

Public Information Summary

Host Country	Zambia
Name of Insured Party	Silverlands II HoldCo S.à r.l.
Private Insurer Participation	50% Reinsurance by private U.S. insurers
Project Description	The regional expansion, growth and modernization of the Foreign Enterprise. The Foreign Enterprise produces, markets and sells pre-basic seeds for which a certified seed is multiplied for agricultural production. The Foreign Enterprise is headquartered in Lusaka with seed production taking place on a farm 15 kilometers from the city center and has distribution and storage facilities located in other areas in the Republic of Zambia. The Foreign Enterprise has established a branch office in the Republic of Tanzania and has wholly-owned subsidiaries in Namibia and Botswana. The Foreign Enterprise also exports seeds for sale in Zimbabwe and is evaluating its expansion into Uganda, Kenya, Ethiopia, Angola and Ghana.
Investment Amount	\$34,916,194
Investment Type	Equity and Shareholder Loan
Proposed Insurance Amount	\$32,000,000
Total Project Costs	\$34,916,194
U.S. Involvement	51%
Foreign Enterprise	Zambia Seed Company Limited
Policy Review	
Developmental Objectives	The Silverlands II Fund, which ultimately owns the Foreign Enterprise, is expected to have a highly developmental impact through its core impacts of private equity capital growth, investments in low-income, lower-middle-income countries and underdeveloped regions of upper-middle-income countries, as well as transfer of knowledge and technical expertise. Sub-Saharan-Africa is marred by stubbornly high rates of unemployment, informal employment and low wages. In Sub-Saharan Africa over 70% of workers work in the informal economy and the working poor constitute 80% of all workers. ¹ In Zambia and Namibia where the first two portfolio companies are located, unemployment rates

¹ The World Bank, *The Changing Nature of Work World Report (2019)*
<https://www.worldbank.org/en/publication/wdr2019>

	<p>are 11.4% and 20.2% and the informal economy accounts for 64% and 47% of all employment. The current economic shock caused by COVID-19 will exacerbate economic conditions as the regional economy is forecasted to contract by 1.7%, an unprecedented event, pushing 26 million people into extreme poverty.</p> <p>Food security is a substantial development challenge for the continent as Sub-Saharan Africa is the most food insecure region in the world, with over 240 million individuals experiencing hunger and 70% of the population having difficulty accessing food. This is despite Africa's economies being heavily based in the agricultural sector, which represents 14% of GDP compared to the global average of 4%.² Most of Africa's population are subsistence farmers on small plots of land (1-3 ha) which account for 80% of Africa's farms. These farms comprise the majority of employment for African economies and are characterized by low yields and productivity. The Silverlands II Fund aims to implement a "Hub-and-Outgrower" model, in which the Silverlands II Fund's portfolio companies will work with small-holder farmers around the commercial farm hub to i) improve inputs ii) provide on-farm support, and/or iii) provide a market. In the case of Zambia Seed Company Limited, the business focuses on the inputs side by producing improved seed specifically bred to improve production by small-holder farmers. The portfolio companies' hands-on approach and growth strategy set the stage for substantial transfers of knowledge and technical skills to local human capital pools increasing agricultural know-how in host countries and increasing output and productivity. These core development impacts will lead to the realization of the Silverlands II Fund's vision to build profitable and sustainable businesses that permanently strengthen local economies, raise living standards and meet the needs of a rapidly growing population.</p>
<p>Environment and Social Assessment</p>	<p>SCREENING:</p> <p>The Project has been reviewed against DFC's categorical prohibitions and has been determined to be categorically eligible. The Silverlands II Fund has been screened as Category D. Based on DFC's due diligence, the Silverlands II Fund's downstream investments are anticipated to pose environmental and social risks that are site specific and that can be readily mitigated through the application of sound environmental and social management practices.</p> <p>The Project will have impacts that must be managed in a manner consistent with the International Finance Corporation's Performance Standards, DFC's Environmental and Social Policy and Procedures and applicable local laws. DFC's statutorily required language will be</p>

² The World Bank Agriculture, forestry, and fishing, value added (% of GDP) - Sub-Saharan Africa, World (2018)
<https://data.worldbank.org/indicator/NV.AGR.TOTL.ZS?locations=ZG-1W>

supplemented with provisions concerning the rights of association, organization and collective bargaining, minimum age of employment, prohibition against the use of forced labor, 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 contracted workers.

APPLICABLE STANDARDS: Under DFC’s Environmental and Social Policies, the Foreign Enterprises are required to comply with applicable national laws and regulations related to environmental and social performance. DFC’s environmental and social due diligence indicates that the Project will have impacts which must be managed in a manner consistent with the following the International Finance Corporation’s (IFC 2012) Performance Standards (P.S.):

- P.S. 1: Assessment and Management of Environmental and Social Risks and Impacts; and
- P.S. 2: Labor and Working Conditions.

In addition, the Foreign Enterprises are required to comply with the IFC Environmental Health and Safety (EHS) General Guidelines (2007).

Environmental and Social Risks and Mitigation:

SilverStreet Capital LLP (SilverStreet) strives for positive development outcomes across the portfolios it manages. An important component of this is the Environmental, Social, and Governance (ESG) sustainability of projects, which they target achieving, on a project-by-project basis, by applying a comprehensive set of ESG standards. The boards of each portfolio company have made commitments to adhere to SilverStreet’s Responsible Investment Code that guides the Silverlands II Fund and Social and Environmental Management Systems (SEMS) are implemented by the portfolio companies. The SEMS include risk assessments that guide development of policies and procedures, reporting and analysis, and training and capacity building to continue to identify and manage ESG risks.

The portfolio companies implement efficient technologies with diligent on-the-ground management to optimize the volume of water used in its farming operations. SilverStreet recognizes that water is one of the most important natural resources in farming and generates water management plans for its investments that factor in soil types, climatic influences, and seasonal cultivar needs.