



### Project Summary Information

Date: February 25, 2021	
<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>	Approved
<b>Project Description</b>	<p>The project will be supported by two sovereign-backed loans, one to each of two state-owned banks, Bank of Ceylon (BOC) and People's Bank (PB). The project will 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 coronavirus disease (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 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 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 the coronavirus disease pandemic.
<b>Expected Results</b>	The project is designed to mitigate the financial shock stemming from the COVID-19 pandemic and preserve productive capacity by maintaining 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, including SMEs, and the number of beneficiaries reached. The project is also expected to indirectly maintain economic activity and employment provided by the final beneficiaries.
<b>Environmental &amp; Social Category</b>	FI

<b>Environmental and Social Information</b>	<p>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.</p> <p>The project has been categorized as Category FI. An Environmental and Social Management System (ESMS), which BOC and PB will be required to apply to AIIB-financed subprojects, is in place as a result of an existing ADB-supported project. The ESMS of each borrowing bank will be updated to comply with the ESP and will be used as the Project's environmental and social (ES) instruments. During due diligence, the Project Team confirmed that the ESMS is functioning at both banks and that they will update their respective ESMS to align and comply with AIIB's ESP.</p> <p>The Loans will only finance working capital sub-loans covering the payment of operating expenses, short-term non-financial assets (inventories, trade receivables) and short-term non-financial liabilities. The following will be excluded from eligibility for AIIB financing: refinancing of existing loans; sub-loans for modernization, rehabilitation or expansion of existing business or new initiatives; any Category A activities and other higher ES risk activities (i.e., activities that may potentially result in (i) land acquisition or involuntary resettlement, (ii) risk of adverse impacts on Indigenous Peoples and/or vulnerable groups, (iii) significant risks to or impacts on the environment, community health and safety, biodiversity, and cultural resources, (iv) significant retrenchment, and/or (v) significant occupational health and safety risks).</p> <p>The ES risks of activities financed under the project are expected to mostly be Category C and readily addressed through standard mitigation measures and compliance with the national laws. Social risks may arise from the project's focus on large corporates and the challenge of providing SMEs in rural areas with less connectivity with 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 (GRMs) that have already been set up by <a href="#">BOC</a> and <a href="#">PB</a> under their enhanced ESMS.</p>
<b>Cost and Financing Plan</b>	AIIB Loans: USD180 million (USD90 million in equal amounts to each borrower)
<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>	September 2022

<b>Contact Points:</b>	<b>AIIB</b>	<b>The Democratic Socialist Republic of Sri Lanka</b>	<b>Bank of Ceylon</b>	<b>People's Bank</b>
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<b>Date of Appraisal Decision</b>	December 2020			
<b>Date of Financing Approval</b>	February 25, 2021			

<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 GRMs 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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