



Department of External Resources  
Ministry of Finance & Planning  
Sri Lanka

Performance Report  

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**2012**

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# Vision

To be well equipped with knowledge and expertise required to mobilize and manage external finances for accelerated economic growth of Sri Lanka as the country elevates to higher – middle income status

# Mission

Mobilize external financing at least possible cost in support of “Mahinda Chinthana: A Vision for a New Sri Lanka” while maintaining long - term debt sustainability of the country

# Objectives

- Mobilize external resources with minimum cost and low risk to finance development needs in priority sectors highlighted in the Development Policy Framework of the Government; Sri Lanka the Emerging Wonder of Asia.
- Facilitate the effective and efficient utilization of external resources.
- Contribute to maintain long – term external debt sustainability of the country.
- Contribute to the human resource development in the public sector by effective Utilization of foreign training opportunities.
- Continue to strengthen the capacity of the Department to fulfil the responsibilities in an effective and efficient manner

# Our Values

Complying with and abide by all laws and regulations, adhering to the highest standards of governance, transparency, disclosure and ethical conduct

Maintaining the highest standards of personal integrity, putting the departments interest ahead of individuals

Create an environment of mutual respect and trust where the staff can demonstrate its performance and achieve the full potential

Promote long – term ethical relationships with the stakeholders through true and fair dealings

Empower the staff at all levels, minimize interferences, and require them to be accountable

# Overview

Development of infrastructure has been a priority of the Government since 2005, having recognized the need for a well-developed social and economic infrastructure network to facilitate rapid economic development of the country in terms of the Mahinda Chinthana Development Policy Framework. This involves large investments in almost all economic subsectors including highways, transport, power, energy, ports, aviation, railways, Irrigation, water, sanitation and urban township development. Multifaceted small infrastructure including minor irrigation, access roads, community water, market places, schools, health centres and rural electrification occupies to center stage of rural centric development strategies.

The implementation of a large number of infrastructure and livelihood development initiatives, demining and resettlement programmes and the restoration of civil administration in conflict affected areas to accelerate development in those areas, and promote a well-integrated national development became an integral component in government development strategy since the end of conflict in 2009.

The post 2005 foreign financing partnership comprised the World Bank, Asian Development Bank (ADB), OPEC Fund for International Development (OFID), International Fund for Agriculture Development (IFAD) as multilateral partners and Japan, India, China, Korea, Western countries and Middle East region as key bilateral partners. Accordingly, within the limited fiscal space available, the Government has committed to maintain public investments at around 6 – 7 percent of Gross Domestic Product (GDP) while consolidating fiscal reforms towards a further reduction in budget deficit through improvement in revenue account. In the context of limited domestic resources and associated balance of payments challenges with large public investments, the Government resorted to continuous development partnerships for financing such development expenditure through long term foreign financing arrangements.

The country's consolidation as a middle income economy together with a gradual reduction in Official Development Aid (ODA) by advanced economies, ADB and the World Bank during the last two decades made gradual reduction in Grant Aid as well as concessional financing for development to developing countries.

Against this background, the Government has formulated appropriate project financing modalities having regarded to debt servicing and balance of payment implications and maturity structure in foreign financing arrangements. As a result, the Government has gradually moved towards mobilizing long term funds for implementation of development projects that are important to create investment opportunities to the private sector and generate export of goods and services. Considering a diverse range of terms and conditions, the Government has been able to maintain a proper blend of concessional and non-concessional financing with available concessional financing from multilateral and bilateral sources as well as financial markets to keep the cost of overall borrowing at an affordable level.

In doing so, the Government has also directed such funding for financing economic infrastructure that will lead to foreign exchange earning capacity through increased exports of goods and services, remittance income from overseas employments, tourism, on one hand, and foreign exchange savings from import replacement activities such as involvement in heavy industries, food, dairy, sugar, light engineering, pharmaceutical, textile, renewable energy etc. on the other hand. As a result of such compensation and with high growth in GDP, external debt to GDP has declined from 56.3 in 2002 to 47.8 in 2012.

