

 Early Warning System

IFC-52345

SLGP LSL RSF



## Quick Facts

Countries	Nepal
Financial Institutions	International Finance Corporation (IFC)
Status	Proposed
Bank Risk Rating	B
Borrower	Laxmi Sunrise RSF
Sectors	Finance, Industry and Trade
Investment Type(s)	Loan
Investment Amount (USD)	\$ 10.00 million
Project Cost (USD)	\$ 20.00 million



## Project Description

According to the Bank's website, the proposed project consists of an unfunded risk sharing facility (RSF) on a 50:50 basis between IFC and Laxmi Sunrise Bank Limited (Bank) in Nepal to support up to US\$20 million Nepalese rupee (NPR) equivalent of eligible MSME loans to be originated by the Bank (the Project). IFC's maximum risk amount will be up to US\$10 million NPR equivalent. The Project provides the Bank with a credit risk mitigation instrument, which is unavailable in the market, to help increase access to finance for MSMEs, including women-owned MSMEs (WMSMEs) and climate MSMEs. It is the first time that IFC is doing an RSF in Nepal. Subject to eligibility confirmation, the Project would be processed under IFC's Small Loan Guarantee Program (SLGP, the Program), a programmatic approach to derisk and scale up financing for SMEs in Nepal and other eligible countries. SLGP is supported by a pooled first-loss guarantee (PFLG) provided by the IDA-PSW Blended Finance Facility.



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## Early Warning System Project Analysis

The proposed project will support Laxmi Sunrise Bank Limited through an unfunded risk-sharing facility (RSF) for its MSME portfolio. The MSME portfolio includes retail and wholesale trading, construction, manufacturing, and sectors such as cement, brick kilns and agri-based production with both short term and long-term exposure. The portfolio may also include renewable energy sub-projects. The main E&S risk and potential impacts of this investment relate to the activities of the MSMEs, their ability to manage these risks and impacts, and the Bank's capacity to identify and manage these E&S risks and monitor MSMEs' E&S performance in line with IFC's applicable E&S requirements.

Hence, the E&S risk of the proposed investment is medium, and the Project is categorized as FI-2 according to IFC's Policy on Environmental and Social Sustainability.



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## Investment Description

- International Finance Corporation (IFC)

The proposed project consists of an unfunded risk sharing facility (RSF) to Laxmi Sunrise Bank Limited. IFC will cover 50% of an up to US\$20 million equivalent portfolio consisting of eligible loans to SMEs, resulting in an IFC exposure of up to US\$10 million equivalent.

## Financial Intermediary

Financial Intermediary: A commercial bank or financial institution that receives funds from a development bank. A financial intermediary then lends these funds to their clients (private actors) in the form of loans, bonds, guarantees and equity shares. Financial intermediaries include insurance, pension and equity funds. The direct financial relationship is between the development bank and the financial intermediary.

- [Laxmi Sunrise Bank Limited](#) (Financial Intermediary)



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## Private Actors Description

The Bank's largest shareholder, Laxmi Corp Nepal Pvt. Ltd, which is fully owned by Ms. Priya Agrawal, holds 7.78% of the equity. Other significant privately-owned institutional shareholders include Citizen Investment Trust (CIT), a publicly listed state-owned enterprise (SOE), holding 4.65% of LSL.



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## Contact Information

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## ACCESS TO INFORMATION

You can submit a request for information disclosure at: <https://disclosures.ifc.org/#/inquiries>

If you believe that your request for information from IFC has been unreasonably denied, or that this Policy has been interpreted incorrectly, you can submit a complaint at the link above to IFC's Access to Information Policy Advisor, who reports directly to IFC's Executive Vice President.

## ACCOUNTABILITY MECHANISM OF IFC/MIGA

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at [CAO@worldbankgroup.org](mailto:CAO@worldbankgroup.org) You can learn more about the CAO and how to file a complaint at <http://www.cao-ombudsman.org>