



Invest with Impact

From local development to full-fledged service provider

An economy in transition

A development success story in many ways, Sri Lanka still faces many challenges as it strives to become an upper middle-income country. Following 30 years of civil war that ended in 2009, Sri Lanka's economy grew at an average 5.8% during the period of 2010-2017. In 2017 GDP growth slowed to 3.3% as it was impacted by droughts and floods which affected agriculture and its related industries. The economy is transitioning from a predominantly rural-based agricultural economy towards a more urbanized economy oriented around manufacturing and services. This offers opportunities for businesses to develop and at the same time do so in a sustainable manner.

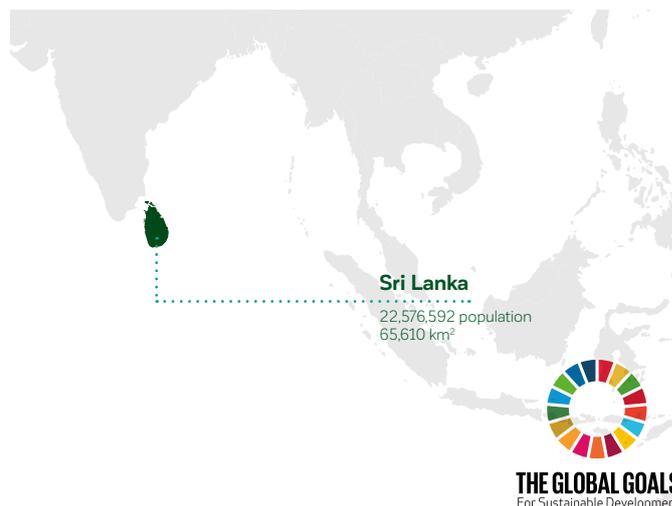
Developing the development bank

National Development Bank PLC (NDB) was established in 1979 as a state-owned development bank. In 1993 the bank was privatized and since grew into a full-fledged financial services provider, ranking 5th largest private bank in Sri Lanka. They offer services to businesses and retail customers alike through a network of 109 branches and 141 ATMs and CRM machines across 22 of the 25 districts in Sri Lanka. Next to these physical locations it has a sophisticated banking app and dial-in services that are increasingly used as Sri Lankans benefit from an advanced mobile network.

NDB has had an environmental & social management system in place for a decade. The standards initially adhered to national law, but have since then been upgraded to comply with international standards. NDB provides financing to its end-customers to enable them to make the required investments to progress to the next level. To support this process the loan provided in 2014 by FMO, in which the Fund participates, requires at least 40% of proceeds to be used for green projects. This means it may be used for renewable energy projects, energy efficiency investments, climate change adaptation or GHG reduction measures.

The Loan

NDB is a longstanding client with a good payment track record. The first loan dates back to 1992 when NDB was preparing for privatization. The FMO loan in which the Fund participates since June 2016 was disbursed in 2014. It is performing well and repaying according to schedule. By October 2022 the loan should be fully repaid.



In perspective

The island state Sri Lanka is a biodiversity hotspot. It is home to unique wildlife and coral reefs. This biodiversity suffers and will suffer a great deal more from climate change. It is this great natural richness that brings many eco-tourists to the country, which forms an increasingly important role in the economy.

If sea level rise occurs as predicted it will impact most if not all of the coastal area. This is where most of the people in Sri Lanka live and have their businesses. Climate change is thus a clear and significant threat to Sri Lanka.

Change is needed to reduce the impacts of climate change. Reducing emissions of greenhouse gas, increasing circularity and making changes for climate adaptation are a high priority. To do so, long term finance is required. Finance is the enabler. Quite often a more durable solution is also a sound choice businesswise, yet requires investment just beyond the reach of most SMEs. By providing long term finance to local financial institutions for on-lending to SMEs, FMO enables a positive impact.

The full title of Sustainable Development Goal 13 is “Take urgent action to combat climate change and its impacts”. When you visit the website of the UN SDGs you will find that by 2020 USD 100 billion is needed every year to combat climate change.



The development of

National Development Bank PLC		2017
	Employees	2,169
	Branches / ATMs	107/122
	# SME Loans	>11,000
FMO investment		
FMO		USD 15 mln
Fund investment		USD 2.5 mln

“Finance is an enabler to fight climate change.”



The Fund Manager

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The Investment Advisor

FMO Investment Management BV (‘FMO IM’) is a MiFID licensed Dutch investment firm and 100% subsidiary of the Dutch development bank FMO NV. FMO IM advises on the loan portfolio at the request of the Fund Manager. All loans offered to the fund have successfully completed the investment process of FMO and have thus been added to FMO’s own loan portfolio.

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Don’t take any unnecessary risk. Read the Key Investor Information Document.

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