

US\$ 130 million Financial Assistance from the Asian Development Bank

Development of Education Sector and Small and Medium Enterprises

The Government of Sri Lanka and the Asian Development Bank (ADB) signed two agreements today for US\$ 130 million to improve quality, relevance, effectiveness and equity of access to secondary and tertiary education under the **Education for Knowledge Society Project** (US\$ 80 million) and accelerate the development of Small and Medium Enterprises located outside the western province under the **Small and Medium Enterprise Regional Development Project** (US\$ 50 million).

The total investment for the Education for Knowledge Society Project is US\$ 105.3 million and it comprises of US\$ 65 million loan and US\$ 15 million grant from the Asian Development Bank and US\$ 25.3 million from the Government of Sri Lanka.

These funds will be utilized for upgrading 150 provincially administered secondary schools in the poorest administrative divisions under the "Isuru" schools programme of the Government enabling them to offer advanced level science streams. Facilities for teaching in key subjects such as Information and Communication Technology (ICT), English and Technical subjects will be improved. Computers and internet facilities for 2125 schools and 15000 scholarships for poor students will also be provided.

In addition, the project will support Government reforms in competency based education through the development of curriculum, instructional materials, performance standards and teacher training. The Center of Excellence in English Education (CEIEE) will be established in Peradeniya to improve the quality of English language teaching while Sri Lanka institute of Advanced Technological Education (SLIATE) will be upgraded to deliver more market responsive tertiary education.

Integrating the HIV/AIDS and Health Education in the secondary school curriculum and Training of trainers and secondary school teachers in HIV/AIDS and Health Education will also be funded under the project.

The project will be executed by the Ministry of Education through the Ministry of Higher Education, Provincial Department of Education in all provinces, National Institute of Education and National Evaluation and Testing Service. All project activities are expected to be completed by 2012.

The total investment for the Small and Medium Enterprise Regional Development Project is US\$ 88.89 million. Of this amount, the Asian Development Bank provides US\$ 50 million. The Participating Financial Institutions and Small and Medium Enterprises will finance US\$ 16.67 mn and US\$ 22.22 mn respectively.

These funds will be used for on-lending to Small and Medium Enterprises (SMEs) located outside the Western province, through the DFCC, NDB, Commercial and Sampath Banks in order to accelerate SME's development by improving their access to credit, creating SME value chain clusters, mainstreaming best practices in SME financing and improving access to business development services for SMEs.

The project will be executed by the Ministry of Finance and Planning, through Central Bank of Sri Lanka and expected to be completed by 31st December 2010.

Secretary, Ministry of Finance and Planning, Dr. P.B. Jayasundera, on behalf of the Government of Sri Lanka and the Country Director of Asian Development Bank, Mr. Richard W.A. Vokes signed the loan and financing agreements. A Project Agreement was also entered into between the ADB and the DFCC, NDB, Commercial and Sampath Banks.

Ministry of Finance and Planning
The Secretariat
Colombo 01.
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