

FINDEV CANADA TRANSACTION SUMMARY

Latin American Agribusiness Development Corporation S.A. (LAAD)

This document provides an overview of the FinDev Canada transaction, including a summary of the anticipated development impacts and of the environmental, social and governance (ESG) assessment performed, potential risks identified, and related mitigation measures to be implemented.



Transaction Description

Latin American Agribusiness Development Corporation S.A. (LAAD) is a private investment and development company whose mission is to finance small and medium-size agribusiness projects to promote economic, environmental and social development in Latin America. FinDev Canada is contributing to a loan facility of USD 72 million syndicated by FMO, the Dutch entrepreneurial development bank, to help expand agricultural financing to small and medium-sized enterprises (SMEs) in over 15 countries across most of rural Latin America and the Caribbean.

Transaction Details

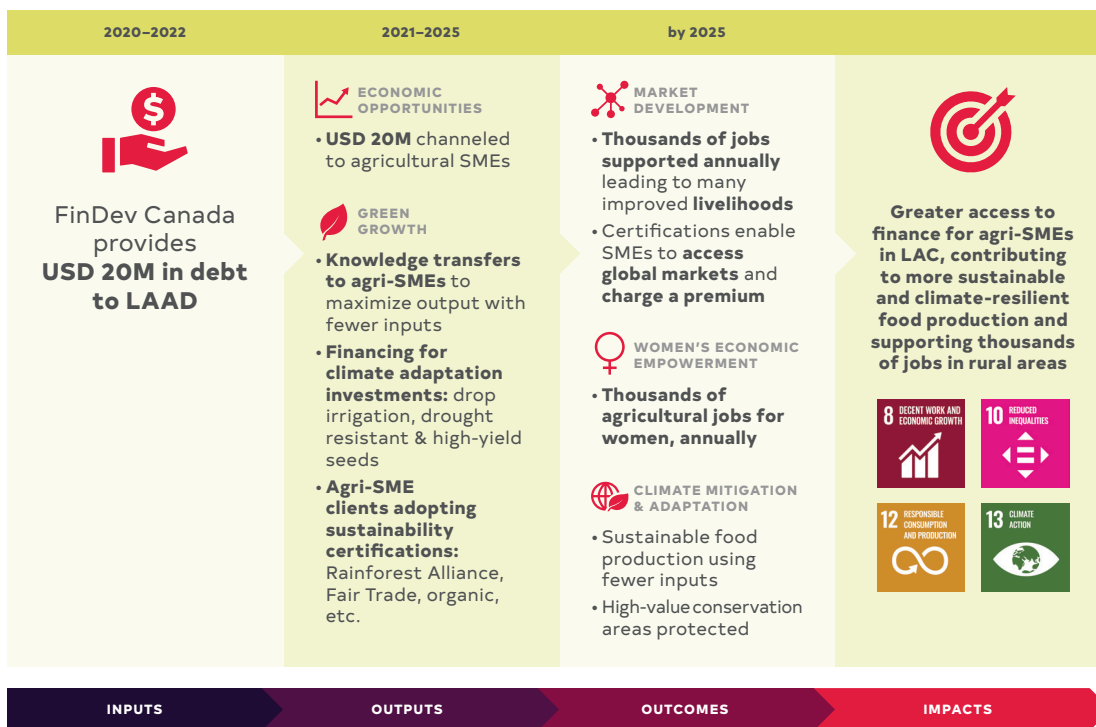
COUNTERPARTY	LAAD Americas N.V. Latin American Agribusiness Development Corporation S.A. ("LAAD", "The Borrower")
DOMICILE OF INCORPORATION	Curaçao
DOMICILE OF OPERATIONS	Latin America and the Caribbean
TERM OF FINANCING	7 years
SECTOR	Agribusiness
IFC PERFORMANCE STANDARDS TRANSACTION CATEGORY	Category FI-2
FINANCIAL PRODUCT	Unsecured Senior Debt
FINDEV CANADA PARTICIPATION AMOUNT	USD 20 million
DATE OF TRANSACTION DISCLOSURE	May 7, 2020
DATE OF TRANSACTION SIGNING	July 16, 2020
DATE OF TRANSACTION SUMMARY PUBLICATION	October 26, 2020
2X CHALLENGE QUALIFYING	No

Summary of Anticipated Development Impacts

The development impact value proposition of this transaction is to provide liquidity to LAAD so it can expand its lending to Latin American and Caribbean agribusinesses that produce in a sustainable manner and support thousands of jobs for men and women in rural areas.

