Early Warning System

ADB-50349-002

Small and Medium-sized Enterprises Credit Guarantee Institution

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Quick Facts

Countries	Sri Lanka
Financial Institutions	Asian Development Bank (ADB)
Status	Approved
Bank Risk Rating	U
Voting Date	2024-03-15
Borrower	Government of Sri Lanka
Sectors	Finance, Industry and Trade
Investment Type(s)	Advisory Services, Loan
Investment Amount (USD)	$ 100.50 million
Loan Amount (USD)	$ 100.00 million
Project Cost (USD)	$ 100.50 million

Project Description

According to the bank, "the proposed $100 million loan would support the establishment of the Small and Medium-sized Enterprises (SMEs) Credit Guarantee Institution, a new nonbank financial institution that would help SMEs to access commercial loans."

The proposed financial intermediation loan (FIL) project will support small and medium-sized enterprises (SMEs) through two components: (i) a new SME line of credit (SMELOC2) for those affected by the 2022 economic crisis to provide emergency working capital (SMELOC2 component); and (ii) a loan to the government for equity infusion into the National Credit Guarantee Institution Limited (NCGI), which will provide partial credit guarantees (PCG) on investment loans to SMEs with inadequate or no collateral (PCG component).

The project will help SMEs by enhancing access to finance and strengthening their capacity to adapt their business models to external changes, including those caused by climate change. The project is designed to particularly support women entrepreneurs who are often disadvantaged, as well as promote climate adaptation and mitigation activities. The implementation of both components is supported by ongoing technical assistance (TA), which was approved in January 2022.

Early Warning System Project Analysis

The ADB categorized the project E&S risks as 'FI'.

Investment Description

- Asian Development Bank (ADB)

Contact Information

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Responsible ADB Department South Asia Department

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ACCOUNTABILITY MECHANISM OF ADB

The Accountability Mechanism is an independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an Asian Development Bank-financed project. If you submit a complaint to the Accountability Mechanism, they may investigate to assess whether the Asian Development Bank is following its own policies and procedures for preventing harm to people or the environment. You can learn more about the Accountability Mechanism and how to file a complaint at: http://www.adb.org/site/accountability-mechanism/main

Bank Documents

- Project Disclosure PDF [Original Source]
- Small and Medium-sized Enterprises Credit Guarantee Institution: Initial Poverty and Social Analysis [Original Source]
- Small and Medium-sized Enterprises Credit Guarantee Institution: Project Data Sheet (Sinhala Transla [Original Source]
- Small and Medium-sized Enterprises Credit Guarantee Institution: Project Data Sheet (Tamil Translati [Original Source]

Other Related Projects

- ADB-50349-003 Enhancing Small and Medium-Sized Enterprises Financial Services Outreach