

Public Information Summary

Host Country	Sub-Saharan Africa Region
Name of Borrower	Spark+ Africa Fund
Project Description	Spark+ Africa Fund is an impact investment fund to channel financing to enterprises that manufacture, distribute, and finance clean cooking solutions across Sub-Saharan Africa.
Proposed DFC Loan	\$10 million loan with a 7-year tenor.
All-Source Funding Total	Target capitalization of the Spark+ Africa Fund is \$50 million.

Policy Review	
U.S. Economic Impact	The Project will not have an impact on the US economy.
Developmental Objectives	<p>The Project is expected to have a highly developmental impact in sub-Saharan Africa through debt and equity investments in enterprises providing clean cooking products and solutions. Traditional cooking practices using solid fuels such as wood, crop wastes, charcoal, coal and dung and kerosene in open fires are inefficient, producing high levels of household air pollution with a range of health-damaging pollutants, and have a direct impact on the health of low-income populations which rely on this type of food preparation. Around three billion people still cook using these traditional cooking methods, leading to four million premature deaths each year that disproportionately impact women and girls. The Fund will invest in early-stage commercial business models that deliver high-impact clean cooking solutions, which reduce preventable deaths, improve health, and enhance quality of life in sub-Saharan Africa.</p>

Environment and Social Assessment	<p>SCREENING: The capitalization of a fund is screened as a Category D activity for the purposes of environmental and social assessment. Based on DFC's due diligence, the Fund's downstream investments are anticipated to pose limited environmental and social risks that are site specific and that can be readily mitigated through the application of sound environmental and social management practices. Consistent with DFC's policy on policy assessment of financial intermediary transactions (dated April 2020) the Fund is eligible for delegated responsibility for the application of DFC's policies related to environmental and social impact assessment, risk management and monitoring. In order to ensure that the Fund's investments are consistent with DFC's statutory and policy requirements, the Project will be subject to conditions regarding the use of the DFC proceeds.</p> <p>APPLICABLE 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. DFC's environmental due diligence indicates the Project will have impacts which must be managed in a manner consistent with the following International Finance Corporation's (IFC) 2012 Performance Standards (PS). For Category D projects, applicable provisions include:</p> <ul style="list-style-type: none"> • PS 1: Assessment and Management of Environmental and Social Risks and Impacts; and • PS 2: Labor and Working Conditions. <p>A desk-review based due diligence assessment indicates that because the project involves loans for small clean cooking businesses, significant adverse impacts concerning resource efficiency and pollution prevention, community health and safety, land acquisition and resettlement, biodiversity, indigenous peoples, and cultural heritage are not anticipated. Therefore, PS3, PS4, PS5, PS6, PS7, and PS8 are not triggered by the Project at this time.</p> <p>KEY ENVIRONMENTAL & SOCIAL ISSUES AND MITIGATION:</p> <p>Enabling Capital (EQ) commits that each investment will be made in line with its Environmental and Social Policy and associated procedures. The Fund will ensure that each of its investees is evaluated on basis of the five operational safeguards set out in African Development Bank's Integrated Safeguards System (environmental and social assessment; land acquisition and resettlement; biodiversity and ecosystem services; pollution prevention and control; and labor</p>
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	<p>conditions, health, and safety) and the added safeguard of climate change, as well as on additional safeguards if found relevant and requested by other investors or partners. The Fund has a robust system in place to collect information through standard templates to score potential investees on ESG performance and determines the risk category of a potential investee and subsequent due diligence and monitoring. The Fund will be required to update its due diligence process to address risks associated with forced and child labor.</p> <p>The Fund manages its employees and contracted workers through appropriate human resources policies and contracts; however, the Fund will be required to updates its internal grievance redress mechanism to meet the DFC requirements.</p>
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