

# Sarvodaya Development Finance PLC

July 2023



## Project overview

SDF is a licensed finance company acting as the economic arm of the Sarvodaya Movement, one of the oldest NGOs in Sri Lanka aiming at developing rural areas. It provides financial services, including leasing of income-generating assets, to societies, individuals & SMEs. It has 150,000+ customers, 57% being women, and 78% outside of the Western Province demonstrating its focus on rural financial inclusion. SDF has a strong focus on agriculture, which represents more than a third of its leasing and loan portfolios.

## Funding objective

EDFI AgriFI will provide a senior debt of USD 3 million, with a back-to-back mechanism enabling SDF to hedge the FX risk via a local Sri Lankan bank. The financing aims at supporting the company to grow its agricultural portfolio, and especially the agricultural leasing product which enables farmers to access agricultural machinery such as tractors and harvesters at affordable rates and become owners via a leasing scheme, allowing them to strongly improve their yields and overall income.

## Investment rationale

Sri Lanka has been through several crisis, but SDF has shown solid resilience by focusing on financing the “real” economy and agriculture. This long-term debt will enable them to keep developing the agri portfolio while keeping appropriate conditions for farmers.

EDFI [AgriFI](#), the EU Agriculture Financing Initiative, is an impact investment facility funded by the European Union, with a mandate to unlock, accelerate and leverage sustainable investments in medium, small and micro agri-enterprises (MSME) that operate in developing countries, with a specific focus on smallholder’s inclusiveness. AgriFI is managed by [EDFI Management Company](#) on behalf of the 15 European Development Finance Institutions (DFI).

*Disclaimer - PENDING CONTRACTING: the investment proposal has received final approval and now is entering into the contracting phase. The information as disclosed is thus indicative and provides a basis for general informational purposes only. It should not be construed as financial, legal or investment advice, nor as a commitment or an offer to arrange or provide any financing, prior to final decision. This proposed investment is online for 30 days. In case of questions, please contact us at [info@edfimc.eu](mailto:info@edfimc.eu)*

## AT A GLANCE

- **Investment/Project:**  
Sarvodaya Development Finance PLC (SDF)
- **Total AgriFI financing:**  
USD 3m
- **Financial instrument:**  
debt
- **Region:** Asia
- **Country:** Sri Lanka
- **Sector:** Financial Institution
- **Allocation:** Sri Lanka Country Window

## ENVIRONMENTAL & SOCIAL ASSESSMENT

Based on Environmental and Social (E&S) risks/impacts the E&S risk category is FI-C.

Given that Sarvodaya’s activity is related to microfinance and follows the sustainability recommendations issued by the Central Bank of Sri Lanka, developed in collaboration with IFC and UNDP, the E&S risk has been assumed as being low and rated within category C: the investment is expected to have very limited, site-specific E&S impacts can be easily mitigated.

<https://sarvodayafinance.lk>