

ASIAN DEVELOPMENT BANK MEMBER FACT SHEET

Sri Lanka: 2018 Committed Loans, Grants, and Technical Assistance (\$ million)

Loans		Technical Assistance		Grants	Total
Sovereign	Nonsovereign	Assistance	Grants		
472.50	35.00	8.47	25.00	540.97	

Notes: Commitment is the financing approved by the ADB Board of Directors or Management for which the investment agreement has been signed by the borrower, recipient, or the investee company and ADB.

Grants and technical assistance include ADB-administered cofinancing.

Sri Lanka: Cumulative Lending, Grant, and Technical Assistance Commitments^{a, b, c}

Sector	No.	Total Amount (\$ million) ^d	% ^d
Agriculture, Natural Resources, and Rural Development	132	1,418.85	14.70
Education	41	786.33	8.15
Energy	61	1,516.36	15.71
Finance	57	1,140.91	11.82
Health	15	93.20	0.97
Industry and Trade	29	249.41	2.58
Multisector	16	172.97	1.79
Public Sector Management	34	253.83	2.63
Transport	83	2,697.46	27.95
Water and Other Urban Infrastructure and Services	64	1,321.42	13.69
Total	532	9,650.75	100.00

^a Grants and technical assistance include ADB-administered cofinancing.

^b Includes sovereign and nonsovereign loans and technical assistance.

^c Using primary sector in reporting of commitments.

^d Numbers may not sum precisely because of rounding.

Sri Lanka: Ordinary Capital Resources Nonsovereign Commitments by Product, 2007–2018

No. of Transactions Signed	Amount (\$ million)
Loans	226.50
Equity Investments	-
Guarantees	-
Total	226.50

- = nil.

ADB, as a leading multilateral development partner of Sri Lanka, continues its focus on building high-quality infrastructure in the transport, energy, and urban sectors, and also contributes to the government's key development goals of economic diversification, job creation, income enhancement, and rural economic development.

SRI LANKA

Over the past decade, Sri Lanka has made rapid strides toward its development goals, halving its poverty rate to low single digits and improving human development. While the country now stands close to reaching upper-middle income status, it needs to foster more inclusive and sustainable momentum for economic growth. In 2018, Sri Lanka's economic growth remained subdued as it faced challenges stemming from domestic and external factors.

Since 1966, the Asian Development Bank (ADB) has been a strong partner in the development of Sri Lanka, signing loans, grants, and technical assistance totaling \$9.7 billion, and making ADB the country's largest source of multilateral development assistance.

Cumulative loan and grant disbursements to Sri Lanka amount to \$6.8 billion. These were financed by regular and concessional ordinary capital resources (OCR), the Asian Development Fund, and other special funds. From 1 January 2019, Sri Lanka can borrow only from ADB's regular OCR window.

ADB-SUPPORTED PROJECTS AND PROGRAMS

ADB's country partnership strategy, 2018–2022 for Sri Lanka, focuses on building high-quality infrastructure in the transport, energy, and urban sectors. The bank's operations also contribute to the Government of Sri Lanka's key development goals of job creation, income enhancement, and rural economic development.

In February 2018, ADB committed additional financing of \$75 million as a credit line for 10 commercial banks to support micro, small, and medium enterprises (MSMEs)—mainly those operating outside Colombo, led by women, or first-time bank borrowers. The credit line project is included in the



government's flagship financing initiative, Enterprise Sri Lanka, to enhance entrepreneurship in the country. In July 2018, ADB committed a \$12.5 million grant and technical assistance package for the Women Entrepreneurs Finance Initiative to incentivize banks to provide a principal paydown on loans for women-led MSMEs. Under the ongoing Capital Market Development Program, ADB is supporting legal, regulatory, and institutional reforms as part of an overarching macroeconomic reform package led by the International Monetary Fund.

In education and training, ADB committed a results-based loan of \$100 million in May 2018 as additional financing for skills enhancement in Sri Lanka. The financing will support government efforts to increase youth employability by meeting labor market demands for particular skills. Meanwhile, the ongoing Education Sector Development Program has expanded science education in rural areas; introduced technology education to help school graduates diversify their careers; and upgraded the quality of teaching, training institutions, and educational facilities.

In agriculture, ADB committed the second tranche of Mahaweli Water Security Investment Program in May 2018. The financing will help deliver water from Sri Lanka's wet zone to its north central and northern dry zones, allowing for agricultural and municipal use on a sustainable basis.