Founded in 1970 to promote private investment in rural areas and strengthen agribusiness in Latin America, LAAD's borrowers primarily consist of small and medium agribusinesses active in perennial and non-perennial crops, and animal production, as well as a small percentage in other industries such as forestry, fishing and food processing. LAAD has a proven track record in addressing the needs of these agricultural companies by providing financing, innovative solutions to increase production levels, and technological know-how applied in a sustainable manner.

The impact theory of change below illustrates how this transaction will contribute to FinDev Canada's long-term development impact goals and the UN Sustainable Development Goals, particularly SDG 8 "Decent Work and Economic Growth", SDG 10 "Reducing Inequalities" for the investment's support of rural livelihoods, SDG 12 "Responsible Consumption and Production" and SDG 13 "Climate Action" for financing climate adaptation investments.



This transaction brings liquidity to rural areas in Latin America and the Caribbean, helping businesses recover from the economic and social consequences of the COVID-19 crisis.



MARKET DEVELOPMENT

- **Financial and non-financial services for agricultural SMEs:** The transaction will support local market development by expanding financing for agribusinesses in the region. Alongside its financial services, LAAD also provides knowledge transfer to its clients, enabling them to optimize their use of agricultural inputs (land, water, seeds, etc.) to maximize outputs and, consequently, revenues.
- **Supporting decent employment in rural areas:** The loan is expected to contribute to sustaining thousands of jobs in rural areas.
- **GDP contribution through economic value-added:** The transaction will also contribute direct economic value addition to rural economies.



CLIMATE MITIGATION AND ADAPTATION

- **Scaling private-sector climate adaptation solutions:** LAAD supports agribusinesses in adapting to climate change, leveraging its internal know-how and financing climate adaptation projects such as drip irrigation, drought resistant seeds and high-yield seeds.
- **Promoting sustainable agriculture practices:** LAAD encourages sustainable agricultural operations and supports clients in obtaining standards or certification, such as the Rain Forest Alliance, Fair Trade, Organic and UTZ.
- **Land Conservation:** LAAD has robust monitoring systems in place to track high-conservation value areas (HCVAs) adjacent to their client's agricultural land.



WOMEN'S ECONOMIC EMPOWERMENT

- **Supporting women's employment:** Women are represented throughout LAAD's operations as employees and managers. The Company has recently started to track gender-disaggregated data about the jobs supported by their SME clients, thus creating the potential for significant indirect job creation benefiting women. Over 30% of jobs that will be supported will be held by women.
- **Understanding gender dynamics in the agricultural sector:** LAAD will improve its data collection to obtain gender disaggregated data, which will enable better understanding of gender dynamics and the identification of opportunities in the agricultural sector.

Summary of Environmental and Social Assessment and Related Risk Mitigation Measures

Adverse environmental, social or human rights risks associated with the transaction are limited and mitigated by LAAD's alignment with international standards and strong internal capacity.

The environmental and social risks attributed to this transaction are a result of LAAD's individual transactions using the funds provided by FinDev Canada, and the potential impacts that those will have on people and the environment. Based on the sectoral focus of LAAD's agribusiness loan portfolio, environmental and social risks are expected to be related to labour and working conditions, impacts to vulnerable people (including women and indigenous peoples), as well as some biodiversity and environmental impacts.

LAAD mitigates these risks through the application of set criteria and standards which includes the application of IFC Performance Standards, compliance with host country legislation, and adherence to their own exclusions list, which includes activities such as the production or trade of weapons and munitions, tobacco and gambling, alcoholic products, and involving forced or child labour, among other items. LAAD also places restrictions on financing Category A projects by prohibiting participation in projects affecting indigenous or tribal populations, domestic and hazardous waste disposal operations, and large dam and reservoirs, among a number of other items. LAAD also has a Social and Environmental Management System (SEMS), which is used to guide project assessments and manage environmental and social risks of prospective investments. Where applicable, LAAD also establishes Environmental and Social Action Plans to support the resolution of environmental and social gaps or issues of its funded projects. FMO and FinDev Canada recommended actions to further align LAAD's management system with international best practices.