Early Warning System

FMO-41785

EMERALD SRI LANKA FUND I LIMITED

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Quick Facts

Countries	Sri Lanka
Financial Institutions	Netherlands Development Finance Company (FMO)
Status	Approved
Bank Risk Rating	B
Voting Date	2014-12-15
Borrower	NDB Zephyr Partners
Sectors	Finance
Ring Fence	Small & Medium Enterprises
Investment Type(s)	Loan
Investment Amount (USD)	$ 8.00 million
Loan Amount (USD)	$ 8.00 million
Project Cost (USD)	$ 8.00 million

Project Description

According to the bank website, "FMO is participating in the first close of the Emerald Sri Lanka Fund I, thereby ensuring that the fund will be successfully launched. FMO's commitment may serve as an additional "stamp of approval" for the fund and may help attract commercial interest in the fund. FMO will also add non-financial value to the fund, by supporting in the implementation of an environmental and social management system.

Sri Lanka is a post-conflict country, without an established private equity industry. While Sri Lankan SMEs are expected to benefit from favorable economic conditions, the growth of these businesses will be constrained by the lack of access to equity. Emerald Sri Lanka Fund I will be the largest private equity fund dedicated to Sri Lanka. As the fund has a single focus on the Sri Lankan SME sector, it will play an important role in providing this required capital and thus helping to stimulate economic growth."

Investment Description

- Netherlands Development Finance Company (FMO)

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.

- NDB Zephyr Partners (Financial Intermediary)
- Emerald Sri Lanka Fund I Limited (Financial Intermediary) **is owned by** National Development Bank (Parent Company)

Private Actor Relationship

There is often limited information publicly available about what development banks are funding through financial intermediaries. In 2021, the Early Warning System partnered with Oxfam International to incorporate information on high-risk projects being funded by financial intermediaries receiving funding from the International Finance Corporation (IFC) and the Dutch Development Bank (FMO).

The information listed below describes the relationship between the different private actors linked to high-risk sectors and subprojects of IFC and FMO's financial intermediary investments and/or the financial intermediary's parent companies made from 2017 through 2020, including any associated ring fences.

The database, however, does not explicitly or implicitly imply that IFC or FMO have material exposure to or are contractually or legally accountable to the sub-projects financed by their financial intermediaries or the financial intermediary's parent companies. It only shows a seemingly financial relationship among the different private actors, the financial intermediaries, and IFC or FMO.

Private Actors Description

According to FMO, "the Emerald Sri Lanka Fund I is managed by NDB Zephyr Partners. The fund is a joint venture between NDB Capital, the investment banking arm of National Development Bank PLC, and Zephyr Management, an international fund management group with strong emerging markets credentials. The fund was established to provide risk capital to small- and medium-sized enterprises (SMEs), typically in sectors in the Sri Lankan economy where high growth is foreseen."

Private Actor 1	Private Actor 1 Role	Private Actor 1 Sector	Relation	Private Actor 2	Private Actor 2 Role	Private Actor 2 Sector
-	-	-	-	National Development Bank PLC	Parent Company	-

Contact Information

No project-specific contact information available at time of writing.

ACCOUNTABILITY MECHANISM OF FMO

Communities who believe they will be negatively affected by a project funded by the Dutch Development Bank (FMO) may be able to file a complaint with the Independent Complaints Mechanism, which is the joint independent accountability mechanism of the Dutch Development Bank (FMO) and the German Investment Corporation (KfW) . A complaint can be filed in writing, by email, post, or online. The complaint can be filed in English or any other language of the complainant. The Independent Complaints Mechanism is comprised of a three-member Independent Expert Panel and it can provide either problem-solving, compliance review or both, in either order. Additional information about this accountability mechanism, including a guide and template for filing a complaint, can be found at: https://www.fmo.nl/independent-complaints-mechanism