



Report and Recommendation of the President to the Board of Directors

Project Number: 55143-001
November 2021

Proposed Equity Investment, Administration of Equity Investment, and Administration of Technical Assistance Grant John Keells Holdings PLC John Keells Modern Retail Infrastructure Expansion Project (Sri Lanka)

This is a redacted version of the document approved by ADB's Board of Directors, which excludes information that is subject to exceptions to disclosure set forth in ADB's Access to Information Policy.

Asian Development Bank

CURRENCY EQUIVALENTS

(as of 4 November 2021)

Currency unit – Sri Lanka rupee/s (SLRe/SLRs)

SLRe1.00 = \$0.00496352
\$1.00 = SLRs201.47

ABBREVIATIONS

ADB	–	Asian Development Bank
CFPS	–	Canadian Climate Fund for the Private Sector in Asia
COVID-19	–	coronavirus disease
CSE	–	Colombo Stock Exchange
EBITDA	–	earnings before interest, taxes, depreciation, and amortization
ESMS	–	environmental and social management system
GDP	–	gross domestic product
JKH	–	John Keells Holdings PLC
LEAP	–	Leading Asia's Private Infrastructure Fund
OP PSO	–	Operational Plan for Private Sector Operations
TA	–	technical assistance

NOTES

- (i) The fiscal year (FY) of John Keells Holdings PLC ends on 31 March. "FY" before a calendar year denotes the year in which the fiscal year ends, e.g., FY2021 ended on 31 March 2021.
- (ii) In this report, "\$" refers to United States (US) dollars.

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^a Outposted to the ADB Singapore Office.

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PROJECT AT A GLANCE

1. Basic Data		Project Number: 55143-001	
Project Name	John Keells Modern Retail Infrastructure Expansion Project	Department/Division	PSOD/PSIF1
Country	Sri Lanka		
Investee	John Keells Holdings PLC		
Portfolio at a Glance	https://www.adb.org/Documents/LinkedDocs/?id=55143-001-PortAtaGlance		
2. Sector		ADB Financing (\$ million)	
✓ Agriculture, natural resources and rural development	Subsector(s) Agro-industry, marketing, and trade		40.00
		Total	40.00
3. Operational Priorities		Climate Change Information	
✓ Addressing remaining poverty and reducing inequalities		GHG reductions (tons per annum)	0.000
✓ Accelerating progress in gender equality		Climate Change impact on the Project	Low
✓ Tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability		ADB Financing	
✓ Promoting rural development and food security		Adaptation (\$ million)	0.00
		Mitigation (\$ million)	0.00
		Cofinancing	
		Adaptation (\$ million)	0.00
		Mitigation (\$ million)	0.00
Sustainable Development Goals		Gender Equity and Mainstreaming	
SDG 2.4		Effective gender mainstreaming (EGM)	✓
SDG 5.a			
SDG 8.5		Poverty Targeting	
SDG 9.2		General Intervention on Poverty	✓
4. Nonsovereign Operation Risk Rating - NA			
5. Safeguard Categorization		Environment: B	Involuntary Resettlement: B
			Indigenous Peoples: C
6. Financing			
Modality and Sources		Amount (\$ million)	
ADB			
Nonsovereign Direct Investment: Ordinary capital resources			
Nonsovereign Direct Investment: Ordinary capital resources			
Cofinancing			
Leading Asia's Private Infrastructure Fund (LEAP) (Full ADB Administration)			
Leading Asia's Private Infrastructure Fund (LEAP) (Full ADB Administration)			
Others^a			
Total			
Currency of ADB Financing: Sri Lanka Rupee			

^a Derived by deducting ADB financing and Cofinancing from Total Project Cost.

I. THE PROPOSAL

1. I submit for your approval the following report and recommendation on a proposed equity investment of up to \$40,000,000 (in Sri Lanka rupee [SLRe] equivalent) in John Keells Holdings PLC (JKH) for the John Keells Modern Retail Infrastructure Expansion Project in Sri Lanka. The report also describes the proposed administration of an equity investment of up to \$40,000,000 (in SLRe equivalent) to be provided by the Leading Asia's Private Infrastructure Fund¹ (LEAP), and if the Board approves the proposed equity investment, I, acting under the authority delegated to me by the Board, approve the administration of the equity investment. Further, the report also describes the proposed administration of technical assistance (TA) to be provided by the Canadian Climate Fund for the Private Sector in Asia (CFPS) for Building Capacity for Climate Resilience and Organic Farming among Vegetable and Fruit Growers, and if the Board approves the proposed equity investment, I, acting under the authority delegated to me by the Board, approve the administration of the TA.

