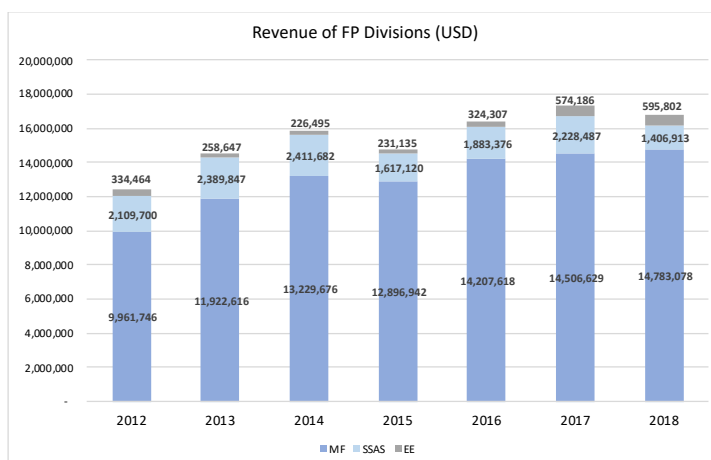
Note: FX rate assumed at 6,181.40 USD:PYG

Fundación Paraguaya

Note: This memo examines the overall financial health of Fundación Paraguaya as an organization. However, the loan is marked specifically for the organization's Self-Sustainable Agricultural Schools (SSAS) program. The impact analysis will focus more specifically on the outcomes of the SSAS program.

Business overview

Fundación Paraguaya (FP) is a nonprofit organization that has been operating in Paraguay for over 32 years. FP aims to eliminate poverty in Paraguay and throughout the world via the following three programs: 1) *Microfinance (MF)* program (88% of revenue), 2) *Self-Sustainable Agricultural Schools (SSAS)* program (8% of revenue) and 3) *Entrepreneurial Education* program (4% of revenue). These three revenue streams are detailed in the graphs below:



Impact overview (SSAS Program)

Through its SSAS program, FP specifically targets young rural Paraguayans living in poverty. Paraguay has a population of 6.8 million people, 24.6% of whom live in poverty. Paraguay's economy depends heavily on agricultural products from rural communities, where most of the poor reside. In fact, in rural areas, poverty remains at an all-time high, affecting nearly 40% of the population. Furthermore, almost 90% of the land belongs to 5% of landowners.¹

To address this problem, FP developed a unique model centered on the principle of "Learning by doing, selling and earning." This model has been refined over the last 15 years and aims to transform young people into productive farmers and then rural entrepreneurs.

FP now operates four Self Sustaining Agricultural Schools in Paraguay. Over the course of a two-year residential program, high school students learn how to design and run their own agricultural business. These enterprise-based agricultural schools target the children of the poor. Students gain experience in the production cycle as well as in marketing and selling animal and agricultural products. Students graduate with a certificate in sustainable agriculture and are eligible for interest-free loans. One school also operates a hotel on-site and students who work in this program graduate with a hospitality certificate.

Transaction overview

Beneficial Returns (BR) is considering an equipment loan of 150,000 USD to FP to outfit a new dairy production facility (DPF) in one of its self-sustainable agricultural schools. The total cost for the facility is projected to be approximately 399,190 USD.

In conjunction with the BR loan Dave Peery, Managing Director of the Peery Foundation, has made a \$50,000 USD recoverable grant to FP to address the currency risk. BR will bill in USD and up to the full \$50,000 can be used by FP to compensate for any depreciation of the PYG vs USD. BR will assume any currency risk beyond the \$50,000 Peery "philanthropic hedge." An approval term sheet is attached in [Appendix 1](#).

Rationale to lend

- FP provides significant impact through its drive to eliminate poverty in Paraguay and Tanzania. We assess FP's impact to be high with a score of 18 out of 21. (See [Appendix 11: Fundación Paraguaya Self-Sustainable Agricultural Schools Impact Assessment](#))
 - In 2017, FP reached 76,243 families through its MF program, 93,800 people through its Entrepreneurial Education program, and 97 students who graduated from the four SSAS in Paraguay. Of the 97 students, 57% were women. Additionally, FP had 250 students graduate from its five SSAS in Tanzania.
 - During 2017, FP's SSAS program approved approximately 11,900 USD for each graduate to implement his or her business plan.² Post-graduation, all alumni are working in the agricultural/livestock or tourism sectors, having started their own business or expanded their parent's business, and/or have continued on to university.
- FP is an established organization with strong financial performance and a solid balance sheet position. We assess FP's credit standing to be high with a score of 18 out of 21. (See [Appendix 12: Fundación Paraguaya Credit Assessment](#))
 - Based on historical performance, we believe that the net income (approximately 1.5 million USD in 2018) from the MF unit of FP's operations will be sufficient to cover any potential losses from the schools and the

¹ Borgen Project: Top 10 Facts About Living Conditions in Paraguay, January 2019 ([Link](#))

² Fundación Paraguaya 2017 Annual Report

Entrepreneurial Education Program. FP is expected to comfortably make the required monthly loan repayments.

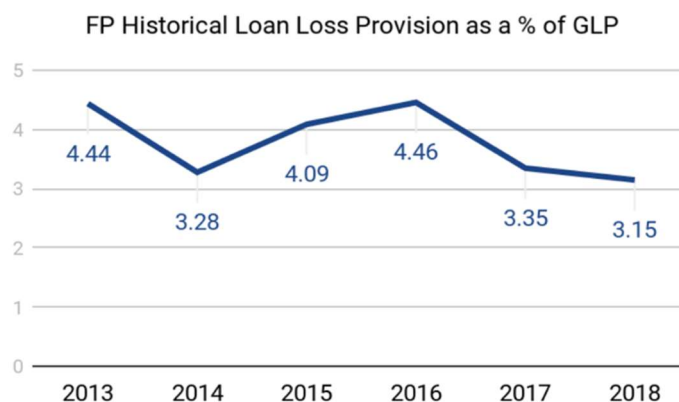
Major Risks and Mitigating Factors

Risk	Risk factor	Probability	Risk mitigating factor
FP unable to sustain its positive earnings trend	Significant decline in profitability of the MF portfolio	Low	<ul style="list-style-type: none"> Despite a 24% decline in net income (excluding donations) from MF operations from 2014 to 2018, profits from the MF portfolio remain significant in 2018 at 1.5 million USD We believe that FP’s MF portfolio will remain resilient and will be adequate to cover losses in its other business lines (See Analysis of FP’s Microfinance Portfolio)
FP remits insufficient payments to cover its obligations to BR	Significant depreciation in the PYG exceeding the USD 50K USD currency hedge	Low	<ul style="list-style-type: none"> In spite of considerable currency risk associated with the PYG/USD exchange rate, the PYG would need to encounter significant depreciation (a 411% increase vs. the last five year’s monthly average depreciation) before the currency hedge would fail to cover the currency loss (See Analysis of USD to PYG exchange rate)

Analysis of FP’s Microfinance Portfolio

The microfinance (MF) portfolio is the largest division of FP’s operations. Understanding the health of the MF portfolio is essential to understanding whether or not FP can repay the loan provided by BR.

FP’s strategy for its MF portfolio is multi-pronged. FP borrows money from multiple lenders at low interest rates; then, it targets micro-entrepreneurs, emerging businesses, and other individuals who are unable to access credit through traditional banks or other microlenders. These entities are often too small to obtain financing from other microfinance institutions. While competing microlenders’ average loan size is around 600 USD, FP’s loan size averages under 450 USD.³ The net interest margin is then used to cover operational costs and generate a profit.



In spite of FP’s strategy, the following factors can compromise the viability of the business:

- High default rates
- Mismatch of assets and liabilities
- Compressed net margins

³ Based on information from Kiva ([Link](#))

The table below indicates our analysis of these risk factors to determine the strength of the portfolio in comparison to that of peers, over time, and in relation to operating costs.

