

 Early Warning System

IFC-49603

Hardest to Reach (H2R) Market Expansion Fund



Quick Facts

Financial Institutions	International Finance Corporation (IFC)
Status	Proposed
Bank Risk Rating	B
Voting Date	2024-11-13
Borrower	ACUMEN FUND, INC.
Sectors	Finance
Investment Type(s)	Equity
Investment Amount (USD)	\$ 25.00 million
Project Cost (USD)	\$ 200.00 million



### Project Description

According to the Bank's website, the proposed investment is for up to US\$25 million from IFC's own account in the senior tranche of the Acumen Hardest to Reach Fund (the H2R Fund, the Fund, or the Project). The project targets a US\$200 million strategy, structured into three US\$60 million equity tranches—junior, mezzanine, and senior—alongside a US\$20 million grant facility dedicated to impact-based interest rate reductions for borrowers, linked to KPIs such as the number of first-time electricity users reached. The Fund aims to support off-grid solar (OGS) companies in 16 countries in Sub-Saharan Africa (SSA) with the lowest electrification rates and the highest poverty levels by providing financing to a mix of international and local companies that distribute and finance off-grid solar home systems, in particular those following the Pay-as-you-Go (PayGo) business model.



### Early Warning System Project Analysis

The Project entails an investment of up to US\$45 million in the Fund to support off-grid solar companies in 16 countries in Sub-Saharan Africa with the lowest electrification rates and highest poverty levels. primarily focuses on vertically integrated solar home system (SHS) companies, last mile distributors of SHS companies, and accounts receivables financing vehicles, while micro-grids and mini-grids are expected to receive a smaller share of the fund's financing. The expected E&S risks and impacts of the Project are considered medium. As such, the Project has been categorized as Category FI-2 in accordance with IFC's Sustainability Policy. The Project will not support coal-related activities or higher-risk business activities that may include a) involuntary resettlement, b) risk of adverse impacts on Indigenous Peoples, c) significant risks to or impacts on the environment, community health and safety, biodiversity, cultural heritage or d) significant Occupational Health and Safety risks.

The key E&S risks and impacts derive from the Fund Manager's capacity to identify and manage the potential E&S risks associated with its financing activities. Typical risks and impacts include occupational health & safety, supply chain-related risks, labor and working conditions, and waste management, among others. The Fund Manager's human resources policies are generally aligned with IFC Performance Standard 2: Labor and Working Conditions. The human resources policies will be formalized for operations in Kenya, Nigeria, and the United Kingdom.



### Investment Description

- International Finance Corporation (IFC)

The proposed investment is (i) up to US\$25 million from IFC's own account in the senior tranche and (ii) up to US\$20 million from Blended Finance (likely IDA-PSW) in the mezzanine tranche.

The H2R Fund targets a US\$200 million strategy, structured into three US\$60 million equity tranches—junior, mezzanine, and senior—alongside a US\$20 million grant facility dedicated to impact-based interest rate reductions for borrowers, linked to KPIs such as the number of first-time electricity users reached.

### Financial Intermediary

**Financial Intermediary:** A commercial bank or financial institution that receives funds from a development bank. A financial intermediary then lends these funds to their clients (private actors) in the form of loans, bonds, guarantees and equity shares. Financial intermediaries include insurance, pension and equity funds. The direct financial relationship is between the development bank and the financial intermediary.

- [Acumen Fund](#) (Financial Intermediary)



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### Private Actors Description

*Acumen Fund Inc.* is a nonprofit impact investment fund headquartered in the U.S. that invests in social enterprises serving low-income individuals in developing and underserved markets. Since its founding in 2001, Acumen has invested in companies that bring innovations to people in poverty such as off-grid energy, resilient agriculture, and dignified work. Acumen has been a leader for the off-grid solar sector, serving as a board member for the industry association GOGA; convening working groups like the REACH initiative to promote industry engagement in difficult markets; and driving the organization of the Energy Access Relief Fund in response to COVID; and serving as an investor and incubator.



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## Contact Information

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## ACCESS TO INFORMATION

You can submit a request for information disclosure at: <https://disclosures.ifc.org/#/inquiries>

If you believe that your request for information from IFC has been unreasonably denied, or that this Policy has been interpreted incorrectly, you can submit a complaint at the link above to IFC's Access to Information Policy Advisor, who reports directly to IFC's Executive Vice President.

## ACCOUNTABILITY MECHANISM OF IFC/MIGA

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at [CAO@worldbankgroup.org](mailto:CAO@worldbankgroup.org) You can learn more about the CAO and how to file a complaint at <http://www.cao-ombudsman.org>