Early Warning System

IFC-41271

Alliance Loan

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Quick Facts

Countries	Sri Lanka
Financial Institutions	International Finance Corporation (IFC)
Status	Proposed
Bank Risk Rating	B
Voting Date	2018-06-05
Borrower	Alliance Finance Company PLC
Sectors	Agriculture and Forestry, Finance
Ring Fence	Small & Medium Enterprises
Investment Type(s)	Loan
Investment Amount (USD)	$ 10.00 million

Project Description

The funding will support the expansion of Alliance Finance Company PLC’s MSME portfolio related to the agriculture sector, with an emphasis on financing climate-smart agriculture solutions and women-owned enterprises. Alliance is mainly engaged in vehicle financing, and 15% of its March 31, 2018 portfolio was exposed to the agriculture and forestry sector.

The proposed project is part of IFC’s ‘Sri Lanka Agriculture Finance Program’. The Program would consist of the following components:1. Capacity development of Participating Financial Institutions (PFIs): on agri value chain financing and development of related products2. Awareness creation: modern, efficient practices to enhance quality and productivity among agri-value chain players3. Risk mitigation: introduction of agri insurance products and climate smart agricultural practices 4. Improve enabling environment: working on policy measures to improve the enabling environment in line with Government’s Vision 20255. Funding: provide funding to chosen PFIs to lend to agri value chain playersTo achieve this IFC will work closely with the World Bank, government stake holders and private sector partners.

Investment Description

- International Finance Corporation (IFC)

The Project will be supported by the IFC-Canada Climate Blended Finance Program and the Women Entrepreneurs Opportunity Facility (WEOF)

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.

- Alliance Finance Company PLC (Financial Intermediary) **is owned by** Alliance Finance (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

Founder families collectively hold a c.60% stake in Alliance. This includes Mr. Romani de Silva (Managing Director/Deputy Chairman of Alliance), the largest shareholder with a direct holding of 26.5% and a further 6.2% through his father. Alliance is listed on the Colombo Stock Exchange and the remaining c.40% stake is publicly held.

Private Actor 1	Private Actor 1 Role	Private Actor 1 Sector	Relation	Private Actor 2	Private Actor 2 Role	Private Actor 2 Sector
-	-	-	-	Alliance Finance Company PLC	Client	-

Contact Information

Alliance Finance Company PLC
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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/

Other Related Projects

- IFC-41293 Central Fin Agri