Item Analyzed	Outcome or Comment
Default Rate	Weaker than peers by approximately 27%
Timing of Cash Flows	Sufficient cash flows in all periods (Net cash flows pre-DPF can decline by 43% annually and still cover all future financial obligations)
Cost of Capital (Net Interest Margin)	From 2013 to 2018, the net rate of return on the GLP has fluctuated between 30.3% and 33.2%
Operating Expenditure (OpEx)	OpEx % of Gross Loan Portfolio increasing and higher than peers by approximately 68%

Based on this analysis, we believe that the 2018 MF portfolio income of about 1.5 million USD is high enough to ensure that the BR loan is repaid. The most important factor in reaching this conclusion is that the downside case scenario indicates that Net Cash Flows can decline by ~43% per period (as per the distribution schedule in Appendix 9) and still cover all financial obligations in each period. Our full analysis of the MF portfolio is detailed below:

Default Rate

We were unable to obtain the actual default rate for FP; however, we have used the loan loss provision expense as a percentage of GLP as a proxy for default rate. Financial institutions tend to overestimate their loan loss provision expense to create a larger buffer for actual loss. We will assume that the values for the proxy default rate are on the conservative side.

Based on this proxy, FP's portfolio default rate is of a lower quality relative to other MFIs. As is shown in the graph to the upper right, the loan loss provision as a percentage of GLP has ranged between 4.46% and 3.15%. This compares to microfinance portfolios in emerging markets of around 2%⁴ to 3%.⁵ FP's higher default rate is of concern if it affects their ability to make loan repayments. However, in our assessment, even assuming a default rate of 6%, FP should still have enough capital to repay the loan. This will be detailed in the following section.

Timing of Inflows and Outflows

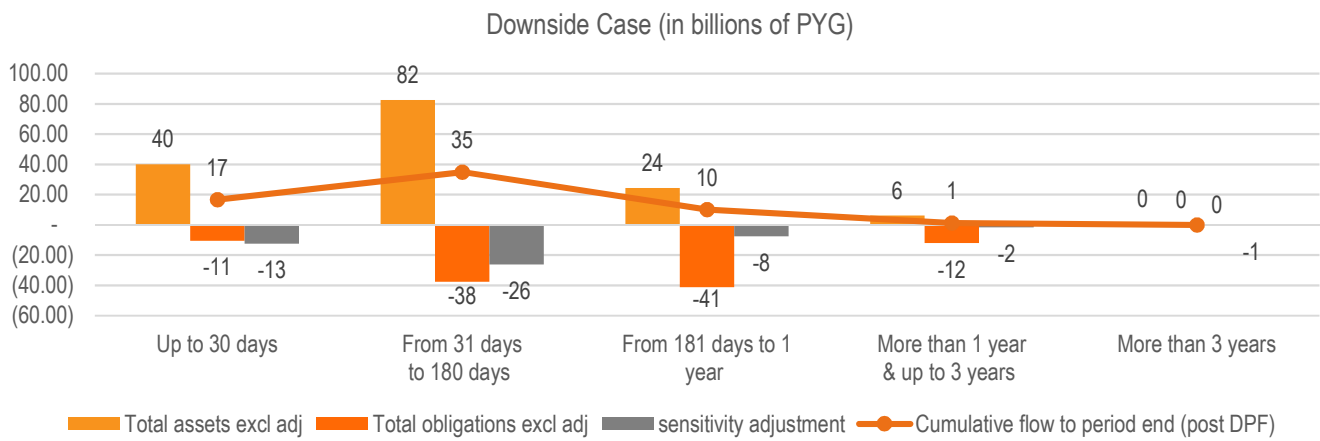
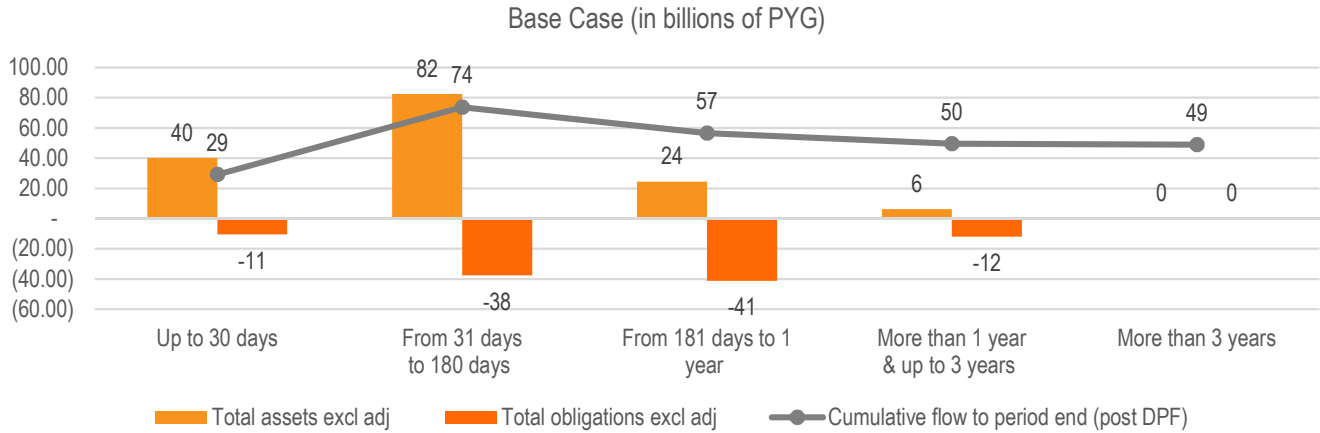
We believe that FP will be able to make the loan payments taking into account the timing of the MF portfolio's cash inflow and debt repayments.

The financial statements display the distribution of the expiration of its financial assets (MF portfolio) and liabilities (see Appendix 9). We used this schedule to create base and downside case schedules to investigate FP's ability to repay the full amount of funding (approximately 400K USD) for the DPF. These results are depicted in the graphs below.

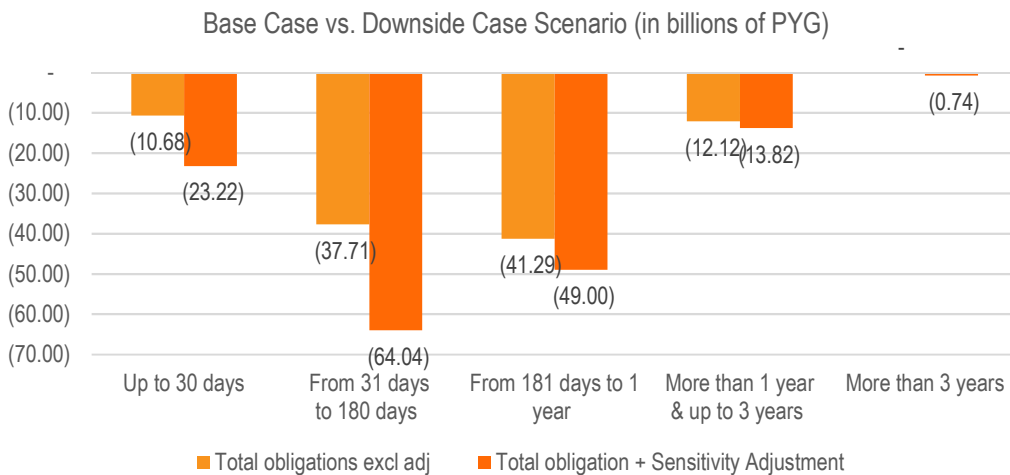
From the analysis, it appears that cash flows can decline by ~43% in each period, and there will still be sufficient capital to cover total financial obligations (as per 2018 financial year end).

⁴ Convergences: Microfinance and Profitabilities ([Link](#))

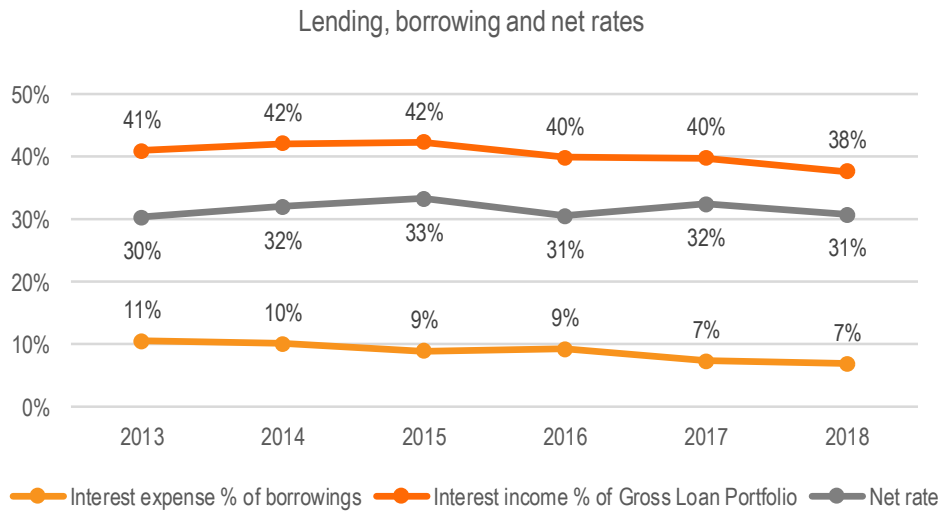
⁵ Symbiotics Group: Microfinance Investment Book ([Link](#))



The graph below indicates the difference in the base and downside case scenarios for FP’s loan obligations. In the downside scenario, when the cash flow is stress tested to gauge by how much it can decline and still cover all obligations, the per period cash flow can decline by ~43%.