Sri Lanka has achieved 100% electrification, and new or ongoing projects continue to develop renewable energy sources, improve energy efficiency, strengthen power system reliability, and support energy sector reform. In 2017 and 2018, ADB committed loans of \$200 million to help fund wind and solar power generation to improve the country's energy security.

In October 2018, after a gap of several decades, ADB reengaged with Sri Lanka's health sector through a grant of \$12.5 million and a concession loan of \$37.5 million for the Health System Enhancement Project. The project will improve primary health care in four underserved provinces, strengthen health information systems and disease surveillance capacity, and develop policies and capacities in the health sector.

In transport, ADB's \$1.7 billion multitranche financing facility for integrated road investment programs are improving 6,500 kilometers of rural access roads across all nine provinces of Sri Lanka. In the urban sector, the Jaffna Kilinochchi Water Supply Project is financing the construction of a water desalination plant that will process 24,000 cubic meters a day to provide piped drinking water to 300,000 people on the Jaffna Peninsula.

NONSOVEREIGN OPERATIONS

As a catalyst for private investments, ADB provides financial assistance to nonsovereign projects and financial intermediaries. Total commitments from ADB's own funds (in equity and direct loans) in 2018 amounted to \$3.14 billion for 32 transactions in economic and social infrastructure, the finance sector, and agribusiness. ADB also actively mobilizes cofinancing from commercial and concessional sources. In 2018, ADB mobilized \$3.17 billion of long-term cofinancing and \$3.99 billion of cofinancing in trade finance, microfinance, and supply chain finance programs. Total outstanding balances and commitments of nonsovereign

Sri Lanka: Project Success Rates

Year	Success Rate (%)	No. of Independently Evaluated Projects and Programs
2008	75.0	4
2009	100.0	1
2010	75.0	4
2011	50.0	6
2012	40.0	5
2013	60.0	5
2014	100.0	1
2015	–	1
2016	100.0	2
2017	50.0	4
2018	100.0	1
Total	61.8	34

Note: "Year" refers to the circulation year of the project completion report (PCR). The success rates reported are based on the ratings from validated PCRs and independently evaluated performance evaluation reports only and do not include self-evaluations. With small sample sizes, success rates do not necessarily represent country operations performance.

Source: PCR validation reports and project/program performance evaluation reports ratings database as of 31 December 2018.

Sri Lanka: Portfolio Performance Quality Indicators for Sovereign Lending and Grants, 2017–2018

No. of Ongoing Loans ^a (as of 31 Dec 2018)	2017 (\$ million)		2018 (\$ million)	
	2017 (\$ million)	2018 (\$ million)	2017 (\$ million)	2018 (\$ million)
Contract Awards ^{b,c}	399.02	538.18	378.51	496.15
Disbursements ^b	378.51	496.15	2	2
No. of Ongoing Grants ^a (as of 31 Dec 2018)	2017 (\$ million)		2018 (\$ million)	
Contract Awards ^{b,c}	7.15	1.19	7.50	(0.06)
Disbursements ^{b,d}	7.50	(0.06)	6	6
Actual Problem Projects (%) (as of 31 Dec 2018)				

○ = negative.

^a Based on commitments.

^b Includes closed loans/grants that had contract awards or disbursements during the year.

^c Excludes policy-based lending/grants.

^d Includes only Asian Development Fund and other ADB special funds.

Sri Lanka: Projects Cofinanced, 1 January 2014–31 December 2018

Cofinancing	No. of Projects	Amount (\$ million)
Projects ^a	11	2,150.10
Grants	3	16.30
Official loans	5	377.50
Commercial cofinancing	4	1,756.30
Technical Assistance Grants	6	10.49

^a A project with more than one source of cofinancing is counted once.