In addition to the use of available foreign financing, the Government has taken steps to broaden the base of local financing available for implementation of public investment programmes. Investment Fund Accounts established in the commercial banks in terms of the budget proposal of 2011 to use tax savings in banking institutions for long term lending are now providing better access to development financing for State Owned Business Enterprises, and Public Corporations. The Government has provided grants and technical assistance to Asian and African countries to support their development activities. Action has already been taken by the Government to strengthen foreign economic ties with friendly countries through providing services through technical assistance and small project financing using the expertise available in several ministries and agencies in the field of vocational training, poverty alleviation, strengthening rural economy, advancement in education, health, irrigation, construction activities and banking and accounting services.



## Organizational Structure

The Department of External Resources (ERD) is headed by Director General assisted by an Additional Director General and 6 Directors in charge of the following Divisions;

- Asian Development Bank Division
- World Bank Division
- Japan Division
- Bilateral West Division
- Bilateral East Division
- Middle East and SAARC Countries Division
- Human Resource Development and United Nation Agencies Division
- Economic and Policy Analysis Division
- Administration and Finance Division

The cadre information of the Department of External Resources as at 31<sup>st</sup> December 2012 is given in the below table;

<b>Cadre Information as at 31<sup>st</sup> December 2012</b>			
<b>Cadre</b>	<b>Approved Cadre</b>	<b>Actual Cadre</b>	<b>Vacancies</b>
<b>Staff Officers</b>	48	31	17
<b>Supporting Staff</b>	64	40	24
<b>Minor Staff</b>	29	24	05
<b>Total</b>	<b>141</b>	<b>95</b>	<b>46</b>

Administration and Finance Divisions provided required supporting services for the smooth and efficient functioning of the Department. These supporting services were mainly link to the management and development of physical and human resources. The physical resources in the department are annually verified and updated through the process of board of survey.

As indicated in above table, a 32 percent of the approved cadre had been vacant at the end of 2012. It has been a challenge to the Department in reaching the targets set out in the Annual Work Plan 2012.

## Staff Development and Training

In the year 2012, the Department has performed a significant role in development of human resources through the provision of local and foreign training opportunities for staff for capacity development and to enhance their efficiency. Foreign and local training opportunities provided are as follows;

<b>Local and Foreign Training Opportunities Provided to Staff Officers</b>	
<b>Training Programme</b>	<b>Number of Staff</b>
ODA Evaluation Workshop	1
Commonwealth Regional Program on Diplomatic Training	1
Training Programme on Women and Enterprise Development	1
Seminar on Evaluation of Japanese ODA Projects	1

Recognizing the need for upgrading skills of the administrative and supportive staff of the Department, the officers of the Management Assistance Service and supporting services have been provided with significant number of local training opportunities in 2012. The following table summarizes the areas on which they were trained;

<b>Local Training Opportunities Provided to Supportive Staff</b>	
<b>Subject of Training</b>	<b>Number of Staff trained</b>
English Language	1
Office Management	8
Good Governance & Human Resources Management	2
Store Keeping	3
The Role of Office Assistant	14
Drivers Training	3
Payroll Management System - 2012	1
Better Business Writing	7
Salary Conversions	1
Transport Management	1

## Foreign Financing

The main function of the Department is to assist Government to mobilize foreign financing to implement Public Investment Program (PIP). Accordingly, a summary of Commitments made by Government with the intervention of the Department of External Resources with countries and foreign agencies and their utilization and debt service payments for the year 2012 is depicted in this Chapter.

### Foreign Financing Commitments

Foreign financing commitments have gradually increased during the period from 2006 to 2012 at an annual average rate of 19 percent. The major part of foreign financing from development partners obtained during this period was allocated to implement a large number of economic infrastructure development projects covering roads, expressways, bridges, power, ports, airports, water supply, irrigation and railway. Although the total

commitments have slightly declined in 2011 in all types of financing compared with 2010 as commitments for financing some key development projects were made in 2010, but it improved again in 2012.

The total value of the foreign financing commitment made by development partners and lending agencies in 2012 was US\$ 3,152 million of which project loans accounted for US\$ 2,789 million and grant assistance accounted for US\$ 363 million. Out of

the total commitments during 2012, 33 percent was made by China while another 22 percent was from India, 17 percent from Japan, 11 percent from the World Bank, 3 percent each from the Asian Development Bank (ADB) and Netherlands while the remaining 14 percent of the total commitments was received from other development partners and lending agencies.