Cost of Capital (Net Interest Margin)



FP’s net interest margin on its portfolio needs to be sufficient to cover all of the operating expenses of the three divisions since the SSAS and Educational Entrepreneurship divisions operate at net losses. Using FP’s interest expense as a percentage of total borrowing (which comprises FP’s short-term and long-term debt), we estimate that FP has a cost of debt for the MF portfolio of 6.9%. We estimate that their interest income as a percentage of the GLP to be 37.6%. This implies that their net

rate of return is in the region of 30.7% for 2018, which is in line with the net return of the last five years.

In the section below, we will discuss how the net rate of return that FP earns on its MF portfolio compares to the total operating expenses of FP as a percentage of the GLP.

Operating Expenses

In 2018, FP’s total operating expense was 28.5% of the GLP. Both the net rate of return (See graph from previous section) and the net interest income (NII) as a percentage of GLP are able to cover the OpEx of FP. For context, after deducting the total operating expenses from net interest income figures in 2018, FP has an approximately 1.0 million USD buffer to work with.

The total OpEx for FP as a percentage of the gross loan portfolio has been increasing annually since 2013 and is high in comparison to that of peers (See graph to the upper right). While net interest income is sufficient to cover operating expenses for the time being, this steady increase is concerning and should be highlighted with management. In addition, as is shown in the graph to the right, FP’s OpEx is on the higher end of comparable MFIs. This is likely due to FP’s conscious decision to work with smaller borrowers.

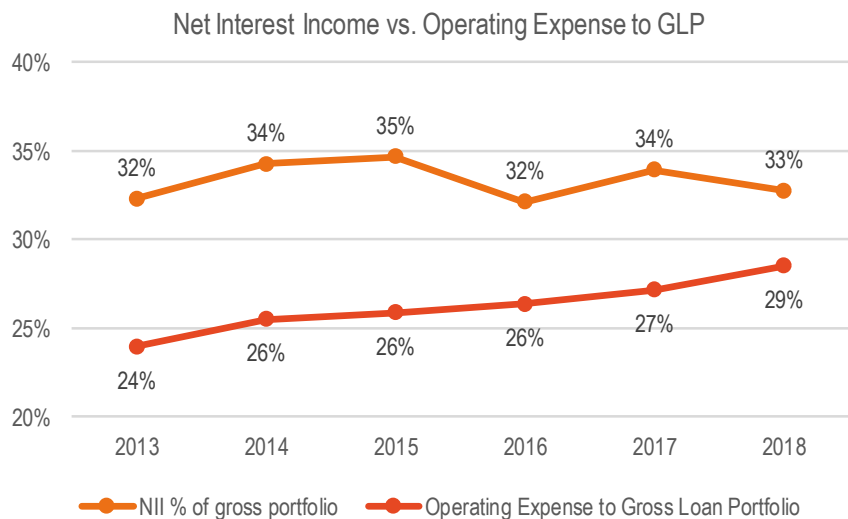
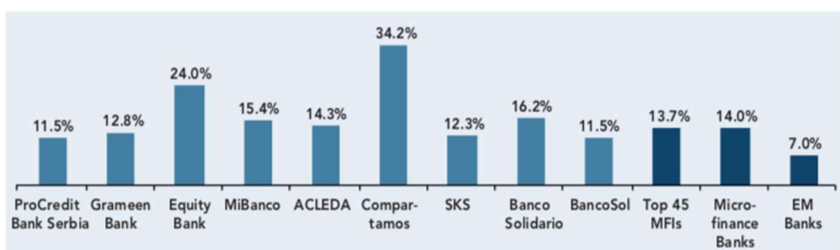


Figure 3. Operating Expense to Gross Loan Portfolio Is Higher for MFIs Than for Traditional Banks, as of 2007



Source: MIX, J.P. Morgan. Data as of 2007. For ProCredit, the percentage indicates operating expenses to total assets. Averages for the top 45 and for EM Banks are unweighted. EM Banks include a cross-section of banks covered by J.P. Morgan analysts for emerging markets (except Asia). Data for microfinance banks are an unweighted average for all microfinance banks, according to MIX.

Environmental and Political Risks

Management attributes the decline in FP's net earnings over the last three years to two main drivers: flood events and political turmoil.

Over the past 5-year span, there have been two major floods in Paraguay: one in December 2015⁶ and one in May 2019.⁷ Certain regions of Paraguay, especially those surrounding the Paraguay river, are highly susceptible to periodic flooding.⁸

Although Paraguay has suffered from long periods of political instability, the country has slowly transitioned into a functioning democracy and has enjoyed relative peace in recent years. The last political crisis was in April 2017; however, this conflict was soon resolved.⁹

We recognize that such environmental and political events are risks that could contribute to reduced revenue for FP's operations as a whole. However, we are unable to predict the frequency of or the degree to which these events would affect interest revenue from the MF portfolio.

Analysis of USD to PYG exchange rate

Although there is significant foreign exchange risk to consider, this risk is mitigated by a currency hedge provided by the Peery Foundation. In order to comprehensively evaluate the currency risk associated with this loan, we assessed the following points:

- The historical exchange rate volatility between the PYG and the USD
- The degree of PYG depreciation at which the currency hedge will no longer cover the loan
- The effect of currency risk on the loan repayment if the loan had been made 5 years ago

Historical PYG to USD Exchange Rate Volatility

Latin American countries have historically suffered from unstable foreign exchange due to economic and political factors. As is shown in the graph to the right, Paraguay's risk of depreciation is moderate in comparison to most Latin American countries.

However, Paraguay still exhibits exchange rate volatility,¹⁰ which presents a considerable foreign exchange risk given that the loan is being issued and repaid in PYG. The average PYG/USD exchange rate in June 2019 was 6128 PYG to 1 USD. The graphs below depict the average monthly PYG/USD exchange rate from January 1989 and from January 2014, respectively. As is shown, the PYG/USD exchange rate has been significantly volatile in past years.

Latin American Ranking

Currency depreciation indicator, Feb 2019

Country	Indicator	Global percentile	Country percentile
Nicaragua	12	0.073	0.046
Mexico	24	0.083	0.084
Peru	33	0.194	0.047
Belize	83	0.448	0.051
Colombia	105	0.330	0.099
Ecuador	110	0.562	0.052
Chile	133	0.410	0.105
Guyana	153	0.835	0.050
Paraguay	173	0.625	0.075
Brazil	191	0.597	0.102
Panama	203	0.789	0.067
Costa Rica	211	0.784	0.072
Bolivia	235	0.892	0.070
Uruguay	258	0.825	0.096
Argentina	314	0.832	0.204

Source: Moody's Analytics

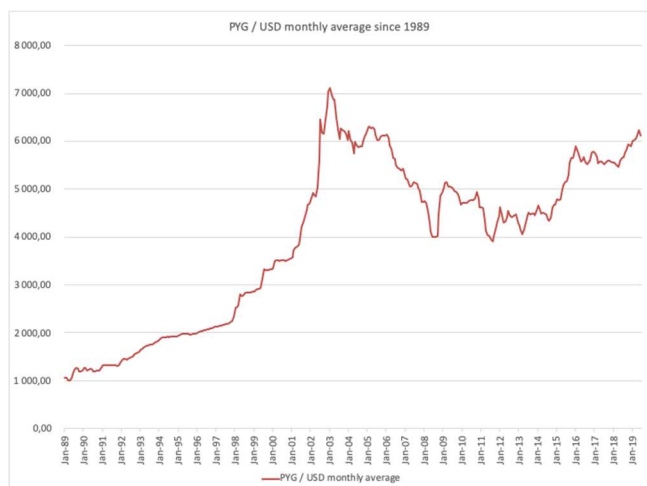
⁶ BBC: Flooding 'worst in 50 years', as 150,000 flee in Paraguay, Argentina, Brazil and Uruguay ([Link](#))

⁷ Al Jazeera: Emergency in Paraguay after flooding from torrential rains ([Link](#))

⁸ *Historical Dictionary of Paraguay* by R. Andrew Nickson ([Link](#))

⁹ The Guardian: 'A coup has been carried out': Paraguay's congress set alight after vote to let president run again ([Link](#))

¹⁰ Moody's Analytics: Latin American Currency, Feb 2019 ([Link](#))



However, the table below indicates that the monthly average PYG/USD standard deviation (which is a measure of currency volatility) has been lower in the last four years compared to all other periods analyzed. Also, the standard deviation of monthly average PYG/USD percentage change is lower for the last four years compared to all other periods analyzed. This indicates that the value of the PYG has been stabilizing recently relative to years further in the past.

