

Sri Lanka Early Warning Update Asian Development Bank (ADB) Proposed Projects ADB Volume No. 1, November 2007

This Bulletin is a periodic electronic update from the Bank Information Center (BIC) South Asia office to inform civil society about Asian Development Bank (ADB) projects in Sri Lanka before they are approved by the Board of Directors of the ADB. This Update covers project information, organized by sectors. The information is compiled directly from ADB's Business Opportunities¹.

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For more information on specific projects, please contact the following at the ADB:
The Project Officer (contact details listed against each project). When emailing, also copy to: disclosure@adb.org.

You may also contact the ADB Public Information and Disclosure Unit² (See: <http://www.adb.org/Disclosure/contact.asp>).

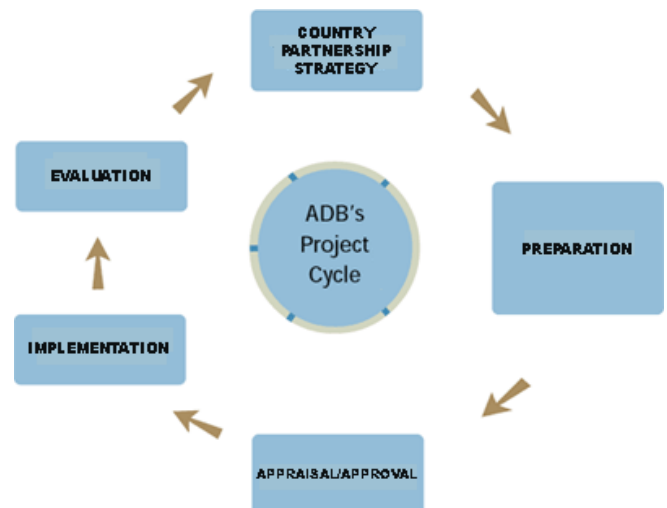
About Business Opportunities (BOp)

Business Opportunities (BOp) identifies potential projects that are under consideration for ADB financing. The BOp listings do not guarantee that financing will be approved for particular projects. However, BOp listings serve as important tools for monitoring and follow up of proposed projects. These, along with your country's Country Partnership Strategy (CPS), work as early warnings on the projects that your government and the Bank are considering for funding. Advocacy and campaigning experience around the world on Bank projects indicates that the earlier civil society gets involved on proposed projects, the greater the likelihood for impacting them. Proposed projects are listed until the point of ADB Board approval; the remaining are dropped from the list. BOp listings are prepared after CPS approval and during the early phases of Project Preparation. For better understanding of this process, the Bank's Project Cycle is summarized below.

Project Cycle³

Project Identification/Preparation: ADB often provides grants called project/program preparatory technical assistance (PPTA) to help the government identify and prepare feasible projects. The summary is made available in the form of a project profile or project information document (PID).

During the early stage of the PPTA, an initial poverty and social assessment is conducted to identify people who may be beneficially or adversely affected. A technical assistance report is prepared as a recommendation for ADB to finance a technical assistance project.



¹ ADB Business Opportunities available online at <http://adb.org/Business/Opportunities/prprojcs.asp>.

² The Public Disclosure Unit monitors whether ADB staff are complying with ADB's Disclosure Policy. Read and download the Public Communications Policy on Disclosure and Exchange of Information at: <http://www.adb.org/Documents/Policies/PCP/default.asp?p=disclose>.

³ The complete project cycle of the ADB has been elaborated at: <http://www.adb.org/Projects/cycle.asp>.

If the project requires resettlement of people or might adversely impact the environment, or indigenous peoples, certain safeguard assessments are prepared during this stage. The results of these **assessments are to be made available to affected people**. For more information on community rights under ADB safeguards⁴ and international best practices, see comparative matrices of MDB safeguard policies at <http://www.bicusa.org/en/Article.3494.aspx>

Project Examination: ADB examines project feasibility, first through a **fact-finding mission** and then through an appraisal mission. The fact-finding mission examines the project's technical, financial, economic, environmental, marketing, and management aspects and potential social impact. Detailed project risks and sensitivity analyses are carried out to assess viability of the proposed project and loan terms are discussed.

Following this, the **Appraisal Mission** conducts further field study, analyses and consultation, as required. The mission then prepares a loan proposal report and draws up a draft loan agreement for negotiation. After appraisal, the draft loan agreement and draft project proposal is submitted for review. Government is then called for negotiation with ADB. After negotiations with the government, the loan proposal is submitted to Board of Directors for **Approval** through its Report and Recommendation of the President (RRP).

After Board approval, the document is sent to the borrowing country's Government for cabinet authorization following which **the loan agreement is signed**. The loan takes effect once certain conditions are met. The **requirements and deadline for loan effectiveness are stipulated in the loan agreement**.

ADB-assisted projects are **implemented** by the executing agency according to the agreed schedule and procedures as detailed out in the project administration memorandum. Implementation time generally ranges from two to five years but depends on the type and nature of the project. ADB's review missions assess the progress of project implementation by visiting it at least twice a year throughout the implementation period.

If a project has significant environmental or social issues, **ADB will often require the borrower to submit regular monitoring reports**, in addition to progress reports. Information on the project's implementation progress and status of development objectives and loan covenants is added to the project information document during this implementation phase.