2. The project, part of a multi-year, multi-business corporate capital expenditure program, will support the expansion of modern retail infrastructure, including supermarkets and back-end supply chain infrastructure including centralized distribution logistics centers, and climate-resilience training for farmers. These actions will strengthen the market links for farmers and improve access to better-quality food products for consumers. The project will also support gender inclusion. It is fully aligned with the Government of Sri Lanka's goals of creating jobs, enhancing income levels, developing the rural economy, and creating a wide and strong middle class.²

II. THE PROJECT

A. Project Identification and Description

3. **Project identification.** Sri Lanka has been facing significant fiscal challenges in recent years. Growth-slowing shocks such as droughts in 2017, a constitutional crisis in 2018, coordinated terror attacks in 2019, and the coronavirus disease (COVID-19) pandemic in 2020 and 2021 weakened its economy. As a result, the country's gross domestic product (GDP) contracted by 3.6% in 2020, and unemployment rate rose from 4.8% in 2019 to 5.5% in 2020.³ Foreign exchange earnings declined markedly and put pressure on the exchange rate and reserves. The fiscal deficit rose from 8.2% of GDP in 2019 to an estimated 12.5% in 2020 (footnote 3). The country is facing mounting public and external debt: government debt rose to 101.0% of GDP in 2020, and significant debt repayments are coming up during 2022–2026.⁴ The strained finances and reserves have prompted all major credit rating agencies to downgrade the country rating. Sri Lanka is rated CCC+ by S&P Global Ratings and Caa2 by Moody's Investors Service. This has significantly affected the investment climate in the country.

4. 82% of Sri Lanka's total population resides in rural areas, and agriculture remains the backbone of the economy. Almost half of poor rural people are small-scale farmers. Agriculture in Sri Lanka is plagued by issues such as fragmentation of land, unclear land rights, low levels of farmers' knowledge and skills, and a limited focus on research and technology. This has led to low land productivity and volatile production levels. Given its already high temperatures, complex hydrological regime, and exposure to extreme weather events, Sri Lanka is particularly vulnerable

¹ Japan International Cooperation Agency is the financing partner.

² Asian Development Bank (ADB). 2017. [Country Partnership Strategy: Sri Lanka, 2018–2022—Transition to Upper Middle-Income Country Status](#). Manila.

³ ADB. 2021. [Asian Development Outlook 2021: Financing a Green and Inclusive Recovery](#). Manila.

⁴ International Monetary Fund. 2020. [World Economic Outlook Oct 2020](#). Washington, DC.

to climate change. Temperature increases are likely to put further downward pressure on agricultural yields, potentially having a negative impact on national and household food security.⁵

5. COVID-19 and the recent sovereign fiscal issues also brought to the fore food insecurity issues. In May 2021, Sri Lanka's Ministry of Finance placed strict restrictions on the import of fertilizers and agrochemicals, effective immediately.⁶ Although the government pledged to locally produce 1 million tons of organic fertilizers annually to help reduce agrochemical use and support the country's move to organic farming, these capabilities do not yet exist. The Sri Lanka Agricultural Economics Association voiced concerns that the regulation's "immediate adverse impacts on food security, farm incomes, foreign exchange earnings and rural poverty can be detrimental to achieving the cherished long-term goals."⁷

6. Owing to the budgetary targets of reducing the fiscal deficit and controlling the level of sovereign debt, it is difficult for the government to provide additional fiscal stimulus. Catalyzing domestic private investment and attracting higher foreign direct investment are critical for the sustainable growth of Sri Lanka.⁸

7. JKH, a 150-year-old group, is one of the largest listed companies in Sri Lanka and present in all major sectors of the economy: transportation, consumer foods, retail, leisure, property, financial services, and others such as information technology and agricultural plantations. The Asian Development Bank (ADB) identified JKH as a suitable candidate for support because of (i) the leading market position of its businesses, advanced technical and managerial capability, and satisfactory financial performance; (ii) its growth potential across business segments, and (iii) the ability to reach a large number of beneficiaries since it employs more than 20,000 people and engages with more than 8,000 farmers.

