

Public Information Summary

Host Country	Mexico
Names of Guaranteed Party	CO Capital I Trust
Project Description	In collaboration with USAID/Mexico, a variable-rate, up to \$10 million (\$5 million DFC exposure) loan portfolio guaranty (LPG) to CO Capital I Trust to support investment in small and medium enterprises (SMEs) in Mexico operating in the education and workforce development, basic infrastructure, healthcare, and agriculture and food systems sectors.
Proposed DFC Guaranty	11-year, \$5 million loan portfolio guaranty
All-Source Funding Total	\$10 million
Policy Review	
Developmental Objectives	CO Capital I Trust (“the Fund”) is expected to have a positive development impact by providing much needed capital to early-stage companies in Mexico. More specifically, the Fund seeks to invest in companies based in Mexico, or that have significant business operations in the country, that target environmental sustainability, social equality, and economic growth (triple impact companies). The Fund seeks to provide capital to early growth-stage SMEs providing new and/or improved products/services that are inaccessible to underserved customers in the region, particularly women and rural populations, due to price and structural constraints. The Fund will deploy capital to underserved businesses, specifically women-owned or led SMEs and rural SMEs, that have highly scalable, measurable environmental, social, and economic impacts, with the additional goal of reducing socio-economic inequalities and mitigating climate change through sustainable land management. The Fund will invest across four main themes, including: education and workforce development; healthcare; basic infrastructure; and agriculture and food systems.
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. LPGs to investment funds for private enterprises, MSMEs, conservancies, cooperatives, and non-governmental organizations on agriculture, food system, conservation, and sustainability sectors 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 investments have been pre-screened as low risk and further review and consent is not required for these investments.</p> <p>To ensure that the Fund’s investments are consistent with the DFC’s statutory and policy requirements, the DFC guaranty will be subject to</p>

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 Management System (“ESMS”) that meets the 2012 IFC Performance Standards.

Under the DFC’s ESPP, the Fund 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 agriculture, food system, conservation, and sustainability sectors in Mexico which is initial targeted country, and secondary target of Colombia, Peru, Central America, and Chile, significant adverse impacts concerning community health and safety, biodiversity, land acquisition and resettlement, indigenous peoples, and cultural heritage are not anticipated; therefore, PS 3, 4, 5, 6, 7, and 8 are not triggered at this time.

The Fund has an ESMS that is partially aligned with IFC PS 1, grievance mechanisms, and human resources policies generally commensurate with its investment strategy. However, the Guaranteed Party will be required to update its ESMS to clearly state frequency of Portfolio Companies monitoring and update its Human Resources Policies regarding non-discrimination to meet the DFC’s 2020 Environmental Policy and Procedures, include language that abide by national and local on workplace safety, update its external mechanism to be monitored regularly, and ensure there is anonymous grievance mechanism available for internal mechanism.