

## Public Information Summary- Sommalife

<b>Host Country(ies)</b>	Ghana (LMIC)
<b>Name(s) of Borrower(s)/Guaranteed Party(ies)</b>	Sommalife Limited
<b>Project Description</b>	Sommalife is a shea-nut processing/distribution company that works primarily with rural women groups in in northern Ghana.
<b>Proposed DFC Loan/Guaranty</b>	\$1,000,000 DFC USD-equivalent Principal & Interest Synthetic Local Currency Loan (SLCL) in GHS, senior/unsecured
<b>All-Source Funding Total</b>	\$1,000,000 USD (TA resources from DFC Ignite TA Facility)
<b>Policy Review</b>	
<b>U.S. Economic Impact</b>	This Project is expected to have a neutral impact on the U.S. economy. There is no U.S. procurement associated with DFC involvement in this transaction. In addition, there is no potential for a negative impact on U.S. employment, as this Project involves the sale of shea, corn, sesame, and soybean products in the host country.
<b>Developmental Objectives</b>	<p>The DFC loan will enable Sommalife to expand its operations and increase shea purchases from women smallholder farmers, and eventually expand into additional commodity value chains. Sommalife works directly with smallholder farmers to promote sustainable farming techniques and ensure the long-term preservation of shea parklands. The Project is expected to purchase commodities from 100,000 smallholder farmer suppliers, and provide financial literacy and sustainable agricultural practices training to 120,000 smallholder farmers through a trainer-of-trainers approach. Sustainable agricultural practices to be disseminated include: agroforestry, post-harvest best practices, water management, and preventing deforestation. Sommalife developed farmer training modules in collaboration with researchers from local universities and technical assistance providers, and the company recruited a value chain and community development specialist to lead onboarding and coaching of lead trainers. Sommalife plans to partner with Advans Ghana, a leading microfinance institution in Ghana, to develop and deliver financial literacy training.</p> <p>In addition to financial literacy and farmer training, Sommalife provides pre-financing support to women smallholders. Through this program, women receive small loans to assist with both their farm operations and household needs. The repayment structure is flexible, allowing them to repay in-kind after their harvests. This program directly addresses the financial barriers women smallholders face, enabling them to maintain and expand their farming activities.</p>

	<p>Sommalife's community-based commodity sourcing model reduces intermediation and enables women to sell their products at fair prices without traveling long distances to markets. The model relies on digitalization: Sommalife registers every smallholder farmer it procures from using proprietary software to map farm sites. Digitalization ensures traceability in the supply chain and enables cost-effective tree growth monitoring and reporting. The company currently pays its suppliers a 22% price premium above the local market price offered by traders and intends to increase the premium to 25% by FY2028 through DFC support.</p> <p>As part of its farmer training on agroforestry, Sommalife sensitizes communities on protection of existing trees from deforestation and trains them to plant new trees. The company supports communities to identify and demarcate parklands from deforestation and encroachment, working with traditional leaders to create byelaws to document their commitments. To increase the value of these parklands, Sommalife intends to support communities to acquire organic certification, enabling them to earn additional price premiums for quality. In the future, Sommalife intends to pursue carbon credits for its reforestation activities. Through these agroforestry activities, the Project is expected to result in 30,350 hectares in shea parklands under sustainable land management by FY2028.</p>
<b>Environment and Social Assessment</b>	<p>This Project has been reviewed against DFC's categorical prohibitions and determined to be categorically eligible. The Project has been screened as Category B because impacts are site-specific and readily mitigated. Operational activities include buying/selling shea nut, providing training to farmers, operating and facilitating seedling nurseries and facilitating loans to a limited number of smallholder farmers.</p> <p>This Project has been reviewed against findings in the 2023 State Department Human Rights Report for Ghana. No Project related risks were identified. The report on the Worst Forms of Child Labor identify farming of certain commodities, such as cocoa, as high risk for child labor; shea nut is not listed as high risk. The Project has also been screened for gender-based violence and harassment (GBVH) risks. The contextual GBVH risk level is 2 out of 4 in Ghana.<sup>1</sup> Project risk factors include significant interaction with women farmers.</p> <p>Ghana is eligible for the Generalized System of Preferences (GSP) and is not currently subject to petitions challenging its GSP or DFC eligibility on worker rights grounds. Ghana has ratified all eight of the initial International Labor Organization (ILO) core labor rights conventions, but has not adopted the two most recent core conventions related to occupational health and safety (No. 155 and 187).</p>

	<p>DFC will require Sommalife to develop a documented Stakeholder Engagement Plan (SEP) in alignment with IFC PS 1. The SEP should address engagement with farmers currently within their network, prospective farmers, nearby community members, vulnerable groups and local leaders, among others. The SEP should set out the standard operating procedures for regular interactions with farmers and their communities and should cover how various stakeholders will be made aware of the grievance mechanism, trainings, job opportunities, and other important information.</p>
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