	Last 4 years	Last 5 years	Last 10 years	Last 15 years	Since 2003	Since 1989
Average monthly exchange rate (PYG to 1 USD)	5,692.27	5,498.76	4,997.46	5,118.39	5,226.04	4,049.50
Average monthly % change	0.37%	0.54%	0.18%	0.04%	-0.05%	0.49%
Min monthly % change	-2.42%	-2.47%	-5.48%	-5.48%	-5.48%	-5.48%
Max monthly % change	4.66%	5.13%	5.13%	11.58%	11.58%	15.38%
No. months % change > 2.75% depreciation	3	5	14	16	19	43
No. months % change > 1.88% depreciation	8	11	23	26	29	61
Standard deviation of % change	1.41%	1.58%	1.95%	2.17%	2.22%	2.40%
Standard deviation of exchange rate	213.94	446.81	621.68	661.28	726.04	1715.79

Effectiveness of the Currency Hedge

Given the relatively high exchange rate volatility of the PYG, the team assessed the level of currency depreciation at which the currency hedge will no longer cover the difference between the loan and the repayments.

The currency hedge covers a maximum of 33% (or \$50, 000 USD) of the total loan amount implying that if the PYG currency depreciates, and the USD value of the monthly repayments decline, the hedge will only be applicable to a maximum value of 50,000 USD. As repayments are made monthly, we calculated that if the PYG/USD depreciates by more than 2.75% monthly, the hedge will be insufficient to cover the difference (assumptions listed in the table below). These results are shown in the table below. In the last sixty months, the PYG has depreciated by more than 2.75% in a month only five times.

Assumptions	Steady State Outcome	Insufficient Hedge Outcome
USD loan amount	USD 100,000.00	USD 100,000.00
Starting PYG/USD	PYG 6,128.41/ USD	PYG 6,128.41/ USD
Total loan in PYG	PYG 612,841,353.38	PYG 612,841,353.38
Number of months and repayments	60	60
Monthly loan repayments in PYG	PYG 10,214,022.56	PYG 10,214,022.56
Monthly depreciation	0.00%	2.76%
Total payment in USD	USD 100,000.00	USD 49,938.29

Another way to look at this is from a year-over-year perspective. The PYG would need to depreciate more than 35% year over year for the five-year length of the loan for the hedge not to cover the difference. Historically over the past five years, the annual currency depreciation has been 9.9% on average. Thus, if devaluation follows historical fluctuation trends, the hedge would more than cover the difference (see Appendix 2).

Loan Repayments Based on Currency Volatility of the Last Five Years

The average five-year percent change for the PYG/USD exchange rate is 23.3% (depreciation). The maximum five-year (straight line from start to end, omitting inter-period fluctuations) depreciation was 43.6% from July 2011 to June 2016.

If the loan was made in July 2011 and monthly repayments were made in PYG and converted to USD, the value of the all of the repayments in USD on June 2016 would have totaled 85,026 USD. Similarly, if the loan was made five years ago in July 2014, the total value of the repayments in June 2019 would have been 79,919 USD.

In both of these cases, the currency hedge provided by the Peery Foundation would have been sufficient covering the potential loss by 2.5 to 3.3 times, for this reason, we believe that the currency risk is sufficiently covered by the Peery Foundation currency hedge.

Comparing a 150K USD Loan over Four Years to a 100K USD Loan over Five Years

If the value of the currency hedge remains at 50,000 USD, but the size of the loan increases to 150,000 USD over a period of 48 months (this is the option we approved), we calculate that the maximum monthly depreciation for the hedge to be sufficient would be 1.88%. If the currency depreciates more than 1.88% monthly over a period of 48 months, then the 50,000 USD hedge would be insufficient (on a 150,000 USD loan). In the last 48 months, the currency has depreciated by more than 1.88% in a month on eight occasions.

The table below analyzes the same factors as the 100,000 USD loan over 60 months and compares this to a loan for 150,000 USD loan over 48 months.

	Last 4 years	Last 5 years
Number of months % change > 2.75% depreciation	3	5
Number of months % change > 1.88% depreciation	8	11
Average Period (4 or 5 years, respectively) PYG/USD change (depreciation)	27%	23%
Maximum Period Change in the Last 4 or 5 Years	40%	44%

Initial Loan Size (USD)	150,000	100,000
Total Loan Repayment Based on Maximum Straight-line Depreciation Period (4 or 5 years, respectively) (USD)	122,977	85,027
Hedge Cover	1.85x	3.34x
Total Loan Repayment Based on Last 4 or 5 Years (USD)	136,548	79,919
Hedge Cover	3.72x	2.49x

For the 150,000 USD loan, the hedge is sufficient in both cases analyzed. However, the hedge cover is lower in the period where there was a maximum straight-line depreciation, but higher in the last four years compared to the last five years (in the case of the 100K five-year loan). Additionally, the currency volatility in the last four years is lower than in the last five years. This signifies that the currency has become less volatile.

The lower monthly percent change (depreciation) threshold (of 1.88%) to exceed the 50,000 USD hedge makes it more likely for the 150,000 USD loan to exceed the hedge. However, as the PYG currency has become less volatile in recent periods, we argue that the currency is less likely to exceed the hedge in the future if the volatility levels remain the same in the next four years. There is a concern, however, that if the volatility does increase, there would be less time for the currency to recover (appreciate) to recuperate losses.

The currency is influenced by larger economic neighbors; therefore, there is an external risk that the Argentinian and Brazilian currencies depreciate, negatively impacting the PGY. However, this will be offset if the actual Paraguayan economy (excluding external factors) remains strong.

Other Risks

We have identified other risks in the operations of FP. As these income streams are small, we assess their unprofitability to not significantly impact FP's ability to repay its loan obligations. As long as its MF portfolio remain profitable, losses from its other business lines can adequately be recouped.

- ***Inability to capture Bleu Cheese Market***

The information given regarding the market size and potential market penetration for gourmet cheese in Paraguay is unclear and insufficient to support projections. FP currently sells Iberian cheese to enterprise clients (i.e., restaurants, hotels, and premium stores) in Paraguay. This is because current equipment does not allow for the right packing to be able to sell through retail channels (i.e., big supermarkets). With equipment from the new DPF, FP plans on selling its product through retail channels as well.

According to IBIS World, the cheese market in the United States is 48 billion USD¹¹ and blue cheese is 0.7% of that market (336 million USD). Applying the same ratio of the US blue cheese market to GDP, the market size for blue cheese in Paraguay is approximately 515K USD. In 2018, the dairy arm of the SSAS unit generated 548M PYG (~91K USD) in revenue. FP projects that revenue from Iberian cheeses will increase 6.82% from 2018 to 2020 to 586M PYG (~97K USD). Then, in 2021, when FP begins producing from the new DPF and selling blue cheese, FP projects a 87.03% total cheese revenue increase to 1.1B PYG (~182K USD). This represents a 57.7% increase in sales by weight from 13,000 kg in 2020 to 20,500 kg in 2021 (Appendix 6).

If we compare this to FP's 2021 revenue projections of ~182K USD, FP is assuming that they will capture about 35% of the market in their first year of production. Although US markets and Paraguay markets are very different,

¹¹ Ibis World: Cheese Production Industry in the US - Market Research Report, Jul 2019 ([Link](#))

we are assuming that blue cheese is a bigger market in the US per its GDP compared to that of Paraguay (see Appendix 7).