Sri Lanka: Share of Procurement Contracts for Loan, Grant, and Technical Assistance Projects

Item	2017		2018		Cumulative (as of 31 Dec 2018)	
	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total
Goods, Works, and Related Services	219.68	2.15	347.17	2.77	4,346.25	2.40
Consulting Services	12.83	1.72	4.98	0.72	121.38	0.96
Total Procurement	232.51	2.12	352.15	2.66	4,467.63	2.31

Top 5 Contractors/Suppliers from Sri Lanka Involved in Goods, Works, and Related Services Contracts under ADB Loan and Grant Projects, 1 January 2014–31 December 2018

Contractor/Supplier	Sector	Contract Amount (\$ million)
Maga Engineering Pvt. Ltd.	TRA	121.96
Sierra Construction Pvt. Ltd.	TRA, WUS	84.15
LTL Projects (Pvt) Ltd	ENE	81.65
K.D. Ebert & Sons Holdings Pvt. Ltd.	TRA	80.79
CML Edwards Construction Pvt. Ltd.	ANR, TRA	61.12
Others		875.75
Total		1,305.43

ANR = agriculture, natural resources, and rural development; ENE = energy; TRA = transport; WUS = water and other urban infrastructure and services.

Top 5 Consultants from Sri Lanka Involved in Consulting Services Contracts under ADB Loan, Grant, and Technical Assistance Projects, 1 January 2014–31 December 2018

Consultant	Sector	Contract Amount (\$ million)
MG Consultants Pvt. Ltd.	TRA	8.21
SMEC Sri Lanka (Ocyana Consultants Pvt. Ltd.)	WUS	4.75
Eng'g. Consultants, M/S Geo Tech. Cons. (JV)	ANR	4.28
Resources Development Consultants Pvt. Ltd.	WUS	2.89
Greentech Human Resource Development Pvt. Ltd.	WUS	1.96
Individual Consultants		11.02
Others		8.66
Total		41.76

ANR = agriculture, natural resources, and rural development; TRA = transport; WUS = water and other urban infrastructure and services.

transactions funded by ADB's own resources stood at \$12.7 billion as of 31 December 2018.

COFINANCING

Cofinancing operations enable ADB's financing partners, governments or their agencies, multilateral financing institutions, and commercial organizations to participate in financing ADB projects. The additional funds are provided in the form of official loans and grants, technical assistance, other concessional financing, and commercial cofinancing such as B loans, risk transfer arrangements, parallel loans and equity, guarantee cofinancing, and cofinancing for transactions under ADB's [Trade Finance Program](#) and [Supply Chain Finance Program](#).

ADB began cofinancing operations in Sri Lanka in 1977. Since then, cumulative direct value-added official cofinancing commitments for Sri Lanka have amounted to \$1.05 billion for 39 investment projects and \$26.36 million for 39 technical assistance projects. Cumulative direct value-added commercial cofinancing for Sri Lanka has amounted to \$2.2 billion for four investment projects.

In 2018, Sri Lanka received \$12.5 million in grant cofinancing from the [Japan Fund for Poverty Reduction](#) and Women's Entrepreneurs Finance Initiative for two investment projects.

A summary of projects with cofinancing from 1 January 2014 to 31 December 2018 is available at www.adb.org/countries/sri-lanka/cofinancing.

PARTNERSHIPS

ADB is one of Sri Lanka's major development partners and actively discusses cofinancing opportunities with other development partners.

Coordination among development partners is strong in Sri Lanka, with major organizations meeting regularly to share information. ADB missions meet with relevant stakeholders on the processing and implementation of projects. ADB also interacts bilaterally with major development partners—such as the World Bank, the Japan International Cooperation Agency, and the International Monetary Fund—on specific activities.

ADB also engages with the private sector in Sri Lanka to strengthen the effectiveness, quality, and sustainability of the assistance it provides.

PROCUREMENT

Each year, ADB provides loans, grants, and technical assistance to fund projects and activities in its developing member countries and several billion dollars in contracts to procure goods, works, and consulting services. Most contracts are awarded on the basis of international competition, which is open to firms and individuals from any ADB member, regional or nonregional.

Share of ADB's Procurement Contracts

Goods, Works, and Related Services

ADB's procurement contracts in Asia and the Pacific for goods, works, and related

services under loan and grant operations totaled \$10.2 billion in 2017 and \$12.55 billion in 2018. Cumulative procurement since 1966 has been \$180.86 billion covering 215,461 contracts.

In Sri Lanka, 15,054 contracts worth \$4.35 billion have been awarded to contractors and suppliers since 1966.

Consulting Services

ADB's procurement contracts in Asia and the Pacific for consulting services under loan, grant, and technical assistance operations totaled \$746.79 million in 2017 and \$696.18 million in 2018. Cumulative procurement since 1966 has been \$12.7 billion covering 59,248 contracts.

In Sri Lanka, 1,418 contracts worth \$121.38 million have been awarded to consultants since 1966.

