



Public Project Profile

Host Country:	India
Name of Borrower:	Sonata Finance Private Limited (“Sonata”)
Project Description:	The project will support the expansion of Sonata’s microfinance portfolio, serving rural women borrowers.
Proposed DFC Loan/Guarantee:	\$7,800,000
Total Project Cost:	\$9,750,000
U.S. Sponsor:	WorldBusiness Capital, Inc.
Foreign Sponsor:	Creation Investments Social Ventures Fund II, PROPARCO, SIDBI Trustee Company Limited
Developmental Effects:	<p>This Project is expected to have a highly developmental impact by expanding the availability of microfinance lending to women in India, as well as providing more expansive financial products to its micro-clients, primarily using the Grameen model of joint group lending (“JLG”). However, in addition to JLG structures, 15% of loans will be to individual women that have successfully repaid JLG loans and graduated to greater financing needs. The Project will support microfinance lending to a projected 1.44 million individuals, who are all women and mostly low-income and rural individuals. The microfinance lending gap in India is estimated at \$9 billion, while the gap for women microenterprises is estimated at \$567 million. This Project aligns with the Government of India’s National Mission for Financial Inclusion and the RBI’s National Strategy for Financial Inclusion, which envision comprehensive financial inclusion for the nation’s poor, underbanked and unbanked.</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 for the purposes of 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 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-review based due diligence assessment indicates that because the Project will use DFC support for microfinance lending 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.</p>



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	<p>The Borrower 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 and Human Resources policies in order to meet the DFC's 2020 Environmental Policy and Procedures.</p>