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IFC and CBC to Help Sri Lanka Boost Renewable Energy Projects

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IFC, a member of the World Bank Group, will help the Commercial Bank of Ceylon evaluate and finance renewable energy projects in Sri Lanka in an initiative that promises to yield environmental and economic rewards.

IFC is extending a \$15 million equivalent risk-sharing facility to Commercial Bank to support Sri Lanka's power-generation capacity while addressing climate change. The initiative is part of IFC's strategy to help the private sector mitigate climate change impacts while continuing to meet significant infra-

structure gaps in the South Asia region. The project is expected to produce economic benefits for local project developers, including small and medium enterprises.

IFC will share its financing, project-structuring capability, and benchmark data for renewable energy technologies new with Sri Lanka. IFC also will help enhance the bank's ability to appraise projects using these technologies. An advisory component funded by governments of Ireland and Japan and the Global Environmental Facility, will help the bank build the capacity and skills needed to

implement the program.

"We are proud to be the first to partner with IFC in an initiative that uses a risk-sharing facility and a portfolio approach for financial institutions such as ours to enhance the effectiveness of renewable energy projects," said Amitha Goonaratne, Managing Director, Commercial Bank of Ceylon.

The project follows a unique "distributed generation" approach, with smaller scale production of electricity at or near energy demand improving reliability of supply and lowering pollution by using renewable sources.

Paolo M. Martelli, IFC Director for South Asia, said, "The initiative will support the Sri Lankan government's mission to increase private participation in wind, hydro, and biomass projects. With most of the country's power generation reliant on fossil fuels, this project will help the country diversify its energy infrastructure."

IFC has committed over \$300 million in 30 projects in Sri Lanka since 1970. Currently, IFC has an exposure of over \$170 million in the country in equity, debt, and guarantees. In 2008, IFC committed \$150 million in new investments.