The lack of a clear “go to market” strategy and the size of the total addressable market make us skeptical of the fit of blue cheese in the current market. FP’s greater cheese production volume will need to be coupled with a robust marketing strategy to hit sales projections. Most of the products on grocery store shelves in Paraguay are self-distributed. This means that FP will need to expend significant marketing efforts in order to reach these points of sale. FP claims that the “entry” into the retail sales channel has already happened; however, this has not yet been verified.

In addition, using the competition’s prices provided by FP, the average selling price for blue cheese and Iberian cheese will be lower than current market prices (Appendix 8). Assuming the company plans to position the product in a premium goods market with a significantly lower price raises concerns regarding FP’s market strategy, segmentation process, targeting efforts, and positioning strategy.

FP also plans on outsourcing production of the milk inputs for making blue cheese since the current in-house cow milk supply will be insufficient to support the business plan. This presents another potential cost increase for FP. However, given the income from the MF portfolio, the team believes that FP will be able to cover the potential losses from the blue cheese operations assuming that there is no demand for blue cheese in the Paraguayan market. This point is explored further under Risk #3 below.

- ***SSAS Programs incurs substantial net losses***

Although FP brands the schools as “self-sustainable,” the SSAS program is not financially self-sustainable yet. In 2018, total outlays of the SSAS unit exceeded resources (including revenue and donations) by 2.9 billion PYG (~477.7K USD), giving a net deficit margin of -35.7%. In the same year, revenue from the agricultural schools’ dairy operations was 548.6 million PYG (~91.8K USD) in total, which is 6.9% of the total resources and revenues associated with the SSAS unit. On a per-month basis, this would amount to about 45.7 million (~7.7K USD) PYGs in revenue generated from the sale of dairy. This per-month revenue figure exceeds the 12.7 million PYG (~2.1K USD) monthly payment that FP must make to BR. However, this does not take into account (1) any of the expenses that FP incurs through its operations (which, after being factored in, result in a net loss) or (2) the monthly payments that FP will have to make on the other loans for the DPF.

FP’s ability to make the payment schedule provided in the term sheet will depend on its ability to generate revenue from its MF unit to cover these payments. After considering direct cost of capital and operating expenses, FP’s income from the MF portfolio is still sufficient (about 6.2 billion PYG, or 1.0 million USD) to cover the losses of the SSAS unit.

Conclusion

We recommend extending a loan of USD 50,000 to Fundación given its significant impact score and very high credit score. Based on our analysis, we believe the MF portfolio is of sufficient quality and that FP has enough capital to make the payments on the BR loan. While there are uncertainties regarding the success of the blue cheese operations, we believe that these risks will be buffered by the income generated from the MF arm of FP’s operations. In addition, assessment of the currency hedge shows that it provides a sufficient buffer against exchange rate volatility based on historical data.

Appendix 1: Fundación Paraguaya Term Sheet

Approval Memo

August 1, 2019

Mr. Martin Burt
Fundacion Paraguaya
Manuel Blinder 5589
c/ Tte. Espinoza.
Asunción, Paraguay

Dear Martin,

The terms contained herein are not all-inclusive.

Borrower:	Fundacion Paraguaya
Lender:	Beneficial Returns LLC or its assigns
Loan Amount and Type:	\$150,000 Term Loan
Purpose:	Acquire new or used cheese making equipment
Availability:	Loan will be available immediately upon satisfaction of all conditions prececed outlined in this term sheet and the legal documents to be executed and no later than September 30, 2019. Full amount must be drawn in one loan.
Interest Rate:	8.50% per annum, fixed.
Term:	48 monthly payments of principal and interest
Amortization:	48 months
Monthly Payment:	\$3,697.25 plus IRACIS and VAT less any currency adjustments if the Peery recoverable grant is insufficient
Impact Bonus:	Final payment will be waived if Fundacion Paraguaya exceeds TBD impact ratio and all prior loan payments have been received on a timely basis.
Collateral:	Non-possessory chattel pledge on equipment financed plus additional equipment with value of at least \$25,000.
Loan Fee:	1.0% of Loan Amount, a one-time flat fee, will be due and payable at closing less from any withholdings taxes.
Deposit:	\$1,000 deposit has been received and applied to closing costs.
Additional Costs:	Legal costs of \$650

Appendix 2: Loan Cash Flow with Different Devaluation Schedules

LOAN CASHFLOW WITH FOREX MODEL

Lender Requirements				
Capital USD	\$	100,000.00	Monthly Pymt	2,052
Interest yr		8.50%	Total 60 Pymt	123,099
Periods		60	Interest	23,099
Capital PYG	\$	618,140,000	FOREX Term	\$ 6,181.40

FOREX CHANGE YR 1	\$	6,253.50
FOREX CHANGE YR 2		20.11%
FOREX CHANGE YR 3		11.08%
FOREX CHANGE YR 4		4.18%
FOREX CHANGE YR 5		1.66%

Total Cash Flow USD	\$	(100,000.00)
Total Cash Paid USD	\$	97,586.18
Total Cash Difference	\$	(25,512.82)
Peery Hedge	\$	50,000.00
Capital Buffer	\$	24,487.18

FOREX CHANGE YR 1	\$	6,253.50
FOREX CHANGE YR 2		-0.57%
FOREX CHANGE YR 3		-0.57%
FOREX CHANGE YR 4		-0.57%
FOREX CHANGE YR 5		-0.57%

Total Cash Flow USD	\$	(100,000.00)
Total Cash Paid USD	\$	123,099.00
Total Cash Difference	\$	(0.00)
Peery Hedge	\$	50,000.00
Capital Buffer	\$	50,000.00

FOREX CHANGE YR 1	\$	6,253.50
FOREX CHANGE YR 2		35.00%
FOREX CHANGE YR 3		35.00%
FOREX CHANGE YR 4		35.00%
FOREX CHANGE YR 5		35.00%

Total Cash Flow USD	\$	(100,000.00)
Total Cash Paid USD	\$	72,945.99
Total Cash Difference	\$	(50,153.01)
Peery Hedge	\$	50,000.00
Capital Buffer	\$	(153.01)

Appendix 3: Fundación Paraguaya Earnings in PYG and USD

EARNINGS IN GUARANÍES							
	2012	2013	2014	2015	2016	2017	2018
Revenue MF	44,197,376,654	51,954,108,766	59,847,349,165	67,421,087,713	80,616,296,651	81,107,865,607	84,083,783,031
Revenue SSAS	9,360,129,191	10,414,020,376	10,909,774,507	8,453,784,569	10,686,577,815	12,459,673,189	8,002,298,126
Revenue EE	1,483,921,600	1,127,081,195	1,024,598,584	1,208,298,038	1,840,172,108	3,210,327,674	3,388,828,653
Total Revenue	55,041,427,445	63,495,210,337	71,781,722,256	77,083,170,320	93,143,046,574	96,777,866,470	95,474,909,810
Expenses MF	43,896,149,382	48,290,711,023	49,121,665,271	59,723,991,267	73,133,333,985	74,493,129,952	75,231,510,583
Expenses SSAS	9,133,782,369	10,645,170,798	11,450,982,099	9,855,876,751	12,226,299,377	15,152,995,262	10,856,701,019
Expenses EE	1,447,415,361	1,117,682,504	1,022,881,992	1,200,626,751	1,805,874,121	3,193,031,707	3,453,441,803
Total Expenses	54,477,347,112	60,053,564,325	61,595,529,362	70,780,494,769	87,165,507,483	92,839,156,921	89,541,653,405
Earnings before Taxes	564,080,333	3,441,646,012	10,186,192,894	6,302,675,551	5,977,539,091	3,938,709,549	5,933,256,405
Taxes	282,512,038	742,391,768	1,483,982,674	1,121,583,367	1,210,583,542	885,499,030	918,271,666
Net Earnings	281,568,295	2,699,254,244	8,702,210,220	5,181,092,184	4,766,955,549	3,053,210,519	5,014,984,739

