



### Project Summary Information

Date: September 24, 2020	
<b>Project Name</b>	Sri Lanka COVID-19 Emergency and Crisis Response Facility
<b>Document Code</b>	P000408
<b>Country</b>	The Democratic Socialist Republic of Sri Lanka (Sri Lanka)
<b>Sector/Subsector</b>	Finance / Financial Intermediary
<b>Status of Financing</b>	Proposed
<b>Project Description</b>	<p>The proposed project will provide sovereign-backed loans to two state-owned banks, Bank of Ceylon (BOC) and People's Bank (PB). The project intends to address the urgent need for liquidity by providing credit to corporates and small and medium-sized private enterprises (SMEs). These companies are facing short-term funding challenges due to the outbreak of the COVID-19 pandemic and the continued provision of credit is necessary to support the productive capacity of the country.</p> <p>BOC and PB will on-lend the proceeds to corporates and SMEs in the form of short-term working capital loans. Sri Lanka will be the guarantor of the proposed loans.</p> <p>This project will be processed under the AIIB's COVID-19 Recovery Facility (CRF), a framework designed to assist members in responding to the COVID-19 pandemic.</p>
<b>Objective</b>	To provide financing support and increase the supply of liquidity to corporate and small-medium sized private enterprises in Sri Lanka affected by the economic upheaval due to COVID-19.
<b>Expected Results</b>	The project intends to mitigate the financial shock stemming from the COVID-19 pandemic and preserve productive capacity by supporting the flow of credit to corporates and SMEs operating in affected sectors. The expected results may be measured by the quantum of financing made available to final beneficiaries and the number of beneficiaries reached. The project is also expected to indirectly support maintained economic activity and employment provided by the final beneficiaries.
<b>Environmental &amp; Social Category</b>	FI
<b>Environmental and Social Information</b>	AIIB's Environmental and Social Policy (ESP) including the Environmental and Social Standards (ESS) and Environmental and Social Exclusion List (ESEL) applies to this project. The project has been categorized as Category FI and an Environmental and Social Management System (ESMS), which

	<p>BOC and PB will be required to apply to AIIB-financed subprojects, is in place as a result of an ongoing ADB-financed project. The proposed due diligence will confirm the functioning of the ESMS, which will be updated to comply with the ESP. The ESMS will exclude financing of Category A sub-projects and other higher environmental and social risk sub-projects, to be further defined during the due diligence.</p> <p>The environmental risks are expected to be “site-specific”, temporary and readily addressed through standard mitigation measures and compliance with national laws. Social risks may arise from the project’s focus on formal SMEs and the challenge in ensuring small businesses in rural areas with less connectivity have equal access to funding under the project.</p> <p>Communities and individuals who believe that they are adversely affected as a result of this project may submit complaints to the existing project level (at head-offices of BOC and PB) and sub-project level (at each of the participating bank branches) grievance redress mechanisms that have been already set up by BOC and PB in their enhanced ESMS.</p>
<b>Cost and Financing Plan</b>	AIIB Loan: Up to USD200 million
<b>Guarantor</b>	Democratic Socialist Republic of Sri Lanka
<b>Borrowers</b>	Bank of Ceylon (BOC) and People’s Bank (PB)
<b>Estimated Date of Loan Closing</b>	June 2022

<b>Contact Points:</b>	<b>AIIB</b>	<b>Ministry of Finance of Sri Lanka</b>	<b>Bank of Ceylon</b>	<b>People's Bank</b>
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<b>Estimated Date of Appraisal Decision</b>	October 2020			
<b>Estimated Date of Financing Approval</b>	December 2020			

<b>Independent Accountability Mechanism</b>	<p>The Project-affected People's Mechanism (PPM) has been established by AIIB to provide an opportunity for an independent and impartial review of submissions from project-affected people who believe they have been or are likely to be adversely affected by AIIB's failure to implement its ESP in situations when their concerns cannot be addressed satisfactorily through project / sub-project level Grievance Redress Mechanisms or AIIB Management's processes.</p> <p>Information on the PPM is available at:  <a href="https://www.aiib.org/en/policies-strategies/operational-policies/policy-on-the-project-affected-mechanism.html">https://www.aiib.org/en/policies-strategies/operational-policies/policy-on-the-project-affected-mechanism.html</a></p>
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