

Public Information Summary

Host Country	Guinea
Name of Borrower	Diaouné Agro-Industrie SARL, a private limited company organized and existing under the laws of the Republic of Guinea
Project Description	The proceeds of the loan will be used to (i) finance a portion of the Borrower’s second cashew nut processing plant in Boké with a targeted annual processing capacity of 10,000 tons, (ii) purchase new equipment in connection with the Borrower’s capacity expansion, and (iii) cover working capital and capital expenditure contingencies (the “Project”).
Proposed DFC Loan	\$5,500,000 Senior Loan
All-Source Funding Total	\$9,832,000
Policy Review	
Developmental Objectives	The Project is expected to have a positive development impact in Guinea through supporting new local jobs, women’s employment, and diversification of the Guinean economy. One of the poorest countries in the world, Guinea has a GNI per capita of \$2,870 and high reliance on a few key commodities. Focused on exports, the Project is likely to help Guinea move up the value chain in cashew production, whereas currently only raw cashews, other than processed cashews from the Borrower’s existing processing facility, are exported. The Project is expected to create hundreds of new local jobs, with women accounting for over 80% of projected employment, and support thousands of smallholder farmer suppliers.
Environment and Social Assessment	<p>SCREENING: The Project has been reviewed against DFC’s categorical prohibitions and has been determined to be categorically eligible. The Project has been screened as Category B because impacts are site specific and readily mitigated.</p> <p>In accordance with DFC’s Environmental and Social Policy and Procedures (ESPP), this Project has been classified as Special Consideration as a result of heightened risks of child labor associated with cashew production in Guinea.</p> <p>APPLICABLE STANDARDS: Under DFC’s ESPP, the Borrower is required to comply with applicable local and 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 International Finance Corporation (IFC) 2012 Performance Standards (PS):</p> <ul style="list-style-type: none"> • PS 1: Assessment and Management of Environmental and Social Risks and Impacts; • PS 2: Labor and Working Conditions; • PS 3: Pollution Prevention and Abatement; • PS 4: Community Health, Safety, and Security; and • PS 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources.

The Project land is owned by the founder and CEO and is in the process of being transferred to the Borrower at cost. The land was vacant prior to when it was purchased by the CEO. A desktop review and due diligence site visit indicate that significant adverse impacts with respect to land acquisition and resettlement, indigenous peoples, and cultural heritage are not anticipated. Therefore, PS 5, 7, and 8 are not triggered at this time.

The Project will be required to meet applicable provisions of the International Finance Corporation's (IFC) General Environmental Health and Safety (EHS) Guidelines (30 April 2007) and the IFC EHS Guidelines for Food and Beverage Processing (30 April 2007).

Environmental and Social Risks and Mitigation: Social issues associated with the Project include the need for a strong labor management system, policies and procedures for the prevention of gender-based violence and harassment, adequate oversight and management of contractors, and assessment and management of labor risks in the cashew supply chain. Key environmental risks include conversion of natural/critical habitats, health and safety, food safety management, and water usage.

The Borrower has carried out an Environmental and Social Impact Assessment to identify risks associated with the new plant. DFC will require the Borrower to develop an Environmental and Social Policy and to implement an external grievance mechanism that meets the requirements of IFC PS 1 and is accessible to suppliers and farm workers in the supply chain.

The Borrower will be required to provide finalized human resources policies, including for prevention of gender-based violence and harassment. The Borrower will also be required to develop and implement a contractor management plan for labor risks, including during the construction phase. In addition, DFC will require the Borrower to develop and implement an internal grievance mechanism and ensure access to a grievance mechanism for contracted workers. Prior to operations, the Borrower will be required to review human resources management capacity and develop a hiring plan to address any identified capacity gaps.

The Borrower has in place procedures for supply chain traceability and due diligence of suppliers. DFC will require the Borrower, with support from an appropriate third party, to conduct a Supply Chain Assessment of child labor risks relevant to the Project and to develop a supply chain management and monitoring system to address labor risks. This system will include a) supply chain mapping; b) monitoring of suppliers' compliance with the Borrower's labor requirements; c) a procedure for remediating incidents of child labor that may be detected; and d) a plan on how labor requirements will be communicated to suppliers. DFC will also require the Borrower to ensure that staff receive training and support for implementation of the supply chain management system from an appropriate third party. In addition, the Borrower will be required to provide evidence that it has begun including language prohibiting child labor in contracts with suppliers for the new plant.

Being classified as a Special Consideration, the Project will be required to demonstrate compliance with specific requirements set forth in the loan agreement through the following measures: 1) labor compliance site auditing by a third-party with a focus on the supply chain; and 2) E&S compliance reporting, at least annually, that summarizes non-compliance issues, supply chain management, including any incidents of child labor, internal and external grievances, and E&S trainings provided.

Food processing should be performed according to internationally recognized food safety standards consistent with the principles and practices of Hazard Analysis Critical Control Points (HACCP) and Codex Alimentarius. The Borrower will be required to develop and implement a food safety management system in accordance with IFC EHS Guidelines on Food and Beverage Processing.

There are a number of health and safety risks associated with processing cashews. The Borrower will need to ensure they have proper procedures in place and leadership to ensure processes are followed. They have an Occupational Health and Safety (OH&S) Plan that covers all Project activities including contractors' activities during the construction and operational phases. The OH&S Plan ensures the work safety of the employees working at the site and aims to minimize the risks to employees arising from work-related activities. An updated OH&S Plan is required to ensure it covers all areas of risk and is properly implemented. The Borrower will be required to hire a Health, Safety and Environment (HSE) Manager prior to operations. In addition, the Borrower will be required to develop and implement a site specific EPRP and Life and Fire Safety Plan.

The Borrower does not have adequate management plans to properly address PS3 Resource Efficiency and Pollution Prevention measures and will be required to provide management plans addressing water usage and conservation, waste management, wastewater management and hazardous and chemicals materials management.

The Borrower does not have procedures to assess, avoid, and mitigate environmental risks associated with its sourcing operations related to loss of biodiversity. The Borrower will need to develop an E&S screening procedure and biodiversity risk management plan related to PS6 supply chain requirements to avoid deforestation risks in the supply chain. The Borrower must also provide evidence on an annual basis that they are in compliance with IFC PS 6, specifically paragraph 30 for supply chain management.