#### Foreign Financing Commitments by Development Partners in 2012 (US\$ million)

Development Partner	Loan	Grant	Total
<b>Bilateral</b>	<b>2,302.47</b>	<b>283.04</b>	<b>2,585.51</b>
China *	1,056.05	0.16	1,056.21
France	28.29	-	28.29
Germany	34.42	5.27	39.69
India	443.06	257.28	700.34
Japan **	508.74	15.23	523.97
Korea	11.13	-	11.13
Netherlands	102.50	-	102.50
Saudi Arabia	60.00	-	60.00
Spain	14.14	-	14.14
USA	-	5.10	5.10
UK	44.14	-	44.14
<b>Multilateral</b>	<b>486.53</b>	<b>80.97</b>	<b>567.50</b>
ADB	99.68	-	99.68
IFAD	22.03	-	22.03
OFID	40.00	-	40.00
UN Agencies	-	68.98	68.98
World Bank	324.82	10.49	335.31
<b>Total</b>	<b>2,789.00</b>	<b>362.51</b>	<b>3,151.51</b>

\* Including a loan arranged for Sri Lanka Ports Authority under a Government guarantee

\*\* Including a loan arranged for Airport and Aviation Services (Sri Lanka) Limited under a Government guarantee

## Foreign Financing Disbursements

The total amount of foreign financing disbursements as at the end of 2012 was US\$ 1,986 million of which US\$ 1,835 million or 92 percent was disbursed from project loans and the remaining US\$ 151 million or 8 percent was disbursed from foreign grants.

Out of the total disbursements in 2012, 24 percent or US\$ 484 million was for the development projects funded by China. The Improvement and Rehabilitation of Priority Roads Project, Northern Roads Rehabilitation Project and the Colombo Katunayake Expressway Project are the main projects made by this high disbursement. About 19 percent of the total disbursement or US\$ 396 million was

for Japanese funded projects namely, the Greater Colombo Urban Transport Development Project (US\$ 72 million), the Upper Kotmale Hydro Power Project (US\$ 67 million). The disbursement for projects supported by the Asian Development Bank was US\$ 302 million (15 percent of the total disbursement) and reported mainly from the Colombo Port Expansion Project and the Clean Energy and Access Improvement Project. Disbursement under the projects supported by the Government of India, World Bank and other development partners and lending agencies accounted for 14, 8 and 20 percent of the total disbursement in 2012 respectively.

## Committed Undisbursed Balance

The total committed undisbursed balance of foreign financing available for development projects and programmes as at the end of 2012 stood at US\$ 7,145 million. Japanese funded projects accounted for 20 percent or US\$ 1,395 million of this amount and Chinese funded projects accounted for 18 percent or US\$ 1,291

million. The amount of the committed but undisbursed balance of foreign financing from ADB funded projects was US\$ 1,065 million (15 percent of the total value) and Indian funded projects and World Bank funded projects accounted for US\$ 873 million (12 percent) and US\$ 676 million (9 percent) respectively.

## Utilization Rate of Foreign Financing

According to the stipulated standard, the satisfactory level of the overall utilization ratio should be between 20-25 percent if the average implementation period of projects is 4-5 years. With the remedial measures taken by the Government and development partners to improve the project management system including procurement,

efficient cash flow arrangements, use of commercial borrowings to address the funding gaps in economic infrastructure projects and better treasury operation in Budget Management the utilization rate of foreign financing projects has gradually increased during the last five years.

**Utilization Rate 2012**

<b>Development Partner</b>	<b>Utilization Rates %</b>
<b>Bilateral</b>	<b>21.30</b>
Japan	20.37
China	22.62
India	25.48
Netherland	23.31
Sweden	100.00
UK	92.59
Denmark	21.44
France	70.34
Korea	30.75
Australia	32.79
Austria	80.43
Other Bilateral	8.19

<b>Multilateral</b>	<b>25.27</b>
ADB	24.95
World Bank	21.66
Other Multilateral	37.07
<b>Total</b>	<b>22.28</b>

## External Debt Stock and Foreign Debt Repayment

The external debt as at the end of 2012 is US\$ 20.3 billion, an increase of about 10 percent over the last 10 years period. The external debt portfolio consists of US\$ 13.6 billion (68 percent) as concessional loans, while the remaining US\$ 6.7 billion (32 percent) is no concessional loans including commercial loans.

