

Information Summary for the Public

Host Countries:	Target Countries: Kenya, Nigeria, Ghana, Uganda, Rwanda, Zambia, Mozambique, India
Name of Borrower:	Solar Energy Transformation Fund LLC (the “Fund”)
Sponsor:	SunFunder Inc. (“SunFunder”)
Project Description:	<p>Some 2.1 billion people around the developing world live without access to reliable energy and must rely on expensive and inferior incumbent energy sources such as kerosene and diesel for their lighting and electricity needs. Solar energy is a commercially viable solution to replace these fossil fuels and to increase energy access. Sales of off-grid solar lighting and home energy solutions is growing rapidly in developing countries and has the potential to enable consumers to leapfrog the electricity grid much like cell phones enabled them to by-pass land-line telephony. However, the solar industry lacks access to sector-specific financing to support its growth, which is a key impediment to more extensive scaling in emerging markets. In response to this need, SunFunder, a specialized fund manager and financial intermediary, offers financing solutions that are tailored to the needs of the off-grid solar industry. In order to secure stable, long-term financing, SunFunder has launched the Fund to provide financing to companies operating along the solar off-grid value chain. OPIC will play the role of anchor investor to the Fund. As a result of its lending operations, SunFunder estimates that the Fund will enable 3.6 million individuals to benefit from switching from kerosene to solar energy, thereby enabling low-income households to reduce their expenditures on energy.</p>
Proposed OPIC Loans:	<p>\$22,500,000 senior loan, with tenor of up to 9 years</p> <p>\$2,500,000 junior loan, with a tenor of up to 9 years</p>
Term of Fund:	9 years
Selection Process:	<p>SunFunder applied to OPIC under the Innovative Financial Intermediaries Program (IFIP) created to support financial intermediaries investing in OPIC-eligible countries through pooled investment vehicles containing elements typical of both of OPIC’s direct Finance and Investment Funds programs. Proposals are batched and reviewed quarterly with the assistance of an independent consultant. The Fund’s proposal was reviewed by the IFIP Screening Committee in March 2018, by the IFIP Evaluation Committee on August 28, 2018, and by the OPIC Investment Committee on September 11, 2018.</p>

Policy Review	
U.S. Economic Impact:	The Project is not expected to have a negative impact on the U.S. economy. There is no U.S. procurement associated with this Project, and therefore the Project is expected to have a neutral impact on U.S. employment. The Project is expected to have a neutral five-year impact on the U.S. trade balance.
Developmental Effects:	This Project is expected to have a highly developmental impact by expanding the availability of debt financing to growing off-grid solar companies operating primarily in Sub-Saharan Africa. The World Bank estimates that over 1 billion people live without access to electricity, most of whom live in rural areas, and that off-grid solar solutions offer an inexpensive and rapid way to expand energy access. The Fund estimates that half of the customers served by its borrowers will be located in rural areas, and an estimated 40 percent will be women. Women and children bear the greatest burden of energy poverty, which off-grid energy solutions can help to alleviate.
Environment:	<p>The Project has been reviewed against OPIC's categorical prohibitions and has been determined to be categorically eligible. Projects involving loans to non-bank financial intermediaries (NBFIs) for the purposes of providing loans to companies that provide solar products and services in off-grid or grid-deficit regions are screened as Category C projects under OPIC's environmental and social guidelines. The environmental, health, safety and social impacts from the Project are considered minimal.</p> <p>SunFunder has an Environmental and Social Management System which the Fund is required to follow and, which screens and assess potential environmental and social risks of projects it supports. The Fund will provide a healthy and safe work environment for its employees.</p>
Social Assessment:	<p>The Project will be required to operate in a manner consistent with the International Finance Corporation's Performance Standards, OPIC's Environmental and Social Policy Statement and applicable local laws.</p> <p>OPIC's statutorily required language regarding the rights of association, organization and collective bargaining, minimum age of employment, and prohibition against the use of forced labor, will be supplemented with provisions concerning non-discrimination, and hours of work. Standard and supplemental contract language will be applied to all workers of the Project. Loans to solar companies will be restricted with respect to their</p>

	<p>operations, including the employment of minors and other applicable labor law requirements.</p> <p>The Fund has in place a human resources management system that meets the applicable standards. The Fund has developed and implemented policies for social management, including labor risks, commensurate with the risks associated with the Fund and consistent with the requirements of the IFC Performance Standards.</p> <p>This review covers the commensurate human rights risks associated with solar financing.</p>
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