U.S. International Development Finance Corporation

Board of Directors Meeting
Wednesday, March 6, 2023, 2:00PM
Agenda

I. CHAIRMAN OPENS MEETING

II. CEO's REMARKS [10 minutes]

III. PRESENTATIONS

a. Sector Strategy Presentation – Health and Agriculture

b. Sector Strategy Presentation – Funds

IV. PROJECT APPROVALS

a. Poti New Sea Port LLC & Transford LLC – Georgia
Kenneth Angell, Managing Director, Office of Small Business and Financial Services
Ijeoma Nwakuche, Project Finance Specialist, Office of Health and Agribusiness
Dan Horrigan, Assistant General Counsel, Office of the General Counsel

b. SFC Finance Limited – Africa Regional
Leila Ahlstrom, Director, Office of Small Business and Financial Services
Justin Andrews, Managing Director, Office of Small Business and Financial Services
Rette Lopp, Assistant General Counsel, Office of the General Counsel

c. Nu Colombia S.A. – Colombia
Diego Torres Torres, Associate, Office of Energy
Harris Mehos, Director, Office of Infrastructure
Herb Ladley, Managing Director, Office of Infrastructure
Rob Harrington, Attorney Advisor, Office of the General Counsel

V. PRESENTATIONS

a. Greenhouse Gas Accounting Standards

b. Sub-board Projects

VI. ADMINISTRATIVE APPROVALS

a. Minutes – December 6, 2023 Board of Directors

VII. REPORTS TO THE BOARD

a. Risk Committee Report

VIII. EXECUTIVE SESSION

IV. CHAIRMAN ADJOURNS MEETING

Annex B – Public Information Summary

Host Country	Georgia
Names of Borrowers	Poti New Sea Port LLC and Transford LLC
Project Description	Expansion of Poti New Sea Port through reconstruction of a ship berth and acquisition of equipment for handling bulk cargo, primarily fertilizer (the "Project").
Proposed DFC Loan	$25,000,000 Direct Loan
All-Source Funding Total	$33,120,000
Policy Review	
Developmental Objectives	The Project is expected to have a positive development impact in Georgia by increasing maritime transport capacity and improving the country's ability to function as a transit hub between Europe and Asia. The Project is expected to increase the cargo throughput capacity of Poti New Sea Port by reconstructing a new berth, deepening the seabed to accommodate larger ships, and providing modern cargo handling systems. Modernizing port infrastructure in Georgia will also contribute to global food security by increasing the availability of large bulk handling services for fertilizer and cargo in the Black Sea along the Middle Corridor, which offers an alternative to transport routes through Russia. The Project is also expected to address economic growth challenges in the Samegrelo-Zemo region, an underdeveloped region within Georgia that has the highest percentage of poor households in the country. The Project will support jobs in an area that suffers from high rates of poverty and unemployment and procure goods and services from local businesses.
Environment and Social Assessment	**Screening:** The Project has been reviewed against DFC's categorical prohibitions and determined to be categorically eligible. Projects involving rehabilitation of existing port infrastructure and limited dredging of uncontaminated materials are screened as Category B because adverse Project-related environmental and social impacts are site-specific and readily mitigated using adequate environmental and social management systems. **Applicable Standards:** 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's ("IFC") 2012 Performance Standards ("PS"): PS 1: Assessment and Management of Environmental and Social

Risks and Impacts;
PS 2: Labor and Working Conditions;
PS 3: Resource Efficiency and Pollution Prevention; and
PS 4: Community Health, Safety and Security.

Poti New Sea Port LLC acquired the land required for the Project through a negotiated sale at fair market values. In addition, project activities are not expected to adversely impact modified habitats containing "significant biodiversity value", natural habitats, critical habitats, legally protected areas, cultural heritage sites, or indigenous peoples. Therefore, PS 5, 6, 7 and 8 are not triggered by the Project at this time.