### Composition of External Debt

Components	External Debt Outstanding (US\$ million) at the end of			Absolute Variation (US\$ million)		Percentage Variation	
	2010	2011	2012	2011	2012	2011	2012
Multilateral	6,085	6,341	6,639	257	298	4.2	4.7
Bilateral	6,439	7,002	7,160	563	157	8.7	2.2
Export Credit	1,801	2,252	2,965	452	713	25.1	31.6
Commercial	2,038	3,034	3,530	996	496	48.9	16.4
<b>Total External Debt</b>	<b>16,362</b>	<b>18,629</b>	<b>20,293</b>	<b>2,267</b>	<b>1,664</b>	<b>13.9</b>	<b>8.9</b>

<sup>1</sup> The ratio depicted the average life of the project and efficiency of the project implementation. The utilization rate indicates the ratio total disbursements to total committed undisbursed balance.

The total external debt has increased by around 9 percent in 2012 compared to 2011, whereas it is 14 percent in 2011 compared to 2010. About 29 percent of the cumulative external debt at the end of 2012 represented loans from Japan and 22 percent represented loans obtained from the Asian Development Bank. About 17 percent of the total external debt represented the loans raised from the World Bank, while 13 percent accounted for loans from China. The remaining 19 percent of the total

external debt represented loans obtained from other development partners and lending agencies.

The total foreign debt service during 2012 was US\$ 1,635 million including maturity of US\$ 500 million of sovereign bonds issued in 2007. Out of the total debt repayment, principal repayment was US\$ 1,197 million and interest payment was US\$ 438 million.

# **Performance by Divisions**



# Asian Development Bank Division

## Asian Development Bank (ADB) as a Development Partner of Sri Lanka

ADB is one of the major multilateral development partners of Sri Lanka with over 45 years of productive partnership. Since its establishment in 1966, the bank has made available around US\$ 5.6 billion to Sri Lanka through 157 loans with another US\$ 118 million through 249 technical assistance projects. The annual borrowing from ADB currently stood around US\$ 300 million or 0.7 - 0.8 percent of the GDP.

### Country Partnership Strategy 2013-2015

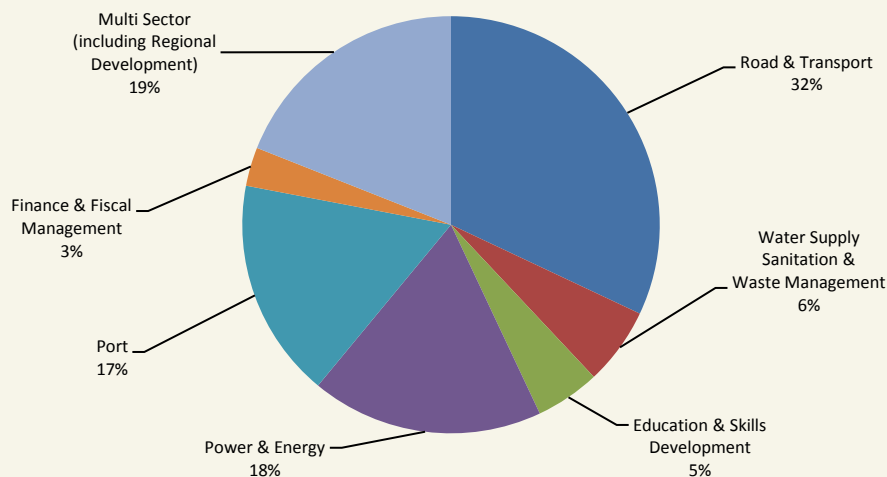
The Medium-Term Country Partnership Strategy developed jointly by the Government of Sri Lanka and ADB in 2012 for 2013-2015 focuses on three main objectives namely, (i) inclusive and sustainable economic growth, (ii) catalyzing private investment and enhancing the effectiveness of public investment, (iii) human resource and knowledge development. Accordingly, it reflects the country's transformation and addresses the priority agendas of middle-income countries, such as skills development,

transport services optimization, and sustainable energy, as development of these sectors is vital to meet the high demand for such services resulting from the accelerated economic growth. Accordingly, Sri Lanka will receive around US\$ 300 million per year under concessional and non-concessional rates and out of the total US\$ 926 million earmarked for the period 2013-2015, a substantial portion will be utilized for the skills development and energy sectors.

