

Public Information Summary

Host Country	India
Name of Borrower	Northern Arc Capital Limited (the “Borrower”)
Project Description	Expansion of Northern Arc Capital Limited’s loan portfolio with a focus on loans for women-owned businesses, food security, and water, sanitation, and hygiene in India (the “Project”).
Proposed DFC Loan	\$50,000,000
Total Project Costs	\$72,857,142
U.S. Involvement	Accion Africa-Asia Investment Company and Eight Roads Investments Mauritius (II) Limited
Policy Review	
Developmental Effects	This Project is expected to have a positive developmental impact by expanding the availability of microfinance and small and medium enterprise (“SME”) lending in India. The use of this downstream lending will range across several sectors, including financing of agricultural projects, commercial vehicles, affordable housing and consumer loans. The Borrower plans to use at least 40% of the DFC loan to finance loans for women and women-led or owned enterprises, which will help to close the \$567 million finance gap facing Indian women microentrepreneurs and the \$20 billion gap for women-led SMEs. Furthermore, the Borrower plans to lend 20% of the DFC loan to projects that support India’s water, sanitation and hygiene sector and 20% of the DFC loan for agricultural financing that supports food security, both of which are considered Priority Sectors by the Reserve Bank of India. This Project aligns with the Government of India’s National Mission for Financial Inclusion and the Reserve Bank of India’s National Strategy for Financial Inclusion, which envision comprehensive financial inclusion for the nation’s poor, underbanked and unbanked.
Environment & Social Assessment	The Project has been reviewed against the DFC’s Environmental and Social Policies and Procedures (“ESPP”) and has been determined to be categorically eligible. Loans to non-bank financial institutions for SME and microfinance institution (“MFI”) lending 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 of the downstream investments have been pre-screened as Category C and further review and consent are not required for these investments.

	<p>To ensure that the Borrower’s investments in SME and MFI lending are consistent with the DFC’s statutory and policy requirements, the DFC loan made to the Borrower 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. 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 involves MFI and SME lending, significant adverse impacts concerning community health and safety, biodiversity, land acquisition and resettlement, indigenous peoples, and cultural heritage are not anticipated, and therefore, PS 3, 4, 5, 6, 7, and 8 are not triggered at this time.</p> <p>The Borrower has developed and implemented various policies and procedures that assist it to identify and assess environmental, social, and labor risks associated with its investment strategies. The Borrower has a process to review applications for financial and basic environmental and social risks as they relate to its investment strategy, an exclusions list, a Responsible Investment Code, Human Resources Policy, Grievance Redressal Mechanisms, Safety and Health Policy, and monitoring procedures.</p>
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