

## Public Information Summary

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| <b>Host Country</b>                      | Zambia  |
| <b>Name of Borrower</b>                  | Community Markets for Conservation (“COMACO”)   |
| <b>Project Description</b>               | DFC’s loan of \$5 million to COMACO will support the operational and capital expenses needed for COMACO to continue growing its operation primarily in Zambia (the “Project”). COMACO’s innovative and multifaceted approach of promoting sustainable agriculture, enhancing economic opportunities, and building resilience aims to break the cycle of poverty and food insecurity while adapting to and mitigating the impacts of climate change.   |
| <b>Proposed DFC Loan</b>                 | A 7-year, \$5 million loan  |
| <b>All-Source Funding Total</b>          | \$7 million   |
| <b>Policy Review</b>                     |   |
| <b>Developmental Objectives</b>          | <p>In Zambia, access to nutritious food remains a significant challenge, as roughly half of the country’s population is unable to meet their minimum daily calorie requirements, and more than one-third of children under five years stunted.<sup>1</sup> The majority of agricultural producers in Zambia.</p> <p>are smallholder farmers who are subsistence producers of staple crops and are responsible for 90% of domestic food supplies.<sup>3</sup> While agriculture is a vital element of the economy in Zambia; the sector has been operating well below its potential productive capacity.</p> <p>To address the challenge facing the agricultural sector in Zambia, DFC will provide support to COMACO to implement an innovative approach to conservation and sustainable agriculture. COMACO’s model engages local communities including farmers to take a Conservation Pledge, agreeing to abide by a set of community-agreed principles designed to safeguard the health of their soils, forests, and wildlife. In exchange, COMACO offers extensive training in a range of livelihood and agricultural skills.</p> |
| <b>Environment and Social Assessment</b> | <b>Screening:</b> The Project has been reviewed in light of DFC’s categorical prohibitions and was determined to be categorically eligible. The Project is screened as Category B because the impacts are site-specific and can be managed and mitigated in accordance with the applicable standards. Key environmental and social risks related to the Project include: the need for an overarching or integrated environmental, social  |

<sup>1</sup> World Food Program. [Zambia Overview](#). Accessed on May 3, 2024.

and labor management systems encompassing key areas of risk within COMACO's Business unit operations; use of low-skilled, short-term workers and contextual labor risk, including in the supply chain; waste generation; potential use of agrochemicals; managing food safety risks; and potential expansion of farming activities into protected or ecologically sensitive areas. GHG emissions for the Project are estimated to be 357 tons CO<sub>2</sub>e. The Project is subject to climate change resiliency screening per EO 13677.

**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 that must be managed in a manner consistent with the following International Finance Corporation (IFC) 2012 Performance Standards (PS):

- PS 1: Social and Environmental Assessment and Management Systems;
- PS 2: Labor and Working Conditions;
- PS 3: Pollution Prevention and Abatement;
- PS 4: Community Health, Safety and Security;
- PS 6: Biodiversity Conservation and Sustainable Natural Resource Management

PS5 is not triggered because the Project will not involve land acquisition. COMACO's facilities were acquired via willing buyer/willing seller transactions. PS7 is not triggered because negative impacts on indigenous peoples are not expected. PS8 is not triggered because negative impacts on cultural heritage are not expected, and the Borrower represents its sites are not located near areas of cultural significance, sensitive ecological areas, or protected areas.

Consistent with the requirements of PS 3 (Pollution Prevention and Abatement) the Project is required to meet applicable provisions of the IFC General Environmental Health and Safety Guidelines (2007) and sector-specific guidelines for Food and Beverage Processing (2007).

**Environmental and Social Risks and Mitigation:** The major environmental and social concerns related to the Project include: the need for IFC PS-aligned ESMS applicable to the Borrower's Business unit; use of low-skilled, short-term labor and contextual labor risk, including in the supply chain; potential biodiversity impacts of the supply chain.

COMACO will be required to develop an ESMS applicable to its Business unit operations (including supply chain management), including an external grievance mechanism, OHS policy and procedures, updated emergency preparedness and response procedures,

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|  | <p>a security management plan, etc., and be able to demonstrate application of various procedures at the facility-level.</p> <p>COMACO's Business unit employs short-term, low-skilled workers for food processing and other operational functions. COMACO will be required to adopt a policy prohibiting the use of forced labor, update its HR policies and Manual, and train workers on grievance procedures, to fulfil IFC PS2 requirements.</p> <p>There is contextual labor risk (forced and child labor) in Zambia's agricultural sector, and the Project's supply chain has the potential to negatively impact ecologically sensitive and other protected areas as defined by IFC PS6. The Borrower will be required to develop and implement a Supply Chain Management Plan that addresses labor and biodiversity risks in its supply chain.</p> |
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