Early Warning System

IFC-40660

SDB Senior Loan

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Quick Facts

Countries	Sri Lanka
Financial Institutions	International Finance Corporation (IFC)
Status	Proposed
Bank Risk Rating	B
Voting Date	2018-03-15
Borrower	SANASA DEVELOPMENT BANK LIMITED
Sectors	Finance
Ring Fence	Small & Medium Enterprises
Investment Type(s)	Loan
Investment Amount (USD)	$ 15.00 million

Project Description

According to the IFC website, the proposed project is a secured, 5-year senior loan of up to US$15mn to Sanasa Development Bank PLC ('SDB'), a licensed specialized bank ('LSB') in Sri Lanka and an IFC client since 2010. This will be one of IFC's first local currency debt funding in Sri Lanka, and will support the expansion of SDB's SME portfolio, with 25% earmarked for women-owned SMEs.

SDB was established in 1997, funded by 4,500+ cooperative societies. It was initially a microfinance/retail bank, but has been transforming itself into a SME/retail bank since 2015. IFC supported this initiative by increasing its equity stake to 8.86% (May, 2017) from 2.34%, previously.

Investment Description

- International Finance Corporation (IFC)

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.

- Sanasa Development Bank Limited (Financial Intermediary) **is owned by** SANASA 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

SDB has been listed on the Colombo Stock Exchange since May, 2012. It has no identifiable sponsor. The Bank was created by the Sanasa co-operative society movement, but the shareholding of the co-operatives has been diluted to 29%. Development Finance Institutions (IFC & FMO) hold 22%, while other investors hold 50%.

Private Actor 1	Private Actor 1 Role	Private Actor 1 Sector	Relation	Private Actor 2	Private Actor 2 Role	Private Actor 2 Sector
-	-	-	-	Sanasa Development Bank Limited	Client	-

Contact Information

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ACCOUNTABILITY MECHANISM OF IFC

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. You can learn more about the CAO and how to file a complaint at http://www.cao-ombudsman.org/