EARNINGS IN USD (BASED ON HISTORICAL ANNUAL AVERAGE EXCHANGE RATE)							
	2012	2013	2014	2015	2016	2017	2018
Revenue MF	9,961,746	11,922,616	13,229,676	12,896,942	14,207,618	14,506,629	14,783,078
Revenue SSAS	2,109,700	2,389,847	2,411,682	1,617,120	1,883,376	2,228,487	1,406,913
Revenue EE	334,464	258,647	226,495	231,135	324,307	574,186	595,802
Total Revenue	12,405,911	14,571,109	15,867,853	14,745,197	16,415,301	17,309,302	16,785,794
Expenses MF	9,893,851	11,081,926	10,858,688	11,424,569	12,888,839	13,323,543	13,226,728
Expenses SSAS	2,058,684	2,442,892	2,531,320	1,885,325	2,154,733	2,710,204	1,908,756
Expenses EE	326,236	256,490	226,115	229,667	318,263	571,093	607,162
Total Expenses	12,278,771	13,781,308	13,616,123	13,539,561	15,361,835	16,604,840	15,742,646
Earnings before Taxes	127,139	789,801	2,251,729	1,205,635	1,053,467	704,462	1,043,148
Taxes	63,676	170,367	328,045	214,547	213,350	158,377	161,445
Net Earnings	63,463	619,435	1,923,685	991,088	840,117	546,085	881,703

Appendix 4: Fundación Paraguaya Earnings Projections in PYG

RESOURCES SURPLUS/DEFICIT CONTINUOUS TREND IN GUARANI								
	2017	2018	2019	2020	2021	2022	2023	2024
Microfinance	6,614,735,655	5,820,967,376	5,122,451,291	4,507,757,136	3,966,826,280	3,490,807,126	3,071,910,271	2,703,281,039
Ag Schools	(2,693,322,073)	(2,827,988,177)	(2,969,387,585)	(3,117,856,965)	(3,273,749,813)	(3,437,437,304)	(3,609,309,169)	(3,789,774,627)
Entrepreneurship	17,295,967	8,647,984	4,323,992	2,161,996	1,080,998	540,499	270,249	135,125
Total Resources	3,938,709,549	3,001,627,183	2,157,387,697	1,392,062,167	694,157,465	53,910,322	(537,128,648)	(1,086,358,464)
Total Resources with BF pmt	3,053,210,519	2,401,301,747	1,725,910,158	961,438,974	403,115,212	(109,082,503)	(581,913,679)	(1,021,297,531)

Appendix 5: Fundación Paraguaya Statement of Cash Flows PYG and USD

STATEMENT OF CASH FLOWS IN GUARANÍES							
	2012	2013	2014	2015	2016	2017	2018
Operational Activities	(8,936,039,726)	(2,254,735,368)	2,538,095,058	(7,781,516,248)	4,108,806,371	(12,926,361,658)	8,700,199,391
Investment Activities	(10,987,640,671)	2,561,617,880	(5,614,745,981)	(7,646,991,214)	(820,081,697)	4,379,773,533	(4,083,013,656)
Financial Activities	(2,258,493,319)	7,100,805,640	(1,671,684,680)	15,492,418,851	1,381,561,680	356,994,234	(5,065,155,134)
Net Change	(22,182,173,716)	7,407,688,152	(4,748,335,603)	63,911,389	4,670,286,354	(8,189,593,891)	(447,969,399)
Exchange Effect	(669,227,762)	(7,593,647)	(138,530,204)	690,796,455	(1,178,860,889)	(592,083,763)	782,558,940
Beginning Balance	31,063,869,201	8,212,467,723	15,612,562,228	10,725,696,421	11,480,404,265	14,971,829,730	6,190,152,076
Ending Cash Balance	8,212,467,723	15,612,562,228	10,725,696,421	11,480,404,265	14,971,829,730	6,190,152,076	6,524,741,617

STATEMENT OF CASH FLOWS IN USD							
	2012	2013	2014	2015	2016	2017	2018
Operational Activities	(2,014,114)	(517,425)	561,064	(1,488,522)	724,126	(2,311,957)	1,529,614
Investment Activities	(2,476,529)	587,849	(1,241,179)	(1,462,789)	(144,529)	783,349	(717,850)
Financial Activities	(509,047)	1,629,518	(369,538)	2,963,536	243,483	63,851	(890,523)
Net Change	(4,999,690)	1,699,943	(1,049,653)	12,226	823,080	(1,464,758)	(78,759)
Exchange Effect	(150,839)	(1,743)	(30,623)	132,142	(207,760)	(105,898)	137,585
Beginning Balance	7,001,555	1,884,627	3,451,266	2,051,713	2,023,278	2,677,802	1,088,313
Ending Cash Balance	1,851,026	3,582,827	2,370,990	2,196,080	2,638,598	1,107,146	1,147,139

Appendix 6: Fundación Paraguaya Projected Cheese Sales

FP PROJECTED CHEESE SALES (PYG)									
	Actuals		Forecast						
	2017	2018	2019	2020	2021	2022	2023	2024	2025
Iberian Cheese			453,000,000	476,000,000	486,000,000	496,000,000	507,000,000	517,000,000	528,000,000
Soft Iberian Cheese	514,573,403	548,575,018	100,000,000	110,000,000	122,000,000	127,000,000	131,000,000	136,000,000	140,000,000
Blue Cheese					488,000,000	692,000,000	750,000,000	792,000,000	817,000,000
Total Cheese Sales	514,573,403	548,575,018	553,000,000	586,000,000	1,096,000,000	1,315,000,000	1,388,000,000	1,445,000,000	1,485,000,000
YoY Growth		6.61%	0.81%	5.97%	87.03%	19.98%	5.55%	4.11%	2.77%

FP PROJECTED CHEESE SALES (USD)									
	Actuals		Forecast						
	2017	2018	2019	2020	2021	2022	2023	2024	2025
Iberian Cheese			75,198	79,016	80,676	82,336	84,162	85,822	87,648
Soft Iberian Cheese	85,419	91,063	16,600	18,260	20,252	21,082	21,746	22,576	23,240
Blue Cheese					81,008	114,872	124,500	131,472	135,622
Total Cheese Sales	85,419	91,063	91,798	97,276	181,936	218,290	230,408	239,870	246,510
YoY Growth		6.61%	0.81%	5.97%	87.03%	19.98%	5.55%	4.11%	2.77%

FP PROJECTED CHEESE SALES IN WEIGHT (APPROX. KG)									
	Actuals		Forecast						
	2018	2019	2020	2021	2022	2023	2024	2025	
Iberian Cheese			10,000	12,000	13,000	14,000	15,000	16,000	17,000
Blue Cheese	10,000	12,000			6,500	9,500	10,000	10,500	11,000
Total Cheese Sales	10,000	12,000	13,000	20,500	24,500	26,000	27,500	29,000	

Appendix 7: Market Sizing Exercise

The cheese market is USD 48 billion USD and blue cheese is 0.7% of that market (USD 336 million USD). Applying the same ratio of the US blue cheese market to GDP, the market size for blue cheese in Paraguay is under USD 600,000. Comparing this to Paraguay's 2021 and 2025 projections of USD 181.9K and USD 246.5K of revenue (USD), FP is assuming that they will capture 35% and 48% of the market, respectively. Although US markets and Paraguay markets are very different, it can be assumed blue cheese is a bigger market per its GDP than Paraguay's GDP.

Market Analysis in USD			
		PARAGUAY	UNITED STATES
GDP		29,730,000,000	19,390,000,000,000
Cheese Market	0.25%	73,596,699	48,000,000,000
Blue Cheese Market	0.70%	515,177	336,000,000
		2021	2025
FP Projected Sales		181,936	246,510
FP Market Share		35%	48%

Appendix 8: Cheese Sales Market Pricing

COMPETITORS AND PRICES			
Company	Type of Cheese	Price per kg in PYG	Price per kg in USD
Cerrito	Iberian	120,000	19.92
El Imperio	Iberian	238,000	39.51
Sancor	Blue Cheese	99,900	16.58
Sancor	Reggianito	165,000	27.39
Sancor	Horma Fontina	131,875	21.89
Tregar	Blue Cheese	96,800	16.07
Tregar	Gruyere	123,650	20.53
Sheuen	Blue Cheese	96,800	16.07
Sheuen	Reggianito	115,750	19.21
La Serenísimas	Reggianito	113,000	18.76
Galbani	Reggianito	100,000	16.60
La Paulina	Gouda	91,000	15.11
LA QUESERA	Blue Cheese	80,500	13.36
La Paulina	Gruyere	83,750	13.90
La Serenísimas	Gouda	83,000	13.78
Crema Frossad	Pepato	75,000	12.45
SANTA ROSA	Blue Cheese	104,900	17.41
RODY	Blue Cheese	S/P	S/P

