

Public Information Summary – Annapurna Finance Private Limited

Host Country(ies)	India
Name(s) of Borrower(s)/Guaranteed Party(ies)	Annapurna Finance Pvt. Ltd.
Project Description	Loan portfolio guaranty to support MSMEs and residential roof top solar installations.
Proposed DFC Guaranty	\$11,670,000 guaranty ceiling with 50% coverage. \$5,835,000 DFC exposure. 8 year tenor.
All-Source Funding Total	N/A
Policy Review	
Developmental Objectives	The Project will generate a positive development impact in India by supporting the installation of rooftop solar energy systems for several thousand microenterprises. Access to electricity in India remains unreliable for many microenterprises, forcing these companies to resort to costly and high-emission diesel backup generators. In addition, the Indian grid remains largely reliant on fossil fuel sources. By providing rooftop solar energy systems for microenterprises, the Project will improve these businesses' access to reliable energy, reduce these businesses' energy costs, and help replace higher-emissions power sources.
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 loan portfolio guaranties for the expansion of lending to micro, small, and medium enterprises that support rooftop solar installation are screened as a Category 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 Category C and further review and consent is not required for these investments.</p> <p>To ensure that the Guaranteed Party's investments are consistent with the DFC's statutory and policy requirements, the DFC loan portfolio guaranty will be subject to conditions regarding the use of proceeds including what is considered eligible under climate finance. 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>

	<p>Under the DFC’s ESPP, the Guaranteed Party 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 make loans to MSME’s for rooftop solar installation in India, 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 Guaranteed Party does utilize private security and therefore, relevant aspects of PS 4, Community Health, Safety and Security are triggered.</p> <p>The Guaranteed Party has an Environmental and Social Risk Policy, grievance mechanisms, and human resources policies commensurate with its investment strategy but will require some strengthening regarding its environmental and social risk management policies to meet the DFC’s 2020 Environmental Policy and Procedures.</p>
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