

Public Information Summary

Host Country	India
Name of Borrower	Clime Finance Private Limited
Project Description	On-lending to MSMEs engaged in climate adaptation and mitigation activities in India
Proposed DFC Loan	\$10 million loan with a term of eight years
All-Source Funding Total	\$12.5 million
Policy Review	
Developmental Objectives	<p>The Project is expected to have a positive development in India by addressing the country’s micro, small, and medium enterprise (“MSME”) financing gap, which is estimated to be \$230 billion or equivalent to 11% of GDP, and by contributing to the country’s efforts to increase renewable energy generation and reach net zero emissions by 2070. To the end, the Project will seek to provide loans to MSMEs for climate mitigation and adaptation activities using unconventional movable assets as collateral. In addition, the Project will seek to improve the livelihoods of women by allocating 30% of proceeds to women-owned/led MSMEs.</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. DFC loans to Financial Institutions for MSME lending are screened as a Category ‘C’ for environmental and social assessment. The downstream investments are expected to result in minimal adverse environmental and social impacts. Therefore, all those 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 Borrower’s investments are consistent with the DFC’s statutory and policy requirements, the DFC loan 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.</p> <p>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-based due diligence assessment indicates that because</p>

	<p>the Project will use DFC support for SME on-lending 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 Borrower does utilize private, contracted security forces and therefore, relevant aspects of IFC PS 4, Community Health, Safety, and Security are triggered.</p> <p>The Borrower has an environmental and social policy as described in IFC PS 1, grievance mechanisms, and human resources policies generally commensurate with its investment strategy. However, the Borrower will be required to provide for DFC review and approval and updated environmental and social policy that includes an appointed responsible individual for its management, reporting, and implementation, and a process or methodology for the consideration of GHG emissions. The client must also provide for DFC review and approval evidence that privately contracted security has been trained on the appropriate use of force aligned with IFC PS2.</p>
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