8. **Project design.** (Confidential information deleted).

9. **Improved modern retail infrastructure.** The project aims to improve the food supply chain by (i) building and equipping a state-of-the-art distribution logistics center (Confidential information deleted); (ii) expanding modern food retail facilities (Confidential information deleted); and (iii) increasing the collection of fresh produce from farmers. (Confidential information deleted) This will stem post-harvest losses in the value chain and give consumers greater access to safe and nutritive food. (Confidential information deleted). By adding supermarkets, JKH will extend its farmer procurement network and the newly built assets will also increase its domestic purchases by 20%, create 1,500 new jobs (of which 700 will be for women), strengthen livelihoods and livelihood options in rural areas, and boost annual tax payments to the government(Confidential information deleted).

10. **Improved food safety and climate resilience.** Through the complementary TA, the project will build the capacity of 2,000 fruit and vegetable farmers who supply produce to JKH's supermarkets for (i) using best practice and technologies in climate-resilient and organic farming, adapted to the needs of the local context; and (ii) gaining functional financial literacy, including

⁵ ADB and the World Bank Group. 2020. [Climate Risk Country Profile, Sri Lanka](#). Manila and Washington, DC.

⁶ Government of Sri Lanka. 2021. [Import and Exports \(Control\) Regulations No. 07 of 2021](#). *Gazette Extraordinary of the Democratic Socialist Republic Of Sri Lanka*. Gazette No. 2226/48. Colombo (6 May).

⁷ *Sri Lanka Brief*. 2021. [Sri Lanka govt's "organic fertilizer only policy" will lead to a huge drop in agricultural production – SAEA](#). 30 May.

⁸ The total equity investment of up to \$80,000,000 by ADB and LEAP will correspond to about 11.6% of foreign direct investment of \$687 million in Sri Lanka in 2020. Central Bank of Sri Lanka. 2021. *Annual Report for the year 2020*. Colombo.

how to access savings and credit facilities, and understanding the economics of climate-resilient capital investments. This support will help farmers increase their incomes.

11. **Gender context.** Women play an active part in the agriculture sector and the food value chain but have unequal access to skills, extension services, and markets. Women are concentrated in low-productivity and low-income agriculture and in plantation businesses, in assembly-line jobs, and other industries with minimal opportunities for promotion.⁹ Despite positive developments in health and education, gender inequality persists in the Sri Lankan labor market. Women's participation in the economy was only 37% in 2017, compared with 75% for men.¹⁰ Many factors contribute to low women's labor force participation, including the lack of affordable and quality childcare services, disproportionate burden of household work on women, and some workplace cultures that are not supportive of women employees.¹¹

12. **Investee.** JKH is one of the largest listed companies in Sri Lanka (Confidential information deleted). At the end of FY2021, its workforce totaled 20,092. JKH has a diversified presence across almost all major sectors of the local economy.

13. JKH's group-level board of directors comprises two executive and five independent directors. The board is responsible for supervising the overall management of the company and the group, including providing direction and guidance on the formulation of sustainable, high-level strategies; monitoring governance and compliance systems; and reviewing and approving major acquisitions, disposals, and capital expenditure. The board has five subcommittees: audit, human resources and compensation, nominations, related-party transaction review, and project risk assessment. The current chairman and chief executive officer is Krishan Balendra, who joined JKH in 2002 and is a seasoned lawyer and banker by training and experience. The group has a number of subsidiary companies with independent management bodies and boards of directors.

14. ADB conducted integrity due diligence.¹² JKH, its shareholders, ultimate beneficial owners, board members, and senior management do not appear to constitute a significant integrity or reputational risk. ADB's review of JKH does not give ADB cause to believe that JKH is being used for money laundering, terrorism financing, tax secrecy, tax evasion, or tax fraud in Sri Lanka. Tax integrity due diligence was not required.

B. Development Impact, Outcome, and Outputs

15. **Impact.** The project is aligned with the following impacts: (i) local enterprises strengthened, food security ensured, and employment generated; and (ii) climate resilience of the agriculture sector improved through adoption of appropriate adaptation and mitigation measures.¹³

16. **Outcome.** The project's expected outcome will be the expansion of sustainable distribution of quality consumer food products.

