

USAID And LOLC Enter Agreement

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Rebecca Cohn, Mission Director, USAID, and Kapila Jayawardana, Group Managing Director, LOLC, exchanging the agreements

The US Mission to Sri Lanka, through USAID Sri Lanka, signed a portable guarantee agreement of US\$ 5 mn with Lanka Orix Leasing Company (LOLC), which will serve as a catalyst for LOLC to introduce new financial products in conflict zones as well as leverage additional private financing.

Rebecca Cohn, Mission Director, USAID, said, "USAID believes that this agreement will help LOLC to expand its agriculture and microfinance lending while benefiting eastern businesses, which would be able to access micro loans or leasing at a reasonable interest." Kapila Jayawardana, Group Managing Director, LOLC, thanked Director Cohn and stated, "The guarantee would mitigate the risks for LOLC and increase the access to finance for borrowers in eastern and neighbouring districts."

LOLC plans to use at least US \$4 mn to on-lend to entrepreneurs in conflict-affected areas in the Eastern Province. The remaining proceeds will be on-lend in the bordering districts of Polonnaruwa, Monaragala and Badulla. The USAID guarantee will be effective for three years from 1 October 2008 to 30 September 2011.