

Host Country	Kenya
Name of Borrower	M-KOPA Kenya Limited
Project Description	The project is the financing of up to \$210 million of smartphone receivables, solar home systems receivables, and cash loans in Kenya (the “ Project ”). The Project will expand financial inclusion, connectivity, and access to renewable energy sources to underbanked and underserved customers.
Proposed DFC Loan	\$51,000,000
All-Source Funding Total	\$287,280,000
Policy Review	
Developmental Objectives	The Project is expected to have a positive development impact in Kenya by improving access to smartphones, solar home systems (solar-powered lighting, televisions, and refrigerators), and financial services primarily to the country’s low-income population, including financially excluded, unbanked, and/or underbanked segments. More specifically, the Project will provide the possibility of acquiring essential products to clients in pay-as-you-go installments that would otherwise be unaffordable as a lump sum purchase. The Project will improve financial inclusion by benefitting individuals who may not previously have had assets to use as collateral but may use their smartphone or solar home system as collateral for small-scale loans lent by the Project.
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. DFC loans to financial technology companies that provide digital platforms for the financing and purchase of smartphones and cash loans 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.</p> <p>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.</p>

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 to finance the purchase of smartphones and cash loans for individuals in Kenya, 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 Management System and Human Resources Policies that align with IFC PS 1 and IFC PS 2. The Borrower is undergoing some updates and revisions to these policies and procedures post IFC diligence review. As a condition of support, the DFC will require the Borrower to provide evidence that it has completed each aspect of the IFC's action plan that has fallen due under the plan to their satisfaction.