MARKET PRICING		
Metric	Price per kg in PYG	Price per kg in USD
Average Blue Cheese Price	95,780	15.90
Average Iberian Cheese Price	179,000	29.71
Average Price of all Cheeses	112,878	18.74
Iberian Cheese Price (FP Actuals)	54,858	9.11

FP PROJECTED SELLING PRICES (USD PER KG)								
	Actuals	Forecast						
	2018	2019	2020	2021	2022	2023	2024	2025
Iberian Cheese	\$9.11	\$7.65	\$7.48	\$7.21	\$6.89	\$6.62	\$6.38	\$6.16
Blue Cheese				\$12.46	\$12.09	\$12.45	\$12.52	\$12.33

Appendix 9: Fundación Paraguaya Cash Inflow and Outflow Timing

Victoria V. Brown, Sworn Translator No. 462, Asunción, Paraguay

Item	Time remaining for their expiry – Balances to December 31, 2018					Total (*)
	Up to 30 days	From 31 days to 180 days	From 181 days to 1 year	More than 1 year & up to 3 years	More than 3 years	
Short-term investments	6,675,356,800					6,675,356,800
Interest accrued	198,903,699					198,903,699
Credits (*)						
Capital	31,205,385,676	82,401,260,731	24,373,569,074	6,044,137,822	447,290,921	144,471,644,224
Interest	1,852,285,042	82,126,153	1,309,894			1,935,721,089
Total assets	39,931,931,217	82,483,386,884	24,374,878,968	6,044,137,822	447,290,921	153,281,625,812
Fin. Obligations	10,682,785,727	37,705,776,708	41,293,586,146	12,116,793,291		101,798,941,872
Total obligations	10,682,785,727	37,705,776,708	41,293,586,146	12,116,793,291		101,798,941,872

Item	Time remaining for their expiry – Balances to December 31, 2017					Total (*)
	Up to 30 days	From 30 days to 180 days	From 181 days to 1 year	More than 1 year & up to 3 years	More than 3 years	
Short-term investments	5,579,970,000					5,579,970,000
Interest accrued	198,509,330					198,509,330
Credits (*)						
Capital	28,421,850,407	85,217,906,746	24,762,801,943	5,441,244,044	59,941,732	143,903,744,872
Interest	1,710,819,308	122,167,010		2,155,588		1,835,141,906
Total assets	35,911,149,045	85,340,073,756	24,762,801,943	5,443,399,632	59,941,732	151,517,366,108
Fin. Obligations	13,355,354,242	31,803,183,108	28,054,710,062	33,173,677,740		106,386,925,152
Total obligations	13,355,354,242	31,803,183,108	28,054,710,062	33,173,677,740		106,386,925,152