17. **Outputs.** The project's expected outputs will be: (i) company's capacities for retail and distribution of consumer products expanded, (ii) local employment with enhanced gender equality generated, (iii) farmers' climate resiliency and financial literacy improved in a gender-sensitive

⁹ ADB. 2015. [Country Gender Assessment: Sri Lanka \(An Update\)](#). Manila.

¹⁰ World Bank. 2018. [Getting to Work: Unlocking Women's Potential in Sri Lanka's Labor Force](#). Washington, DC.

¹¹ UN Women. [UN Women Sri Lanka](#) (accessed 23 September 2021).

¹² ADB. 2003. *Enhancing the Asian Development Bank's Role in Combating Money Laundering and the Financing of Terrorism*. Manila.

¹³ The proposed technical assistance (para. 10) reflects the climate adaptation financing.

manner, (iv) growth of the local economy supported, (v) gender equality in the workplace enhanced, and (vi) plastic waste collection and recycling enhanced.

C. Alignment with ADB Strategy and Operations

18. **Consistency with ADB strategy and country strategy.** The project is consistent with ADB's Strategy 2030¹⁴ and four of its operational priorities: 1—addressing remaining poverty and reducing inequalities (by improving the incomes of farmers and creating jobs); 2—accelerating progress in gender equality (by promoting gender equality through a gender action plan); 3—enhancing environmental sustainability (by promoting the adoption of climate-smart technologies to ensure sustainable use of land and water resources); and 5—promoting rural development and food security (by improving market connectivity, enhancing food safety, and increasing food security).¹⁵ The project is also aligned with ADB's (i) Operational Plan for Private Sector Operations, 2019–2024 (OP PSO),¹⁶ which calls for strengthening ADB's equity operations and rebuilding the portfolio, and mobilizing finance from third parties; and (ii) country partnership strategy, 2018–2022 with Sri Lanka (footnote 2) because it strengthens agricultural infrastructure and commercialization and promotes private sector development.

19. **Consistency with sector strategy and relevant ADB operations.** The project is aligned with ADB's operational plan for priority 5, which focuses on “looking for opportunities to make an impact in the fast-growing branded food, modern retail, and e-commerce sectors driven by the emergence of the urban middle class” (Operational Plans: Overview, para. 42). OP PSO also states that “growing the share of food brands and food retail in the portfolio is another priority as transactions in this downstream subsector have the highest return on capital; the lowest level of risks; and the potential to drive and structure upstream subsectors (e.g., on quality standards, traceability) and impact a large number of farmers and consumers.” (OP PSO, para. 43). The TA will explore opportunities to build synergies with upcoming sovereign operations under the new country partnership strategy, in particular integrated rural development operations.

D. Project Cost and Financing Plan

20. (Confidential information deleted).

21. (Confidential information deleted).

E. Implementation Arrangements

22. (Confidential information deleted).

F. Projected Financial and Economic Performance

23. (Confidential information deleted).

G. Unique Features

24. The project is the ADB's first private sector agribusiness intervention to date in Sri Lanka, and the first private sector infrastructure project in Sri Lanka since 2001. It represents a significant equity investment supporting the growth of a leading conglomerate. The project also promotes an

¹⁴ ADB. 2018. [Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific](#). Manila.

¹⁵ ADB. 2019. [Strategy 2030 – Operational Plans: Overview](#). Manila.

¹⁶ ADB. 2019. [Operational Plan for Private Sector Operations, 2019–2024](#). Manila.

inclusive business because it will integrate farmers coming from the base of the income pyramid. The accompanying TA will further boost the farmers' climate resilience. ADB's Sri Lanka Resident Mission staff are a part of the project team and, in line with the "One ADB" collaboration objectives between sovereign and nonsovereign departments, have provided significant contribution on macro-economic country context and technical inputs on financial and risk analysis.

