

CDC Group Commits USD 50 Million To ComBank To Bolster SME Lending And Climate Projects



Britain's Acting Deputy High Commissioner to Sri Lanka Bruce Bucknell; Srinu Nagarajan, Managing Director and Head of Asia, CDC Group; and S Renganathan, Managing Director, Commercial Bank.

The Commercial Bank of Ceylon has secured a USD 50 million (about 10 billion rupees at current exchange rates) loan from the CDC Group. The loan was obtained from the UK's development finance institution and impact investor to facilitate lending to small and medium-sized enterprises (SMEs) and support climate projects in the island.

CDC's investment will enable Commercial Bank to further strengthen financial support to local SMEs most in need of funding by allowing them to access necessary working capital to enhance their operations, maintain employment, and grow their business.

By focusing lending toward eligible businesses and customers, the investment will help increase social and financial inclusion across communities, which will drive economic activities throughout the country. SMEs represent 80 percent of businesses and provide about 35 percent of jobs in Sri Lanka. Yet, these businesses struggle to access medium and longterm finance, a funding issue that is further exacerbated by the impact of Covid-19 on the country's economy.

CDC's investment will equally provide capital to allow Commercial Bank to extend credit toward renewable and climatesupportive projects. Sri Lanka faces growing energy demands and has set a national ambition to become energy self-

sufficient by 2030 and reach 100 percent renewable energy generation by 2050. Through this loan facility from CDC, the Bank can increase support for the development of clean energy resources and energy efficiency initiatives, helping Sri Lanka achieve national climate goals and bolstering the country's efforts to help reduce greenhouse gas emissions.

The partnership between CDC and ComBank, Sri Lanka's first wholly carbon neutral bank, is strengthened by a joint commitment to advancing climate initiatives and making investments that help to promote climate mitigation, adaptation, and resilience.

The landmark investment marks CDC's re-entry into Sri Lankan market and demonstrates the DFI's three pillared Climate Change Strategy through this first climate commitment in the country.

Similarly, the investment will strengthen Commercial Bank's Green Financing strategy, supporting Sri Lanka's obligations under the Paris agreement.

Bruce Bucknell, British Acting deputy high Commissioner to Sri Lanka, commented: "We welcome today's announcement as a step towards financial empowerment for small businesses and communities throughout Sri Lanka. CDC and Commercial Bank of Ceylon's partnership offers a blueprint for investments to transform Sri Lanka's economic future. This investment demonstrates the UK's continued commitment to supporting Sri Lanka's socio-economic development and our shared ambitions for a sustainable future through the clean energy transition."

The new relationship between CDC and ComBank will foster inclusion and support innovative climate solutions, contributing to United Nation's Sustainable Development Goals (SDG) on affordable and clean energy (SDG 7), decent work, and economic growth (SDG 8), and climate action (SDG 13).

Srini Nagarajan, Managing Director and Head of Asia at CDC Group, commented: "SMEs are the cornerstone businesses that serve households, local communities and significantly drive the growth of the entire economy. However, the pandemic has created a scarcity of financial support, hampering SMEs' growth and impeding economic development. CDC is excited to be returning to Sri Lanka's market alongside a partner whose ambitions align with our investment priorities of supporting businesses and backing climate action.

Our flexible, long-term capital will be aimed toward helping to transform livelihoods, businesses and support postpandemic resilience. We are pleased by this commitment, which marks our first climate investment in Sri Lanka, as it is indicative of our dedication to helping bring about a cleaner and more sustainable future in the country and across our markets.”

S Renganathan, Managing Director of Commercial Bank of Ceylon said: “Commercial Bank has a historical link with the UK, as the successor to the Eastern Bank which opened a branch in Colombo in 1920 and provided the start to our 100 plus year journey. We are delighted to partner with the UK government-funded CDC in its quest to support SMEs, which are the backbone of our country’s economy. The challenges brought about by the pandemic have been particularly hard on this segment, and we have been working tirelessly to support these businesses survive and grow in these difficult times. This facility will greatly enhance our capacity to provide solutions tailor made for deserving SMEs and will allow Commercial Bank, already one of the top lenders to SMEs and Green projects in the country, to make a significant difference.”

CDC Group is a leading player in the fight against climate change and has committed more than USD one billion of climate finance over the last four years alone. The company has investments in over 1000 businesses in emerging economies and total assets of USD 9.3 billion.