(*) Does not include balances of provisions

Appendix 10: Monthly Repayment Schedule to Assess Currency Risk

Date	Payment in PYG	PYG/USD exchange	Payment in \$	Monthly % change	Date	Payment in PYG	PYG/USD exchange	Payment in \$	Monthly % change
Jul-19	PYG 10 214 023	PYG 6 128	\$ 1 667		Jul-19	PYG 10 214 023	PYG 6 128	\$ 1 667	
Aug-19	PYG 10 214 023	PYG 6 297	\$ 1 622	2,75%	Aug-19	PYG 10 214 023	PYG 6 128	\$ 1 667	0,00%
Sep-19	PYG 10 214 023	PYG 6 470	\$ 1 579	2,75%	Sep-19	PYG 10 214 023	PYG 6 128	\$ 1 667	0,00%
Oct-19	PYG 10 214 023	PYG 6 648	\$ 1 536	2,75%	Oct-19	PYG 10 214 023	PYG 6 128	\$ 1 667	0,00%
Nov-19	PYG 10 214 023	PYG 6 831	\$ 1 495	2,75%	Nov-19	PYG 10 214 023	PYG 6 128	\$ 1 667	0,00%
Dec-19	PYG 10 214 023	PYG 7 019	\$ 1 455	2,75%	Dec-19	PYG 10 214 023	PYG 6 128	\$ 1 667	0,00%
Jan-20	PYG 10 214 023	PYG 7 212	\$ 1 416	2,75%	Jan-20	PYG 10 214 023	PYG 6 128	\$ 1 667	0,00%
Feb-20	PYG 10 214 023	PYG 7 410	\$ 1 378	2,75%	Feb-20	PYG 10 214 023	PYG 6 128	\$ 1 667	0,00%
Mar-20	PYG 10 214 023	PYG 7 614	\$ 1 342	2,75%	Mar-20	PYG 10 214 023	PYG 6 128	\$ 1 667	0,00%
Apr-20	PYG 10 214 023	PYG 7 823	\$ 1 306	2,75%	Apr-20	PYG 10 214 023	PYG 6 128	\$ 1 667	0,00%
May-20	PYG 10 214 023	PYG 8 038	\$ 1 271	2,75%	May-20	PYG 10 214 023	PYG 6 128	\$ 1 667	0,00%
Jun-20	PYG 10 214 023	PYG 8 259	\$ 1 237	2,75%	Jun-20	PYG 10 214 023	PYG 6 128	\$ 1 667	0,00%
Jul-20	PYG 10 214 023	PYG 8 487	\$ 1 204	2,75%	Jul-20	PYG 10 214 023	PYG 6 128	\$ 1 667	0,00%
Aug-20	PYG 10 214 023	PYG 8 720	\$ 1 171	2,75%	Aug-20	PYG 10 214 023	PYG 6 128	\$ 1 667	0,00%
Sep-20	PYG 10 214 023	PYG 8 960	\$ 1 140	2,75%	Sep-20	PYG 10 214 023	PYG 6 128	\$ 1 667	0,00%
Oct-20	PYG 10 214 023	PYG 9 206	\$ 1 109	2,75%	Oct-20	PYG 10 214 023	PYG 6 128	\$ 1 667	0,00%
Nov-20	PYG 10 214 023	PYG 9 459	\$ 1 080	2,75%	Nov-20	PYG 10 214 023	PYG 6 128	\$ 1 667	0,00%
Dec-20	PYG 10 214 023	PYG 9 719	\$ 1 051	2,75%	Dec-20	PYG 10 214 023	PYG 6 128	\$ 1 667	0,00%
Jan-21	PYG 10 214 023	PYG 9 987	\$ 1 023	2,75%	Jan-21	PYG 10 214 023	PYG 6 128	\$ 1 667	0,00%
Feb-21	PYG 10 214 023	PYG 10 261	\$ 995	2,75%	Feb-21	PYG 10 214 023	PYG 6 128	\$ 1 667	0,00%
Mar-21	PYG 10 214 023	PYG 10 543	\$ 969	2,75%	Mar-21	PYG 10 214 023	PYG 6 128	\$ 1 667	0,00%
Apr-21	PYG 10 214 023	PYG 10 833	\$ 943	2,75%	Apr-21	PYG 10 214 023	PYG 6 128	\$ 1 667	0,00%
May-21	PYG 10 214 023	PYG 11 131	\$ 918	2,75%	May-21	PYG 10 214 023	PYG 6 128	\$ 1 667	0,00%
Jun-21	PYG 10 214 023	PYG 11 437	\$ 893	2,75%	Jun-21	PYG 10 214 023	PYG 6 128	\$ 1 667	0,00%
Jul-21	PYG 10 214 023	PYG 11 752	\$ 869	2,75%	Jul-21	PYG 10 214 023	PYG 6 128	\$ 1 667	0,00%
Aug-21	PYG 10 214 023	PYG 12 075	\$ 846	2,75%	Aug-21	PYG 10 214 023	PYG 6 128	\$ 1 667	0,00%
Sep-21	PYG 10 214 023	PYG 12 407	\$ 823	2,75%	Sep-21	PYG 10 214 023	PYG 6 128	\$ 1 667	0,00%
Oct-21	PYG 10 214 023	PYG 12 748	\$ 801	2,75%	Oct-21	PYG 10 214 023	PYG 6 128	\$ 1 667	0,00%
Nov-21	PYG 10 214 023	PYG 13 099	\$ 780	2,75%	Nov-21	PYG 10 214 023	PYG 6 128	\$ 1 667	0,00%
Dec-21	PYG 10 214 023	PYG 13 459	\$ 759	2,75%	Dec-21	PYG 10 214 023	PYG 6 128	\$ 1 667	0,00%
Jan-22	PYG 10 214 023	PYG 13 829	\$ 739	2,75%	Jan-22	PYG 10 214 023	PYG 6 128	\$ 1 667	0,00%
Feb-22	PYG 10 214 023	PYG 14 210	\$ 719	2,75%	Feb-22	PYG 10 214 023	PYG 6 128	\$ 1 667	0,00%
Mar-22	PYG 10 214 023	PYG 14 600	\$ 700	2,75%	Mar-22	PYG 10 214 023	PYG 6 128	\$ 1 667	0,00%
Apr-22	PYG 10 214 023	PYG 15 002	\$ 681	2,75%	Apr-22	PYG 10 214 023	PYG 6 128	\$ 1 667	0,00%
May-22	PYG 10 214 023	PYG 15 415	\$ 663	2,75%	May-22	PYG 10 214 023	PYG 6 128	\$ 1 667	0,00%
Jun-22	PYG 10 214 023	PYG 15 838	\$ 645	2,75%	Jun-22	PYG 10 214 023	PYG 6 128	\$ 1 667	0,00%
Jul-22	PYG 10 214 023	PYG 16 274	\$ 628	2,75%	Jul-22	PYG 10 214 023	PYG 6 128	\$ 1 667	0,00%
Aug-22	PYG 10 214 023	PYG 16 722	\$ 611	2,75%	Aug-22	PYG 10 214 023	PYG 6 128	\$ 1 667	0,00%
Sep-22	PYG 10 214 023	PYG 17 181	\$ 594	2,75%	Sep-22	PYG 10 214 023	PYG 6 128	\$ 1 667	0,00%
Oct-22	PYG 10 214 023	PYG 17 654	\$ 579	2,75%	Oct-22	PYG 10 214 023	PYG 6 128	\$ 1 667	0,00%
Nov-22	PYG 10 214 023	PYG 18 139	\$ 563	2,75%	Nov-22	PYG 10 214 023	PYG 6 128	\$ 1 667	0,00%
Dec-22	PYG 10 214 023	PYG 18 638	\$ 548	2,75%	Dec-22	PYG 10 214 023	PYG 6 128	\$ 1 667	0,00%
Jan-23	PYG 10 214 023	PYG 19 151	\$ 533	2,75%	Jan-23	PYG 10 214 023	PYG 6 128	\$ 1 667	0,00%
Feb-23	PYG 10 214 023	PYG 19 677	\$ 519	2,75%	Feb-23	PYG 10 214 023	PYG 6 128	\$ 1 667	0,00%
Mar-23	PYG 10 214 023	PYG 20 218	\$ 505	2,75%	Mar-23	PYG 10 214 023	PYG 6 128	\$ 1 667	0,00%
Apr-23	PYG 10 214 023	PYG 20 774	\$ 492	2,75%	Apr-23	PYG 10 214 023	PYG 6 128	\$ 1 667	0,00%
May-23	PYG 10 214 023	PYG 21 346	\$ 479	2,75%	May-23	PYG 10 214 023	PYG 6 128	\$ 1 667	0,00%
Jun-23	PYG 10 214 023	PYG 21 933	\$ 466	2,75%	Jun-23	PYG 10 214 023	PYG 6 128	\$ 1 667	0,00%
Jul-23	PYG 10 214 023	PYG 22 536	\$ 453	2,75%	Jul-23	PYG 10 214 023	PYG 6 128	\$ 1 667	0,00%
Aug-23	PYG 10 214 023	PYG 23 156	\$ 441	2,75%	Aug-23	PYG 10 214 023	PYG 6 128	\$ 1 667	0,00%
Sep-23	PYG 10 214 023	PYG 23 792	\$ 429	2,75%	Sep-23	PYG 10 214 023	PYG 6 128	\$ 1 667	0,00%
Oct-23	PYG 10 214 023	PYG 24 447	\$ 418	2,75%	Oct-23	PYG 10 214 023	PYG 6 128	\$ 1 667	0,00%
Nov-23	PYG 10 214 023	PYG 25 119	\$ 407	2,75%	Nov-23	PYG 10 214 023	PYG 6 128	\$ 1 667	0,00%
Dec-23	PYG 10 214 023	PYG 25 810	\$ 396	2,75%	Dec-23	PYG 10 214 023	PYG 6 128	\$ 1 667	0,00%
Jan-24	PYG 10 214 023	PYG 26 520	\$ 385	2,75%	Jan-24	PYG 10 214 023	PYG 6 128	\$ 1 667	0,00%
Feb-24	PYG 10 214 023	PYG 27 249	\$ 375	2,75%	Feb-24	PYG 10 214 023	PYG 6 128	\$ 1 667	0,00%
Mar-24	PYG 10 214 023	PYG 27 998	\$ 365	2,75%	Mar-24	PYG 10 214 023	PYG 6 128	\$ 1 667	0,00%
Apr-24	PYG 10 214 023	PYG 28 768	\$ 355	2,75%	Apr-24	PYG 10 214 023	PYG 6 128	\$ 1 667	0,00%
May-24	PYG 10 214 023	PYG 29 559	\$ 346	2,75%	May-24	PYG 10 214 023	PYG 6 128	\$ 1 667	0,00%
Jun-24	PYG 10 214 023	PYG 30 372	\$ 336	2,75%	Jun-24	PYG 10 214 023	PYG 6 128	\$ 1 667	0,00%
Total	PYG 612 841 353		\$ 50 044		Total	PYG 612 841 353		\$ 100 000	

Appendix 11: Fundación Paraguaya Self-Sustainable Agricultural Schools Impact Assessment

Impact score: 18 out of 21

Prospective borrowers are rated with 1 point for Low, 2 points for Moderate and 3 points for High. Minimum score of 15 for approval.

	Low	Moderate	High	Score
1 SCALE Is the social enterprise addressing a major social or environmental problem and do they have the capacity to make a measurable, positive difference themselves or by influencing others?			✓	3
2 SYSTEMIC CHANGE Is the social enterprise focused on systemic change? In other words, would the impact continue even if the social enterprise went out of business?		✓		2
3 SUSTAINABILITY Does the social enterprise have a business model that is or has a strong likelihood of being sustainable? This may include a portion of philanthropic revenue provided that is sustainable.		✓		2
4 STAKEHOLDER ENGAGEMENT Does the social enterprise engage all stakeholders in their work? Is the social enterprise building local, human resources? Does it actively share its insights with others? Are indigenous communities involved?			✓	3
5 RIGOR How does the social enterprise measure its own impact and how well is it doing against these metrics?		✓		2
6 EFFICIENCY Are the social enterprise's impact outcomes cost efficient vs. other interventions? If not, is it likely that they will become so as the social enterprise grows?			✓	3
7 INTENTION How committed to its social or environmental mission is the social enterprise?			✓	3
TOTAL				18

Appendix 12: Fundación Paraguaya Credit Assessment

Credit score: 19 out of 21

Prospective borrowers are rated with 1 point for Low, 2 points for Moderate and 3 points for High. Minimum score of 15 for approval.

	Low	Moderate	High	Score
1 BELIEF IN MANAGEMENT Does the social enterprise have a strong management team (extensive industry experience, strong leadership and entrepreneurial background)? Is the governance structure adequate?			✓	3
2 ACCOMMODATIVE BUSINESS ENVIRONMENT Is the social enterprise operating in an industry with low level of competition? Does the social enterprise provide products or services that have low threat of substitution?		✓		2
3 QUALITY OF FINANCIAL INFORMATION Can the financial information provided be depended on? Have its financial statements been audited?			✓	3
4 ABILITY TO BE PROFITABLE Does the social enterprise have a positive earnings trend? Are the earnings sustainable?		✓		2
5 STRENGTH OF FINANCIAL POSITION Does the social enterprise maintain adequate financial ratios (DSCR, Debt-to-equity, Current ratio) to support a debt obligation?			✓	3
6 ABILITY TO SERVICE DEBT Does the social enterprise have the ability to establish a strong cash position to meet its debt obligations on time?			✓	3
7 COLLATERAL OR GUARANTEES Is there collateral for the loan with an adequate loan-to-value amount? Is there a guarantor for the loan?			✓	3
TOTAL				19