III. THE PROPOSED ADB ASSISTANCE

A. The Assistance

25. ADB's assistance will comprise: (i) an equity investment of up to \$25,000,000 from ADB's ordinary capital resources, with the option to invest an additional amount of up to \$15,000,000; (ii) an equity investment of up to \$25,000,000 from LEAP, administered by ADB, also with the option to invest an additional amount of up to \$15,000,000,¹⁷ and (iii) a \$500,000 TA grant financed by CFPS under the Clean Energy Financing Partnership Facility. (Confidential information deleted)

B. Value Added by ADB Assistance

26. ADB assistance will add value on three fronts:

- (i) **Providing equity capital and mobilizing co-investment.** ADB will provide equity capital at a time when the investment climate in the country is challenging, and both foreign and domestic liquidity is affected by the pandemic. ADB's investment will improve investor confidence by sending a positive signal to the market. Notably, ADB's investment will mobilize co-investment of up to \$40,000,000 from Japan International Cooperation Agency through LEAP, (Confidential information deleted). The proposed TA also mobilizes \$500,000 in donor funds from CFPS for the entire TA program.
- (ii) **Encouraging best-practice governance and safeguards standards.** ADB will promote higher governance standards (Confidential information deleted). ADB will promote better safeguards practices (Confidential information deleted). The TA will promote climate-smart technologies and food safety standards.
- (iii) **Promoting gender inclusion.** ADB's equity investment and TA will promote gender equality through a gender action plan (Confidential information deleted).

C. Risks

27. (Confidential information deleted).

28. (Confidential information deleted).

29. (Confidential information deleted).

30. (Confidential information deleted).

31. (Confidential information deleted).

32. (Confidential information deleted).

¹⁷ The option to invest a second tranche of up to \$30,000,000 (cumulatively) may be exercised at the investors' sole discretion within the period of 9 to 12 months from the first tranche and is subject to the approval of ADB's Investment Committee.

IV. POLICY COMPLIANCE

A. Safeguards and Social Dimensions

33. ADB has categorized the investment in compliance with its Safeguard Policy Statement (2009) as follows: environment (category B), involuntary resettlement (category B) and indigenous peoples (category C).¹⁸

34. ADB has undertaken due diligence and reviewed the potential environmental and social impacts of the project and the measures to avoid, minimize, mitigate, and compensate for the adverse impacts in the safeguard reports and plans. External consultants conducted an audit of JKH's existing corporate environmental and social management system (ESMS) and its policies and procedures; and also conducted environmental and social compliance audits of samples of subproject sites within the business units that will utilize ADB financing. The environmental and social measures, and the institutional capacity and commitment of JKH to manage the project's social and environmental impacts are deemed adequate.

35. (Confidential information deleted).

36. JKH purchases or rents land for its developments. Land renting is based on the willing lessor, willing lessee principle, wherein rent is determined based on negotiation and local market rates. The audit found no outstanding compensation issues, and no previous cases of eviction or resettlement of communities because of land purchased or leased for the company's developments. However, there are no established procedures for assessing and preparing the required social documents in case of a subproject expansion or unanticipated involuntary resettlement impacts, such as those related to the displacement of informal land users, which would trigger the Safeguard Policy Statement's Safeguard Requirement 2. The proposed ADB-funded subprojects are not expected to affect the dignity directly or indirectly, human rights, livelihood systems, or culture of indigenous peoples, or affect the territories or natural or cultural resources that indigenous peoples own, use, occupy, or claim as ancestral domain or assets. The enhanced ESMS will require appropriate screening and categorization procedures to ensure ADB funds are not used on subprojects that involve Indigenous Peoples impacts.

37. JKH has numerous environmental, health, safety, and social policies and procedures, both at corporate level and in its subsidiaries, to manage, monitor, and report on the environmental, health, safety, and social aspects of its operations. ADB's environmental and social due diligence of the project requires that JKH's ESMS be enhanced with respect to the business units and specific investment activities that receive ADB financing, so as to meet the requirements of the Safeguard Policy Statement. (Confidential information deleted).

38. JKH will (i) apply ADB's prohibited investment activities list to ADB-financed activities in the business units concerned, (ii) ensure that investments using ADB funds comply with the Safeguard Policy Statement and abide by national laws and regulations, and (iii) establish and maintain a subsidiary-specific ESMS satisfactory to ADB before disbursement. The ESMS will set out the requirements, as applicable, for compliance with national labor laws as well as internationally recognized core labor standards, pursuant to ADB's Social Protection Strategy (2001). The ESMS will also contain requirements, as applicable, for information disclosure and consultation with affected people following ADB requirements. JKH will report regularly to ADB on (i) the nature of subprojects and their categorization, (ii) its compliance with the safeguard and social requirements, (iii) its compliance with applicable national and international laws and

¹⁸ ADB. [Safeguard Categories](#).

standards, and (iv) its progress in implementing environmental and social actions.¹⁹ Proposed enhancements to the ESMS will be completed prior to disbursement.

