

# FINDEV CANADA TRANSACTION SUMMARY

## LAAD

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



### Transaction Description

Latin American Agribusiness Development Corp. (LAAD) is a private investment and development institution whose mission is to finance mainly small and medium-sized agribusinesses ("agri-SMEs") in Latin America and the Caribbean ("LAC"). This bilateral transaction will contribute to support the expansion and availability of funding for agri-SMEs in the LAC region.

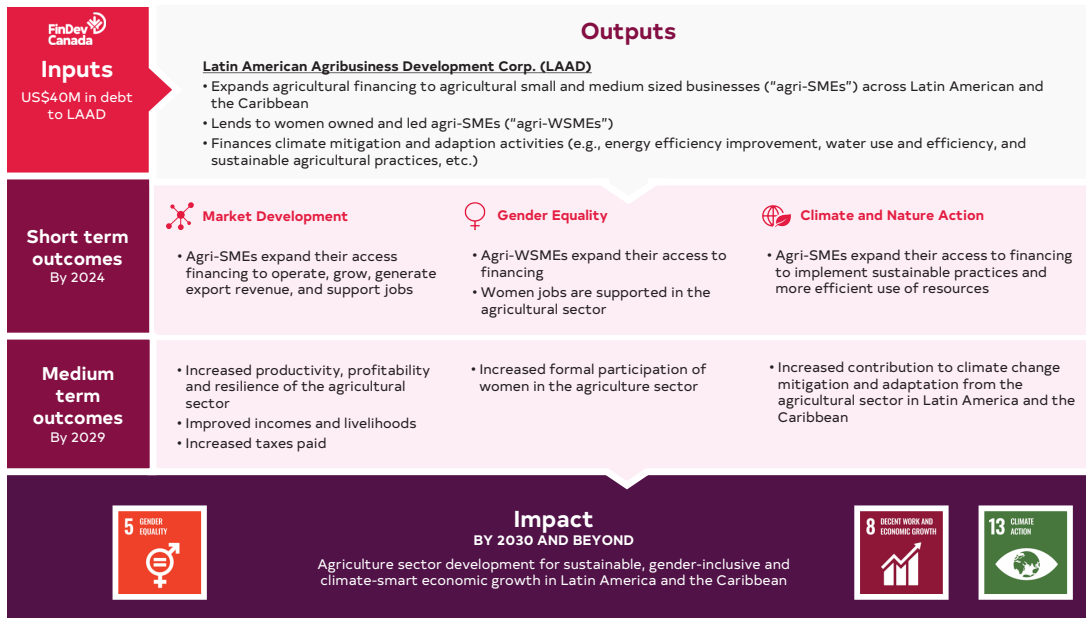
### Transaction Details

<b>COUNTERPARTY</b>	LAAD Americas N.V. Latin American Agribusiness Development Corp. ("LAAD")
<b>DOMICILE</b>	Curaçao and The United States of America
<b>COUNTRY(IES) OF OPERATION</b>	Latin America and the Caribbean
<b>TERM OF FINANCING</b>	5 years
<b>SECTOR</b>	Agribusiness, Forestry and their Related Value Chains
<b>E&amp;S CATEGORY</b>	FI-2
<b>FINANCING PRODUCT</b>	Debt
<b>FINDEV CANADA TRANSACTION AMOUNT</b>	Up to \$US 40M
<b>DATE OF TRANSACTION DISCLOSURE</b>	24 March 2024
<b>DATE OF TRANSACTION SIGNING</b>	18 July 2024
<b>DATE OF TRANSACTION SUMMARY PUBLICATION</b>	17 January 2025
<b>2X ALIGNMENT</b>	Yes, under the Leadership, Employment, and Portfolio criteria

## Summary of Anticipated Development Impacts

The development value proposition of this transaction is to extend financial services to agri-SMEs, including women-owned or -led agri-SMEs (“agri-WSMEs”) in LAC to promote food production. The transaction is also expected to support jobs in rural areas and to promote local economic development.

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 (SDGs), particularly SDG 5 “Gender Equality”, SDG 8 “Decent Work and Economic Growth”, and SDG 13 “Climate Action”.



### MARKET DEVELOPMENT

- **Strengthen the regional economy through local agri-SMEs:** The agriculture sector contributes nearly 8% of GDP in the region. LAAD addresses the needs of local agricultural companies through the provision of financing and technical knowledge transfer on innovative agricultural solutions. This enables agri-SMEs to optimize their practices, maximize outputs and increase revenues. Ultimately, LAAD facilitates local agricultural exports and brings wider economic benefits to the region.
- **Support employment:** By assisting agri-SMEs, LAAD supports agricultural communities across LAC through jobs and income generation opportunities.



## CLIMATE AND NATURE ACTION

- **Scale private sector climate-smart practices:** In alignment with LAAD's Green Finance Framework, this transaction will contribute to the financing of climate smart land use; climate change adaptation; small scale renewable energy; energy and resource efficiency; non-energy GHG reductions; and waste and wastewater management. LAAD also supports clients to align with international standards or certifications, such as Global Good Agricultural Practice, Rainforest Alliance, and Organic.



## GENDER EQUALITY

- **Support women-owned or -led agri-SMEs:** It is expected that at least 30% of proceeds will be directed to agri-WSMEs, thereby catalyzing their access to finance, enabling them to grow their business and contribute to local economies.
- **Support inclusive workplaces:** As a 2X aligned investee, LAAD promotes a gender inclusive workplace, with women representing 58% of employees. Additionally, 36% of the agricultural jobs provided by portfolio companies are held by women.

## Summary of Environmental and Social Assessment and Related Risk Mitigation Measures

This review has been completed in accordance with FinDev Canada's Environmental and Social Policy. FinDev Canada's E&S Team considers the transaction to be a Category FI-2, given the nature and size of LAAD's on-lending portfolio, which is exposed to E&S risks that are typically site-specific, generally reversible, and readily addressed through mitigation measures.

These include diverse risks generally associated with agribusiness projects, such as: (i) labour rights and working conditions (including gender-based violence and harassment, child and forced labour, occupational health and safety), (ii) E&S regulatory compliance across many jurisdictions, (iii) pollution prevention, natural resources and biodiversity conservation, and (iv) Indigenous Peoples rights. Furthermore, the political situation in LAAD's target regions presents heightened contextual risks for human rights, particularly related to workers' rights, security of land tenure and general safety concerns for local population.

The benchmark review of LAAD's Environmental and Social ("E&S") management capacity was conducted against the International Finance Corporation Performance Standards ("IFC PS") 1 Assessment and Management of Environmental & Social Risks and Impacts, and 2 Labor Rights and Working Conditions. The due diligence activities consisted of track record searches, video conference calls with the client's representatives and a review of environmental and social documentation.

To manage E&S risks, LAAD has implemented an E&S management system (ESMS) and human resources policies that generally follow the requirements of the applicable IFC Performance Standards and include commitments to compliance with host country laws.