



Sri Lanka: Strengthening the Regional Development Bank Project

Project Name	Strengthening the Regional Development Bank Project								
Project Number	52219-001								
Country	Sri Lanka								
Project Status	Proposed								
Project Type / Modality of Assistance	Loan Technical Assistance								
Source of Funding / Amount	<table border="1"><tr><td colspan="2">Loan: Strengthening the Regional Development Bank Project</td></tr><tr><td>Ordinary capital resources</td><td>US\$ 50.00 million</td></tr><tr><td colspan="2">TA: Enhancing Rural Micro and Small-Sized Enterprises Finance</td></tr><tr><td>Japan Fund for Poverty Reduction</td><td>US\$ 1.00 million</td></tr></table>	Loan: Strengthening the Regional Development Bank Project		Ordinary capital resources	US\$ 50.00 million	TA: Enhancing Rural Micro and Small-Sized Enterprises Finance		Japan Fund for Poverty Reduction	US\$ 1.00 million
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TA: Enhancing Rural Micro and Small-Sized Enterprises Finance									
Japan Fund for Poverty Reduction	US\$ 1.00 million								
Strategic Agendas	Inclusive economic growth								
Drivers of Change	Knowledge solutions Partnerships Private sector development								
Sector / Subsector	Finance - Small and medium enterprise finance and leasing								
Gender Equity and Mainstreaming	Effective gender mainstreaming								
Description	The project would provide long-term financing that would directly fund \$50 million of subloans to micro and small enterprises outside of Colombo and be structured to provide the regulatory capital that would leverage an additional \$533 million of lending.								
Project Rationale and Linkage to Country/Regional Strategy	<p>The national development strategy of the Government of Sri Lanka targets achieving upper middle-income status with improved equity and protection of the vulnerable by 2025. Creating one million new jobs in the formal economy and increasing the labor force participation rate, mainly with micro, small, and medium-sized enterprises (MSMEs), are cornerstones of the strategy. MSMEs have higher growth potential, create more jobs, and, over time, increase the tax base at a quicker pace than larger enterprises. Because of their distribution across the whole country, they also contribute to reducing stubborn regional inequalities.</p> <p>Access to finance is a key challenge for MSMEs, which face constraints to affordable financing both on the demand side, such as poor commercial viability and difficulty in meeting lending requirements of financial institutions, and on the supply side, such as financial institutions having operations poorly designed for MSMEs and an overreliance on collateral-based loans. As a result, only 30% of Sri Lankan firms have sufficient access to bank loans and other capital. Relative to its peer countries, this puts Sri Lanka last in South Asia and 31st among the 32 developing member countries of the Asian Development Bank. These constraints are even greater for MSMEs that are led by women or located in rural areas.</p>								
Impact	MSME access to finance enhanced (Vision 2025)								
Outcome	RDB's capacity to serve its MSME clients strengthened								
Outputs	RDB's operations expanded. RDB's operational capacity strengthened Capacity of MSEs to access financial services enhanced								
Geographical Location	Nation-wide, Colombo								
Safeguard Categories									
Environment	FI								
Involuntary Resettlement	FI-C								
Indigenous Peoples	FI-C								
Summary of Environmental and Social Aspects									
Environmental Aspects									

Involuntary Resettlement

Indigenous Peoples

Stakeholder Communication, Participation, and Consultation

During Project Design

During Project Implementation

Business Opportunities

Consulting Services not applicable

Procurement not applicable

Responsible ADB Officer Lambert, Donald J.

Responsible ADB Department South Asia Department

Responsible ADB Division Public Management, Financial Sector and Trade Division, SARD

Executing Agencies
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Sri Lanka
Ministry of Public Enterprise and Kandy Development
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Colombo 01
Regional Development Bank
NA*

Timetable

Concept Clearance 07 Sep 2018

Fact Finding 04 Sep 2018 to 07 Sep 2018

MRM 11 Oct 2018

Approval -

Last Review Mission -

Last PDS Update 07 Sep 2018

Project Page <https://www.adb.org/projects/52219-001/main>

Request for Information <http://www.adb.org/forms/request-information-form?subject=52219-001>

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