

Public Information Summary

Host Country(ies)	<u>LICs</u> : Malawi, Mozambique, Rwanda, Sierra Leone, Uganda <u>LMICs</u> : Ghana, Kenya, Zambia, Côte d’Ivoire, Nigeria, Eswatini, Senegal, Tanzania.
Name of Borrower	AgDevCo Limited
Project Description	DFC will provide a loan to AgDevCo Limited to grow its portfolio of loans and equity investments in early-stage agricultural enterprises in LICs and LMICs in sub-Saharan Africa.
Proposed DFC Loan	8 year direct loan of an amount up to \$20.0 million
All-Source Funding Total	\$90.0 million
Policy Review	
Developmental Objectives	The Project is expected to have a highly developmental impact in the Project countries through provision of long-term flexible capital for sub-Saharan African firms in the region’s broad agricultural sector, including direct farming production as well as the agricultural value chain. While approximately 16 percent of GDP in sub-Saharan Africa is agriculture related, productivity levels are low, food insecurity common, and the trade balance is persistently large and negative. Agricultural credit is highly constrained in the region, with extremely low use of all forms of credit for financing modern inputs across all countries and farm sizes, for food as well as for cash crops. In addition to financing, AgDevCo adds value to investees through a grant-based technical assistance facility.
Environment and Social Assessment	SCREENING: The capitalization of a financial intermediary is screened as a Category D activity for the purposes of environmental and social assessment. Based on DFC’s due diligence, the majority of the Project’s downstream investments are anticipated to pose medium or limited environmental and social risks that are site-specific and that can be readily mitigated through the application of sound environmental and social management practices and satisfaction of the lender-determined Environmental and Social Action Plan. DFC capital will not be used to invest in Category A or Special Consideration Projects. Consistent with DFC’s policy on assessment of financial intermediary transactions (dated April 2020) the Project is eligible for delegated responsibility for the application of DFC’s policies related to environmental and social impact assessment, risk management and monitoring. In order to ensure that the Project’s investments are consistent with DFC’s statutory and policy requirements, the Project will be subject to conditions regarding the use of the DFC proceeds. Climate change resilience assessments for Category D projects are not required under DFC’s policies.

APPLICABLE STANDARDS: Under DFC’s ESPS, the Project 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. For Category D projects, applicable provisions are:

- The requirement to maintain an Environmental and Social Assessment Management System. This includes the environmental and social principles that will be used to guide the Financial Intermediary and its downstream investments to implement measures that will eliminate risks, ameliorate damage, and enhance positive effects. (PS 1, Paragraph 5).
- The requirement to establish a stakeholder grievance mechanism to receive and facilitate the resolution of concerns and grievances about the Project’s environmental and social performance (PS 1, Paragraph 35).
- The requirement to treat its workers fairly; to clearly communicate terms and conditions of employment to its workers; to provide a worker grievance mechanism to receive and facilitate resolution of concerns and grievances by workers (PS 2 Paragraphs 10-20).
- The requirement to provide a healthy and safe work environment for its employees (PS 2, Paragraph 23).

DFC’s due diligence assessment indicates that because the Project involves an investment in a financial intermediary, significant adverse impacts with respect to community health and safety, biodiversity, land acquisition and resettlement, indigenous peoples and cultural heritage are not anticipated. Therefore, PS 3, 4, 5, 6, 7, and 8 are not triggered at this time. The Project will be required to appropriately identify, assess, manage, and monitor risks with respect to the IFC Performance Standards and the General EHS Guidelines. The Project will also be required to implement the Environmental and Social Action Plan as determined by the lenders.

KEY ENVIRONMENTAL & SOCIAL ISSUES AND MITIGATION:

The primary environmental and social issue associated with the Project is the need for a strong Environmental and Social Management System to ensure that downstream investments are developed in accordance with DFCs Environmental and Social Policies and Procedures (ESPP) (2020). DFC will monitor the effectiveness of the Project’s application of DFC policies throughout the Project’s life cycle.