

Public Information Summary

Host Country	Ghana (Lower-Middle Income) Kenya (Lower-Middle Income) Zambia (Lower-Middle Income)
Name of Guaranteed Party	African Fertilizer and Agribusiness Partnership, Inc. (USA)
Project Description	Second loss guarantee to support the expansion of AFAP’s trade credit guaranty program. AFAP’s guaranty enables fertilizer suppliers to sell fertilizer on credit to hub agro-dealers (local SMEs that act as agricultural supply wholesalers), who then supply fertilizer to local farmers. DFC will provide second loss guaranty to AFAP for guaranteeing Qualifying Sales to qualifying suppliers. By increasing access to credit sales of fertilizer, the project aims to increase agricultural yields and farmer’s incomes in the Project countries.
Proposed DFC Guaranty	\$10,000,000
All-Source Funding Total	\$24,000,000
Policy Review	
Developmental Objectives	The Project is expected to have a positive development impact in Ghana, Kenya, and Zambia by supporting credit for fertilizer sales. Sub-Saharan Africa has the highest prevalence of food insecurity in the world, with approximately 51% of the population reported to be food insecure, and agriculture is the main livelihood for 70% of people living in the region. However, fertilizer use remains vastly underutilized, with average use in Ghana, Kenya, and Zambia ranging between 40 and 80 kilograms per hectare (kg/ha), compared to a global average of 135 kg/ha. Over three years, the Project expects to support up to \$360 million in fertilizer sales in these countries over a three-year period, reaching 1.8 million smallholder farmers through 46 SME hub fertilizer dealers.
Environment and Social Assessment	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. DFC loan portfolio guaranties for the expansion of fertilizer guaranty offerings to micro, small, and medium enterprises 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 is not required for these investments.

	<p>To ensure that the Guaranteed Party’s investments are consistent with the DFC’s statutory and policy requirements, the DFC loan portfolio guaranty 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.</p> <p>Under the DFC’s ESPP, the Guaranteed Party 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 will use DFC support for the expansion of guaranty’s to rural fertilizer suppliers across Africa in the agricultural sector, significant adverse impacts concerning community health and safety, biodiversity, land acquisition and resettlement, indigenous people, and cultural heritage are not anticipated; therefore, PS 3, 5, 6, 7, and 8 are not triggered at this time. The Guaranteed Party does utilize private security and therefore, relevant aspects of IFC PS 4, Community Health, Safety, and Security are triggered.</p> <p>The Guaranteed Party has a basic environmental and social management system (“ESMS”) that is comprised of principles, requirements, processes, and tools to assess risks but lacks a formal system to calculate, measure and consider direct and portfolio GHG emissions or provide evidence of staff has received training on the policy. The Guaranteed Party has grievance mechanisms, and human resources policies commensurate with its product line and business strategy but will require updating with provisions for an anti-child and -forced labor statement, and evidence security has been trained in accordance with IFC PS4, to meet the DFC’s 2020 Environmental Policy and Procedures.</p>
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