



Sri Lanka: Rural Finance Sector Development (Project Loan)

Project Name	Rural Finance Sector Development (Project Loan)		
Project Number	34320-013		
Country / Economy	Sri Lanka		
Project Status	Closed		
Project Type / Modality of Assistance	Loan		
Source of Funding / Amount	Loan 2040-SRI: Rural Finance Sector Development (Program Loan)		
	Ordinary capital resources		US\$ 50.00 million
	Loan 2041-SRI: Rural Finance Sector Development (Project Loan)		
	Ordinary capital resources		US\$ 10.00 million
	Loan 2042-SRI: Rural Finance Sector Development		
	Asian Development Fund		US\$ 10.00 million
Strategic Agendas	Inclusive economic growth		
Drivers of Change	Gender Equity and Mainstreaming Governance and capacity development		
Sector / Subsector	Finance / Banking systems and nonbank financial institutions - Finance sector development - Inclusive finance		
Gender	Gender equity		
Description	The project loan objective is to strengthen key sector institutions for providing training in Rural Finance (RF), efficient service delivery, sector supervision, and outreach expansion. These will increase the access of rural households to adequate and demand adapted RF services.		
Project Rationale and Linkage to Country/Regional Strategy	TBD The poverty partnership agreement between the Government and ADB emphasizes on employment generation, pro-poor asset creation, promotion of RF intermediation, and a larger role of the private sector for sustainable growth. ADB's country strategy for Sri Lanka underlines the need for a suitable regulatory framework for rural finance institutions (RFIs) and greater access to rural finance through RFIs, including microfinance NGOs. The Project will support rural micro and small enterprises for income expansion and employment generation.		
Impact	Reduce poverty level and facilitate economic growth in rural Sri Lanka		

Project Outcome

Description of Outcome	Establish a sustainable RF system through policy, legal, regulatory, and institutional reforms
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Progress Toward Outcome

Implementation Progress

Description of Project Outputs	Conducive Policies for RF development Legal framework for supervising RFIs Facilitating the recovery of dues from RFI defaulters Cooperative Rural Bank (CRB) Reforms Regional Development Banks (RDB) Reforms National Development Trust Fund (NDTF) Reform Samurdhi Banking Societies (SBS reforms) Redefining Rural Economy Resuscitation fund (RERF) Expansion of RF services in the conflict-affected areas Development of RF related training capacity of Center for Banking Studies Rural enterprise development
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Status of Implementation Progress (Outputs, Activities, and Issues)

Geographical Location

Safeguard Categories

Environment	B
Involuntary Resettlement	
Indigenous Peoples	

Summary of Environmental and Social Aspects

Environmental Aspects
Involuntary Resettlement
Indigenous Peoples

Stakeholder Communication, Participation, and Consultation

During Project Design	TBD
During Project Implementation	TBD

Business Opportunities

Consulting Services	A total of 58 person-months of international and 628 person-months of domestic consulting services will be financed by the ADF project loan. Consulting services will support building sector capacity (82 person-months); RFI restructuring (307 person-months); developing financial infrastructure (120 person-months); and project implementation support (177 person-months). The consultants will be recruited in accordance with ADB's Guidelines on the Use of Consultants and arrangements for the engagement of domestic consultants satisfactory to ADB. Quality and cost-based selection (QCBS) method and simplified procedures will be used for consultant selection. Consultants will be recruited by MPDI on behalf of all IAs.
Procurement	Procurement of Goods and services will be in accordance with ADB's Guidelines for Procurement. Expenditure procedures will be in accordance with ADB's Loan Disbursement Handbook.

Responsible ADB Officer	Bertsch, Natalie D.
Responsible ADB Department	South Asia Department
Responsible ADB Division	Public Management, Financial Sector and Trade Division, SARD
Executing Agencies	Ministry of Finance and Planning Ms. Melanie Gamage UPALI@ERD.GOV.LK P.O. Box 277 The Secretariat Building, Colombo 1 Sri Lanka

Timetable	
Concept Clearance	01 Mar 2000
Fact Finding	17 Mar 2003 to 11 Apr 2003
MRM	05 Jun 2003
Approval	11 Dec 2003
Last Review Mission	-
PDS Creation Date	17 Oct 2006
Last PDS Update	26 May 2011

Loan 2040-SRI

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
11 Dec 2003	21 Jan 2004	12 May 2004	30 Jun 2008	-	30 Jun 2008

Financing Plan		Loan Utilization			
	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	50.00	Cumulative Contract Awards			
ADB	50.00	17 Jun 2022	35.25	0.00	100%
Counterpart	0.00	Cumulative Disbursements			
Cofinancing	0.00	17 Jun 2022	35.25	0.00	100%

Status of Covenants						
Category	Sector	Safeguards	Social	Financial	Economic	Others
Rating	Satisfactory	Satisfactory	-	Satisfactory	-	Satisfactory

Loan 2041-SRI

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
11 Dec 2003	21 Jan 2004	12 May 2004	30 Jun 2008	-	30 Jan 2009

Financing Plan		Loan Utilization			
	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	10.00	Cumulative Contract Awards			
ADB	10.00	17 Jun 2022	8.37	0.00	100%
Counterpart	0.00	Cumulative Disbursements			
Cofinancing	0.00	17 Jun 2022	8.37	0.00	100%

Status of Covenants						
Category	Sector	Safeguards	Social	Financial	Economic	Others
Rating	Satisfactory	Satisfactory	-	Satisfactory	-	Satisfactory

Loan 2042-SRI

Milestones						
Approval	Signing Date	Effectivity Date	Closing			
			Original	Revised	Actual	
11 Dec 2003	21 Jan 2004	12 May 2004	30 Jun 2008	-	14 Feb 2012	

Financing Plan			Loan Utilization			
	Total (Amount in US\$ million)		Date	ADB	Others	Net Percentage
Project Cost	10.00		Cumulative Contract Awards			
ADB	10.00		17 Jun 2022	5.58	0.00	100%
Counterpart	0.00		Cumulative Disbursements			
Cofinancing	0.00		17 Jun 2022	5.58	0.00	100%

Status of Covenants						
Category	Sector	Safeguards	Social	Financial	Economic	Others
Rating	Satisfactory	Satisfactory	-	Satisfactory	-	Satisfactory

Project Page	https://www.adb.org/projects/34320-013/main
Request for Information	http://www.adb.org/forms/request-information-form?subject=34320-013
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