(For more information, refer to '*Unpacking the ADB: A Guide to Understanding the Asian Development Bank*'⁵)

Commonly Used BOp Acronyms

TA: Technical Assistance

AOTA: Advisory and Operational Technical Assistance Loans

PPTA: Project Preparatory Technical Assistance

RETA: Regional Technical Assistance

EIA: Environmental Impact Assessment

IEE: Initial Environmental Examination

(N): New Project

(R): Revised (*italic text indicates change from previous month*)

ADB Environmental Categorization

Category "A" Projects: Projects having severe environmental impacts are categorized as "A". An EIA is required.

Category "B" Projects: Projects having some adverse environmental impacts are categorized as "B". An IEE is required in order to determine whether an EIA also needs to be done. If not, then the IEE is the final environment document.

Category "C" Projects: Projects having no environmental impacts are categorized as "C". No IEE or EIA is required but environmental considerations are still reviewed.

Category "F1" Projects: Projects involving a financial intermediary or equity investment are classified as "F1". The financial intermediary will apply an environmental management system if environmental impacts are expected.

⁴ More on the ADB Safeguards Policy Update process at: <http://www.bicusa.org/en/Article.2851.aspx>

⁵ BIC-NGO Forum on ADB Toolkit can be downloaded from <http://www.bicusa.org/Legacy/1-35%20adb%20blue.pdf>.

Current Business Opportunities for Sri Lanka

Education /Education Sector Development

Project Name	(N) Education Sector Development
Project Type and ID	Grant: SRI 39293-02
Executing Agency	Ministry of Education
TA Amount (US\$ '000)	5,000.00
Date of First Listing	16 October 2007
Objectives and Scope	Within a broad sector investment framework, ESDP will help the Government develop an education system that provides a variety of learning options at the end of each cycle and equip all children with knowledge and skills that enable them to compete in and benefit from the knowledge society and economy, at each exit point of the system. ESDP will support subprojects aiming at upgrading quality of secondary education, expanding provision of non-degree private tertiary education, and expanding the use of Information and Communication Technologies (ICT) for learning. Within the subproject of secondary education, ESDP will support integration of HIV/AIDS education in the school curriculum, pre-service and in-service teacher training and teaching learning activities in secondary schools.
Environmental Assessment	Not Required
Project Processing Stage	SRC Completed : 30 August 2007
Project Officer	Ayako Inagaki (632-6582), Agriculture, Natural Resources and Social Services Div, SARD; ainagaki@adb.org

Education /Education Sector Development

Project Name	(R) Education Sector Development
Project Type and ID	LOAN: SRI 39293-01
Executing Agency	Ministry of Education
TA Amount (US\$ million)	65.00
Date of First Listing	4 September 2007
Objectives and Scope	The objective of the project is to improve quality, relevance, management, effectiveness and equity of access to secondary and tertiary education and training programs, in particular, in rural and disadvantaged locations. The Project components are: (i) to increase equity of access to education through secondary schools upgrading and scholarship program; (ii) to enhance quality and relevance of education through competency-based education (CBE) curriculum development, competency standards for CBE, in-service teacher training, development of center of excellent in English Language teaching, upgrading of Sri Lanka Institute for Advanced Technological Education, fund for innovative Information and Communication Technology for learning; (iii) to improve policy, governance, and service delivery through high level policy coordination and partnerships mechanism, integrated management information system, career guidance, and social marketing.
Environmental Assessment	C
Project Processing Stage	<i>Loan Negotiations Completed : 18 October 2007</i>
Project Officer	Ayako Inagaki (632-6582), Agriculture, Natural Resources and Social Services Div, SARD; ainagaki@adb.org

Energy /Renewable Energy

Project Name	(N) Building the Capacity of Sustainable Energy Authority
Project Type and ID	AOTA: SRI 41662-01
Executing Agency	Sustainable Energy Authority
TA Amount (US\$ '000)	500.00
Date of First Listing	15 October 2007

Objectives and Scope The Government of Sri Lanka has enacted a new legislation to convert the Energy Conservation Fund, a unit under the Ministry of Power and Energy, into a statutory body called Sustainable Energy Authority (SEA), which is mandated to develop and implement the country's policy for renewable energy development, energy efficiency improvement and energy conservation. The SEA became operational on 1 October 2007. The TA aims to build capacity of SEA by (i) advising on development of policy and financial instruments; (ii) developing and implementing capacity development plan for its staff; and (iii) recommending possible administrative structure.

Environmental Assessment

Project Processing Stage

Project Officer

Fact-Finding in Field : 29 October 2007

Tomoyuki Kimura (632-6611), Energy Division, SARD; tkimura@adb.org

Industry & Trade /Small & Medium Scale Enterprises

Project Name

Project Type and ID

Executing Agency

TA Amount (US\$ million)

Date of First Listing

Objectives and Scope

Small and Medium Enterprise Regional Development Project

LOAN: SRI 36117-01

Ministry of Finance and Planning

50.00

3 October 2007

By providing access to medium-to long-term funds, a critical market gap, and encouraging the PCBs to proactively seek financing opportunities among regional SMEs, the Small and Medium Enterprise Regional Development Project (SMERDP) seeks to redress existing regional imbalances and enhance the growth and development of regional SMEs. Simultaneously, access to business development services can foster linkages to appropriate technology and target markets. Access to scale economies, equity, and skills can be facilitated through the development of SME value chain clusters.

Environmental Assessment

Project Processing Stage

Project Officer

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Board Circulation Completed : 25 October 2007

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