39. **Effective gender mainstreaming.** Following ADB's Policy on Gender and Development (1998),²⁰ JKH took measures to promote gender equality and/or women's empowerment in its business activities. Key features of the gender action plan are (i) more employment of women, (ii) management training for women, (iii) training on farming best practices and financial literacy for women farmers, (iv) subsidized creche services for working parents, and (v) development of an online gender inclusion and diversity awareness module for staff. JKH will submit periodic reports on the implementation of gender measures to ADB.

B. Anticorruption Policy

40. JKH was advised of ADB's policy of implementing best international practice relating to combating corruption, money laundering, and the financing of terrorism. ADB will ensure that the investment documentation includes appropriate provisions prohibiting corruption, money laundering, and the financing of terrorism; and remedies for ADB in the event of noncompliance.

C. Investment Limitations

41. (Confidential information deleted).

D. Assurances

42. Consistent with the Agreement Establishing the Asian Development Bank (the Charter),²¹ ADB will proceed with the proposed assistance upon establishing that the Government of Sri Lanka has no objection to the proposed assistance to JKH. ADB will enter into suitable finance documentation, in form and substance satisfactory to ADB, following approval of the proposed assistance by the Board of Directors.

V. RECOMMENDATION

43. I am satisfied that the proposed equity investment would comply with the Articles of Agreement of the Asian Development Bank (ADB) and recommend that the Board approve the equity investment of up to \$40,000,000 (in Sri Lanka rupee equivalent) from ADB's ordinary capital resources in John Keells Holdings PLC for the John Keells Modern Retail Infrastructure Expansion Project in Sri Lanka, with such terms and conditions as are substantially in accordance with those set forth in this report, and as may be reported to the Board.

Masatsugu Asakawa
President

19 November 2021

¹⁹ Summary Poverty Reduction and Social Strategy (accessible from the list of linked documents in Appendix 2).

²⁰ ADB. 2003. [Policy on Gender and Development](#). Manila.

²¹ ADB. 1966. *Agreement Establishing the Asian Development Bank*. Manila.

DESIGN AND MONITORING FRAMEWORK

Impacts the Project is Aligned with			
Local enterprises strengthened, food security ensured, and employment generated (National Policy Framework: Vistas of Prosperity and Splendour 2020–2025) ^a			
Climate resilience of agriculture sector improved through adoption of appropriate adaptation and mitigation measures (National Agriculture Policy) ^b			
Results Chain	Performance Indicators	Data Sources and/or Reporting Mechanisms	Risks and Critical Assumptions
Outcome Sustainable distribution of quality consumer food products expanded	By 2026: ^c a. Total annual sales from the retail and distribution businesses increased (Confidential information deleted) b. No. of farmers linked to the retail and distribution businesses' procurement increased (Confidential information deleted) (OP5.2)	a.–b. Company's annual development effectiveness monitoring report	R: COVID-19 pandemic and unusual supply and demand dynamics in the market affect volume and prices.
Outputs 1. Company's capacities for retail and distribution, of consumer products expanded 2. Local employment with enhanced gender equality generated 3. Farmers' climate resiliency and financial literacy improved in a gender-sensitive manner	By 2026: 1a. (Confidential information deleted)New supermarkets constructed and operated, (Confidential information deleted) (OP5.2.2) 1b. A new distribution logistics center (Confidential information deleted) (OP5.2.2) 2a. Employment created during the operation of retail and distribution businesses increased (Confidential information deleted) (OP1.2) 2b. (Confidential information deleted)Participants in JKH's Management Trainee Programme are women (Confidential information deleted) 3a. (Confidential information deleted) Farmers in Sri Lanka (of which at least 30% are women farmers) trained in best practices for climate-resilient vegetable and fruit farming (Confidential information deleted) (OP3.2)	1–6. Company's annual development effectiveness monitoring report	R: Construction delays because of force-majeure events (i.e., natural phenomena) R: Inflation and unexpected market changes lead to cost overruns.