In addition to the above standards, the Project will also be required to comply with:

- IFC's Environmental, Health, and Safety ("EHS") General Guidelines (April 30, 2007); and
- IFC's EHS Guidelines for Ports, Harbors, and Terminals (April 30, 2007)

Environmental and Social Risks and Mitigation: Environmental and social issues of concern include the need for a robust Environmental and Social Management System, stakeholder engagement, stakeholder and worker grievance management, characterization and disposal of dredged material, water quality, occupational health and safety, ambient air quality, and emergency preparedness and response.

This is a follow-on investment in Poti New Sea Port. In 2018, DFC (then OPIC) supported the development of Phase 1, which included the refurbishment, modernization, and deepening of the north inner harbor of the port at Poti. Phase 1 operations began in October 2022.

Environmental and Social Management System
As part of Phase 1, the Borrowers prepared an Environmental and Social Policy Framework to define the environmental and social objectives and principles that will guide the Project to achieve sound environmental and social performance during both construction and operation. The Borrowers will also prepare an adequate environmental and social impact assessment for the Project ("Phase 2").

The Borrowers have appointed an EHS Manager who will be responsible for overseeing the day-to-day implementation of the Environmental and Social Management Plans during the construction and operations phases, and for monitoring environmental and social impacts, record-keeping, and updating of the plans as necessary.

The Borrowers will prepare adequate Environmental and Social Management Plans for Phase 2 construction and will update the existing

	Phase 1 operational management plans to include Phase 2 activities. The Borrowers will also be required to prepare an adequate Dredging Management Plan for the deepening dredging activities. The Borrowers will be required to provide to DFC an Annual Environmental and Social Report summarizing its E&S monitoring data. *Stakeholder Engagement and Grievance Management* The Borrowers developed a Stakeholder Engagement Plan ("SEP") in December 2015. The SEP was updated in November 2021 to cover construction and operations under Phase 1. The Borrowers will be required to further update the SEP to include coverage of Phase 2 activities and to identify stakeholders relevant to the Project's overall area of influence for both phases. The SEP will also be updated to strengthen its identification of vulnerable and disadvantaged stakeholders and differentiated stakeholder analyses and engagement measures for them; identification and analyses of construction-related stakeholders for Phase 2; identification and inclusion of other interested stakeholder groups including any project opponents. The Borrowers will also be required to improve the Project stakeholder Grievance Mechanism ("GM") to address deficiencies identified through a detailed review of the GM by the Independent Environmental and Social Consultant including: a plan to inform stakeholders about the GM, including channels for filing grievances, steps to resolve grievances, and timeframes for each step; and ensuring that the GM is gender sensitive and inclusive. DFC will require the Borrowers to prepare a separate grievance mechanism for workers, or to revise the existing overarching grievance mechanism, to ensure that it has in place a dedicated process for internal grievances. The worker grievance mechanism shall include an anonymous channel. *Characterization and Disposal of Dredged Material, and Water Quality* The Borrowers analyzed the material to be dredged for heavy metals, TBT, PCBs, hydrocarbons, and chlor-organic pesticides. Two of the parameters were found to be above international standards (Ni and Cu); however, this has been shown from prior sediment studies to be a result of naturally high background levels in the region. None of the other parameters was found to be above Georgian or international limits. Therefore, the material was determined by DFC and the Borrowers to be suitable for disposal at sea. The material to be dredged will be disposed of at sea in an undersea "canyon" that has served as the historical location for disposal of dredged material for the Old Port. The government of Georgia has designated the canyon as the approved site for at-sea disposal of uncontaminated dredged material from Poti New Sea Port.

