

Public Information Summary

Host Country	India
Name(s) of Borrower(s)/Guaranteed Party(ies)	NeoGrowth Credit Private Limited (“NeoGrowth”)
Project Description	COVID response on-lending facility for a digital non-bank financial institution that provides short-term loans to consumer facing, retail oriented, underserved micro, small, and medium-sized enterprises that are often denied credit by the formal lending sector.
Proposed DFC Loan	\$20 million
All-Source Funding Total	\$26,500,000
Policy Review	
Developmental Objectives	<p>The Project is expected to have a highly developmental impact on India, a lower-middle-income country, through the expansion of NeoGrowth’s MSME portfolio, which is focused on small retail businesses. India’s poverty is a well-documented development challenge. One in five Indians is classified as low-income and 80% of India’s lowest income populations live in rural areas. MSMEs play a crucial role in the Indian economy accounting for 29.8% of GDP, yet often cannot access financing to make necessary capital expenditures to grow their business and increase productivity. The Project will increase the amount of start-up and working capital available to MSME retailers spurring economic growth and alleviating economic poverty, with a focus on the “missing middle” small borrowers that are too large for traditional MFI lending, but too small for most commercial bank underwriting programs. In support of this new financing, NeoGrowth expects to hire an additional 1,298 employees to support the rapid expansion of its branch network and MSME loan portfolio over the next five years.</p>
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. Loans to NBFC-MFI’s for microfinance lending are screened as Category C projects for the purpose of environmental and social assessment in accordance with DFC’s ESPP. These downstream investments are expected to result in minimal adverse environmental and social impacts. Therefore, all of 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 NeoGrowth’s investments are consistent with the DFC’s statutory and policy requirements, the DFC loan will be subject to</p>

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, NeoGrowth 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 for loans to consumer facing, retail oriented, under-served MSMEs in India, significant adverse impacts concerning community health and safety, biodiversity, land acquisition and resettlement, indigenous people, and cultural heritage are not anticipated; therefore, PS 3, 4, 5, 6, 7, and 8 are not triggered at this time.

NeoGrowth has a basic Environmental and Social Risk Policy, grievance mechanisms, and human resources policies commensurate with its investment strategy but will be required to strengthen its Environmental and Social Risk Management Policy and Human Resources policies to meet the minimum standards found within the DFC’s 2020 Environmental Policy and Procedures.

