

ANNEX B – INFORMATION SUMMARY FOR THE PUBLIC

Host Countries¹	<p>LIC</p> <p>Burkina Faso</p> <p>Congo, Dem. Rep.</p> <p>Madagascar</p> <p>Malawi</p> <p>Mali</p> <p>Rwanda</p> <p>Uganda</p>	<p>LMIC</p> <p>Benin</p> <p>Côte D'Ivoire</p> <p>El Salvador</p> <p>Ghana</p> <p>Honduras</p> <p>Indonesia</p> <p>Kenya</p> <p>Senegal</p> <p>Tanzania</p> <p>Zambia</p>	<p>UMIC</p> <p>Colombia</p> <p>Costa Rica</p> <p>Guatemala</p> <p>Mexico</p> <p>Peru</p>
Name of Guaranteed Party	Root Capital Inc.		
Project Description	A guaranty of qualifying loans to small and medium enterprises in the agricultural sector in DFC-eligible countries (“SMEs”) in Latin America, sub-Saharan Africa, and Southeast Asia. The guaranty facility will improve resilience by mitigating risk, enabling Root Capital to better absorb force majeure risk, such as COVID-19, and launch new lending products for climate adaptation and mitigation.		
Proposed DFC Guaranty	\$35 million with five (5) years guarantee availability with a three (3)-year period for maturation of guaranteed loans (DFC Guaranty expires eight years from Closing Date)		
All-Source Funding Total	\$46.7 million which will mobilize \$354 million in disbursements		
Policy Review			
Developmental Objectives	This guaranty is expected to have a developmental impact in DFC-eligible countries in Latin America and Africa, through the provision of credit to SMEs that operate in agriculture without access to commercial finance. The target SMEs are typically cooperative structures that source from small farmers and fulfill contracts with larger international buyers. Additionally, the project supports market access through advisory farm services, including technical assistance and provision of farm inputs, and is expected to help farmers increase their income levels. In a context of gender-inequality, the Root Capital’s financial and advisory services are expected to serve women farmers on an equitable basis, with the project sponsor evaluating and reporting results to validate the overall impact and the gender impact of these services.		

¹ World Bank Country Classifications by Income 2021-2022

Environment and Social Assessment	<p>The Project has been reviewed against the DFC’s 2020 Environmental and Social Policies and Procedures manual (“ESPP”) and has been determined to be categorically eligible. Loans for lending to small agricultural businesses are screened as a Category C for environmental and social assessment. These downstream investments are expected to result in minimal adverse environmental and social impacts. Therefore, all those downstream investments have been pre-screened as Category C and further review and consent are not required for these investments.</p> <p>To ensure that the Borrower’s investments are consistent with the DFC’s statutory and policy requirements, the DFC-guaranteed loans made to the Borrower will be subject to conditions regarding the use of proceeds. The primary environmental and social issues identified in this transaction relate to the need for an Environmental and Social Policy (“ESP”) that meets the 2012 IFC Performance Standards and strict policies to combat the growing prevalence of child and forced labor found within the cocoa, coffee, and general agriculture sectors where it operates.</p> <p>Under the DFC’s ESPP, the Borrower 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. A desk-review based due diligence assessment indicates that because the Project involves a loans for small agricultural businesses, significant adverse impacts concerning community health and safety, biodiversity, land acquisition and resettlement, indigenous peoples, and cultural heritage are not anticipated, and therefore, PS 3, 4, 5, 6, 7, and 8 are not triggered at this time.</p> <p>The Borrower has an Environmental and Social Policy, a Social and Environmental Due Diligence Detailed Methodology Guide and several other procedures that when taken as a whole, constitute an ESMS. Root represents that it subscribes to the ESG Principles of the Council for Smallholder Agriculture Finance (“CSAF”) and is an active user and best-practice contributor to several ESG-related efforts within impact investing, including IRIS+ under the Global Impact Investing Network (“GIIN”) and the Aspen Network of Development Entrepreneurs.</p>
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