	During both deepening and maintenance dredging activities, the Borrowers will implement a Water Quality Monitoring Program to monitor the impacts from dredging and disposal activities. *Air Emissions and Ambient Air Quality* The Project may result in adverse impacts to ambient air relating to dust/particulates released from the bulk storage piles on site. DFC's Independent Engineer ("IE") reviewed the Project's existing Phase 1 Air Emissions Management and Dust Control Plan (the "Plan") and found that the mitigation measures set out in the Plan are likely to significantly reduce any potential operational dust emissions from the bulk storage piles at the facility, and that Phase 1 emissions from vehicles, machinery, trains, and ships are unlikely to have a significant adverse impact on local ambient air quality. Also, the Borrowers represent that after Phase 2 is complete, all bulk storage piles will be moved within the existing covered warehouse, further reducing adverse impacts to ambient air quality from the storage and movement of bulk cargo. However, the IE also determined that there was not an adequate pre-Phase 1 air quality ("AQ") baseline, and that the Plan could be improved to further minimize potential Project-related AQ impacts. Therefore, DFC will require the Borrowers to implement an adequate air quality monitoring system and collect current baseline data for at least 1 month prior to the start of construction of Phase 2, as well as additional data once Phase 2 becomes operational. DFC will also require the Borrowers to update the Plan to identify any additional nearby receptors relating to AQ, maintain a more detailed inventory of dust sources on-site, and implement procedures for the periodic review and updating of the Plan. *Occupational Health and Safety ("OHS")* There have been no lost time incidents or fatalities as part of DFC's support of the Phase 1 development. The Borrowers will prepare site-specific construction and operational phase OHS Management Plans for Phase 2. All Phase 2 subcontractors will adhere to the Borrowers' OHS Management Plans and procedures and will implement health and safety communication and training programs to prepare workers to recognize and respond to workplace hazards. Construction safety specifications will be an integral part of the tender documentation for the subcontractors, and the Borrowers will require that each contractor appoint dedicated OHS officers. The Dredging Contractor will include OHS mitigation measures in the Dredging Management Plan. *Emergency Preparedness and Response* The EPC contractor will be required to develop a site-specific Emergency Preparedness and Response Management Plan for Phase 2 construction. The plan will include an overview of risks and emergency

	scenarios, emergency preparedness and response procedures, spill prevention and control measures, roles and responsibilities, notifications and communications (including alarms, warning systems and back-up systems), equipment, and resources. The Borrowers will prepare a Project-specific Emergency Preparedness and Response Plan prior to beginning Phase 2 operations, and the Dredging Contractor will be required to include adequate emergency preparedness and response measures in the Dredging Management Plan. In case of severe weather, the Georgian State Hydrography Service will issue a severe weather warning, after which the Poti Harbor Master announces the port closure. Crane operation will be suspended during high winds. Oil spill response measures will be coordinated with Poti Port and will follow Poti Port's Oil Spill Contingency Plan, which arranges responses by spill severity.

Annex B – Public Information Summary

Host Countries	Africa Regional Angola Benin Botswana Burkina Faso Cameroon Cape Verde Congo, Dem. Rep. Congo, Rep. Cote d'Ivoire Egypt Ghana Kenya Lesotho Madagascar Malawi Mali Mauritius Morocco Mozambique Namibia Nigeria Rwanda Senegal South Africa Tanzania Togo Tunisia Uganda Zambia
Name of Borrower	SFC Finance Limited, a Mauritius company
Project Description	Financing to expand the Borrower's debt financing to small and medium enterprises ("SMEs") in Africa.
Proposed DFC Loan	$65,000,000 loan with a 10-year tenor
All-Source Funding Total	$95,000,000
Policy Review	
Developmental Objectives	The Project is expected to have a positive development impact in Sub-Saharan Africa by allocating at least $95 million to a portfolio of growth-oriented small and medium enterprises (SMEs) that provide economic, social, and environmental benefits. SMEs are a critical enterprise segment for Africa's economic development and