Results Chain	Performance Indicators	Data Sources and/or Reporting Mechanisms	Risks and Critical Assumptions
<p>4. Growth of local economy supported</p> <p>5. Gender equality in the workplace enhanced</p> <p>6. Plastic waste collection and recycling enhanced</p>	<p>3b. (Confidential information deleted) Farmers in Sri Lanka (of which at least 30% are women farmers) trained in functional financial literacy (Confidential information deleted) (OP1.1.1)</p> <p>3c. Development of demonstration farms to facilitate farmer training (Confidential information deleted)</p> <p>4. Combined total annual domestic purchases during construction and operation of the retail and distribution businesses increased (Confidential information deleted)</p> <p>5a. Subsidized creche services made available to working parents (Confidential information deleted)</p> <p>5b. An online gender inclusion and diversity awareness module for staff developed (Confidential information deleted) (OP2.3.2)</p> <p>6a. Collection bin network expanded to outside of Colombo (Confidential information deleted)</p> <p>6b. The volume of plastic bottle collection is increased (Confidential information deleted)</p>		

Key Activities with Milestones

Outputs (1) Company's capacities for retail and distribution of consumer products expanded and (4) growth of local economy supported:

A. Construction of the new supermarkets and the (Confidential information deleted).

Output 2: Local employment with enhanced gender equality generated

2.1. Construction of the new supermarkets and (Confidential Information deleted).

2.2. Women hired for the retail and distribution operations (Confidential Information deleted).

2.3. Women identified to participate in JKH's Management Trainee Programme (Confidential Information deleted).

Output 3: Farmers' climate resiliency and financial literacy improved in a gender-sensitive manner

3.1. Female and male farmers to be trained identified (Confidential Information deleted).

3.2. Farmer training materials developed and facilitator identified (Confidential Information deleted).

3.3. Setting up of demonstration farms initiated (Confidential Information deleted).

Output 5: Gender equality of the workplace enhanced

- 5.1. Subsidized creche service provider identified (Confidential Information deleted).
 5.2. Content of online gender inclusion and diversity awareness module curated (Confidential Information deleted).

Output 6: Plastic waste collection and recycling expanded

- 6.1. Establishment of collection bins outside Colombo to be initiated (Confidential Information deleted).

Inputs

ADB: \$40 million (ordinary capital resources)

LEAP: \$40 million

CFPS (TA): \$0.5 million

JKH: (Confidential information deleted)

ADB = Asian Development Bank, CFPS = Canadian Climate Fund for the Private Sector in Asia, COVID-19 = coronavirus disease, JKH = John Keells Holdings PLC, LEAP = Leading Asia's Private Infrastructure Fund, lpa = liters per annum, N/A = not applicable, OP = operational priority, SLRs = Sri Lanka rupees, TA = technical assistance.

^a Government of Sri Lanka. 2019. [National Policy Framework: Vistas of Prosperity and Splendour](#). Colombo.

^b Government of Sri Lanka, Ministry of Agriculture. 2021. [National Agriculture Policy](#).

^c Company fiscal year is from April to March. Targets are set for FY2024 (April 2023 to March 2024) and baseline of FY2021 (April 2020 to March 2021).

^d Rural areas are areas other than Colombo, including the greater Colombo area, Kandy city area, and Galle city area.

^e Purpose is to provide staff with the option to access an external subsidized pre-school facility managed by a professional childcare provider vetted by JKH. JKH has identified a potential third-party vendor to provide the service to staff. The service is being introduced for the first time and will be open to working parents in the Group.

Contribution to Strategy 2030 Operational Priorities

Expected values and methodological details for all OP indicators to which this project will contribute results are detailed in Contribution to Strategy 2030 Operational Priorities (accessible from the list of linked documents in Appendix 2).

Source: Asian Development Bank.

LIST OF LINKED DOCUMENTS

<http://www.adb.org/Documents/RRPs/?id=55143-001-4>

1. Sector Overview
2. Client Information
3. Details of Implementation Arrangements
4. Contribution to Strategy 2030 Operational Priorities
5. Financial Analysis
6. Economic Analysis
7. Country Economic Indicators
8. Summary Poverty Reduction and Social Strategy
9. Environmental and Social Management System: Audit Findings and Details of Arrangement
10. Gender Action Plan
11. Attached Technical Assistance Report