OPERATIONAL CHALLENGES

In 2018, Sri Lanka's development was affected by insufficient budgetary allocations and delays in the release of counterpart funds. The government also experienced difficulty in recruiting suitably qualified project management staff, while poor contractor performance continued to affect progress in some sectors.

Project implementation in Sri Lanka is affected by lengthy land acquisition procedures and procurement delays caused by approvals being required from different government levels. Regular portfolio review meetings—involving ADB, the government, the executing agencies—help resolve project implementation issues and foster information sharing. Regular

review missions are also conducted by ADB staff to provide support for implementation on the ground.

Through technical assistance, ADB is helping improve project readiness and portfolio management and build capacity, particularly in new implementing and executing agencies.

FUTURE DIRECTIONS

ADB plans to commit an average of \$800 million annually in sovereign

loans to Sri Lanka during 2018–2022. Over the period, the bank's operations will focus on strengthening drivers of growth by diversifying Sri Lanka's economy and enhancing productivity, and improving the quality of growth by promoting inclusiveness. Priority investments for economic diversification and productivity enhancement will focus on building infrastructure (transport, energy, and urban), developing an economic corridor, and enhancing human capital. Priority investments

to promote inclusiveness will include strengthening agriculture infrastructure and commercialization, improving rural connectivity, improving public service delivery, and expanding access to finance for MSMEs.

ABOUT SRI LANKA AND ADB

ADB Membership

Joined 1966

Shareholding and Voting Power

Number of shares held:	61,560 (0.579% of total shares)
Votes:	101,257 (0.761% of total membership, 1.171% of total regional membership)
Overall capital subscription:	\$856.17 million
Paid-in capital subscription:	\$42.82 million

Contributions to Special Funds Resources

Sri Lanka has contributed to the Technical Assistance Special Fund (TASF), which provides grants to borrowing members to help prepare projects and undertake technical or policy studies.

Contributions to the TASF (committed): \$0.01 million

In-chang Song is the Director and **Yu-Peng (James) Tseng** is the Alternate Director representing Sri Lanka on the ADB Board of Directors.

Sri Widowati is the ADB Country Director for Sri Lanka. The Sri Lanka Resident Mission was established in 1997, and provides the primary operational link for activities between ADB and the government, the private sector, civil society stakeholders, and development partners. The resident mission engages in policy dialogue, country partnership strategy development and programming, and portfolio management, project implementation while also acting as a knowledge base on development issues in Sri Lanka.

The Sri Lanka government agencies handling ADB affairs are the Ministry of Finance and relevant line ministries.

ABOUT THE ASIAN DEVELOPMENT BANK

ADB is a multilateral development bank owned by 68 members, 49 from the region and 19 from other parts of the world. ADB's main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance. In 2018, lending volume was \$19.88 billion (126 projects), with technical assistance at \$241.20 million (280 projects) and grant-financed projects at \$1.42 billion (44 projects). In addition, \$14 billion was generated in direct value-added cofinancing in the form of official loans and grants, other concessional cofinancing, and commercial cofinancing such as B loans, risk transfer arrangements, guarantee cofinancing, parallel loans, parallel equity, and cofinancing for transactions under ADB's Trade Finance Program. From 1 January 2014 to 31 December 2018, ADB's annual lending volume averaged \$15.99 billion. In addition, investment grants and technical assistance funded by ADB and Special Funds resources averaged \$583.95 million and \$184 million over the same period. As of 31 December 2018, the cumulative totals excluding cofinancing were \$275.82 billion in loans for 3,090 projects in 44 countries, \$9.38 billion in 374 grants, and \$4.52 billion in technical assistance grants, including regional technical assistance grants.

CONTACTS

Sri Lanka Resident Mission

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(Please omit the "8" from ADB HQ numbers until
Manila numbers change on 8 October 2019.)

Ministry of Finance

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Colombo 1, Sri Lanka

Useful ADB websites

Asian Development Bank
www.adb.org

Annual Report
www.adb.org/documents/series/adb-annual-reports

Asian Development Outlook
www.adb.org/publications/series/asian-development-outlook

ADB Data Library
data.adb.org

Notes:

ADB welcomed Niue as its 68th member in March 2019.

Figures are estimated by ADB unless otherwise stated. "\$" refers to United States dollars.

Data are updated as of 31 December 2018 unless otherwise indicated. Fact sheets are published annually in April.