	productivity. Throughout Africa, SMEs represent 90% of all companies, an estimated 40% of GDP, and 80% of employment. Yet access to finance for SMEs is relatively limited and represents a barrier to enterprise growth. Unmet financing demand is estimated to be approximately $302.8 billion, or 15% of GDP, for Sub-Saharan Africa. The Project is expected to provide loans to at least 27 SMEs during the initial five years of the loan facility, while providing significant technical assistance to facilitate growth. The Project is also part of a 2X Flagship Fund, qualifying as 2X due to the Borrower's commitment that at least 30% of its investees will be women-owned or -led, as well as committing to gender diversity among the Borrower's own staff and senior management.
Environment and Social Assessment	The Project has been reviewed against DFC's 2020 Environmental and Social Policies and Procedures manual ("ESPP") and has been determined to be categorically eligible. DFC loans to non-bank financial institutions for the expansion of debt financing to small and medium enterprises ("SMEs") are screened as a Financial Intermediary C (FI-C) for environmental and social assessment. These downstream loans are expected to result in minimal adverse environmental and social impacts. Therefore, all those downstream loans have been pre-screened as low risk and further review and consent is not required for these loans. To ensure that the Borrower's loans are consistent with DFC's statutory and policy requirements, the DFC Loan 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 that meets the 2012 IFC Performance 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 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 to support the expansion of SME lending in Africa, significant adverse impacts concerning community health and safety, biodiversity, land acquisition and resettlement, indigenous peoples, and cultural heritage are not anticipated; therefore, PS 3, 5, 6, 7, and 8 are not triggered at this time. The Borrower does utilize private security and therefore, relevant aspects of PS 4, Community Health, Safety and Security are triggered. The Borrower has an Environmental and Social Risk Policy, grievance mechanisms, and human resources policies commensurate with its investment strategy. However, the Borrower will be obligated to update its worker grievance mechanism to include an anonymous pathway for submissions to meet the expectations listed in DFC's 2020 Environmental Policy and Procedures.

Annex B – Public Information Summary

Host Country(ies)	Colombia
Name(s) of Borrower(s)/Guaranteed Party(ies)	Nu Colombia S.A.
Project Description	The proceeds of the DFC Loan will be used to finance the expansion of the Borrower's digital financial services business, including but not limited to working capital needs to support the growth of its credit card business, investments for new hardware, software, and product development and for general costs related to client acquisition initiatives in Colombia (the "**Project**"). As the business expands and clients develop personal credit histories, the Borrower will also offer personal savings accounts and customizable financial products, thereby enhancing financial inclusion.
Proposed DFC Loan	3-year senior unsecured $150mm loan
All-Source Funding	$241mm
Policy Review	
Developmental Objectives	While Colombia has made significant progress in financial inclusion across the country in recent years, only approximately 35% of adults have access to credit products. This relatively limited penetration rate of personal credit has historically limited Colombians' ability to pay for essential goods and services (e.g., education and healthcare expenses), prompted the use of informal lending channels, and hindered the prospect of developing a formal credit history for future personal consumption and/or entrepreneurial needs. In response to this challenge, the Project is expected to have a positive development impact in Colombia by implementing an innovative fintech business model to expand access to credit to lower- and middle-income individuals and households throughout the country. Additionally, the Project seeks to facilitate access to credit to traditionally financially underserved populations, including individuals and households that previously have not had access to credit, those populations living in small towns and rural areas, and women. DFC has qualified the Project as 2X based on the Borrower's undertaking to meet and/or exceed the 2X criteria for women representation in its leadership team and percentage of women borrowers in its credit card portfolio. Given the Project characteristics, the Project is categorized as Highly Impactful per DFC's Impact Quotient ("IQ").
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 corporate loans to non-banking financial services companies to address working capital needs

	are screened as a Financial Intermediary C (FI-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 low risk and further review and consent is not required for these investments. To ensure that the Borrower's investments are consistent with the DFC's statutory and policy requirements, the DFC loan 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. 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 will use DFC support for corporate activities in Colombia, significant adverse impacts concerning community health and safety, biodiversity, land acquisition and resettlement, indigenous peoples, and cultural heritage are not anticipated; therefore, PS 3, 5, 6, 7, and 8 are not triggered at this time. The Borrower does utilize private security and therefore, relevant aspects of PS 4, Community Health, Safety and Security are triggered. The Borrower has an Environmental and Social Risk Policy, grievance mechanisms, and human resources policies commensurate with its investment strategy and that will require updating and strengthening meet the expectations listed in the DFC's 2020 Environmental Policy and Procedures and IFC PS 1.