### Commitments and Disbursements in 2012

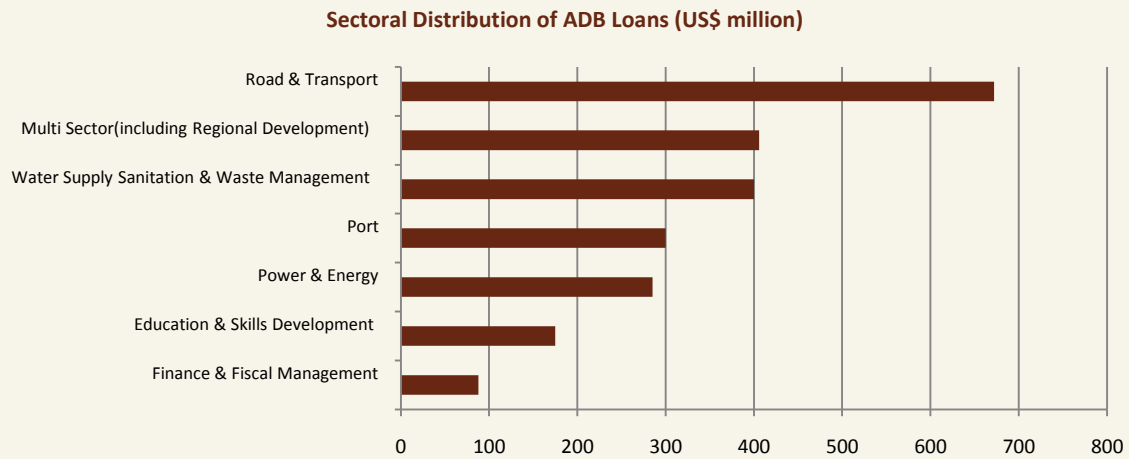
In the year 2012, the total commitment made by the ADB was US\$ 392 million. It includes US\$ 130 million for the power & energy sector, US\$ 124 million for the water supply & sanitation sector, US\$ 98 million for the transport sector. The current ADB portfolio contains 30 loans and 10 grants. The total disbursement in 2012 under these loans was US\$ 301,952,633.24.

**Sectoral Distribution of Disbursement 2012**



## ADB Portfolio in 2012

ADB portfolio is spread across 7 sectors with roads & transport as the largest sector followed by multi sector including regional development, water supply and sanitation, port, power and energy, education and skills development & finance and fiscal management. Below chart illustrates the ADB sectoral portfolio as of 31st December 2012.



## Key Projects being implemented in 2012

### Key Projects being implemented in 2012

Project	Amount US\$ million
Colombo Port Expansion Project	300
Southern Transport Development Project (Supplementary)	90
Clean Energy and Access Improvement Project	160
Northern Road Connectivity Project	154
National Highway Sector Project	150
Secondary Towns Rural Community Based Water Supply and Sanitation Project	120
Conflict Affected Region Emergency Project	150
Sustainable Power Sector Support Project	120
Greater Colombo Wastewater Management Project	100
Jaffna & Kilinochchi Water Supply & Sanitation Project	90
National Highway Sector Project – Additional Financing	85
Eastern and North Central Provincial Road Project	70
Education for Knowledge Society Project	65
Dry Zone Urban Water and Sanitation Project	60
Fiscal Management Efficiency Project	50
Local Government Enhancement Sector Project	55



## Key Projects to be implemented in 2013

Key Projects to be implemented in 2013	
Project	Amount US\$ million
Clean Energy and Network Efficiency Improvement Project	130
Northern Road Connectivity Project- Additional Financing	98
Education Sector Development Programme	200
Greater Colombo Water and Wastewater Improvement Management Project	84
Dry Zone Urban Water Supply & Sanitation Project - Additional Financing	40
Technical Education and Vocational Training Sector Development Project	40

## Projects Completed in 2012

Projects Completed in 2012	
Project	Outcome
Small & Medium Enterprise Regional Development Project	Strengthened business environment for SMEs, catalyzes investment by improving SMEs access to finance through commercial channels and enhanced capacity of the Sri Lankan business development services sector to efficiently and effectively deliver services to SMEs.
Local Government Infrastructure Improvement Project	Improved urban management, planning and financing capacity of the sector institutions, especially local authorities, enhanced urban livelihoods and increased Government and local authority staff capacity for administering urban infrastructure supply and maintenance works
National Highway Sector Project	Improved national highway network and strengthened road sector institutions

## Special Events in 2012

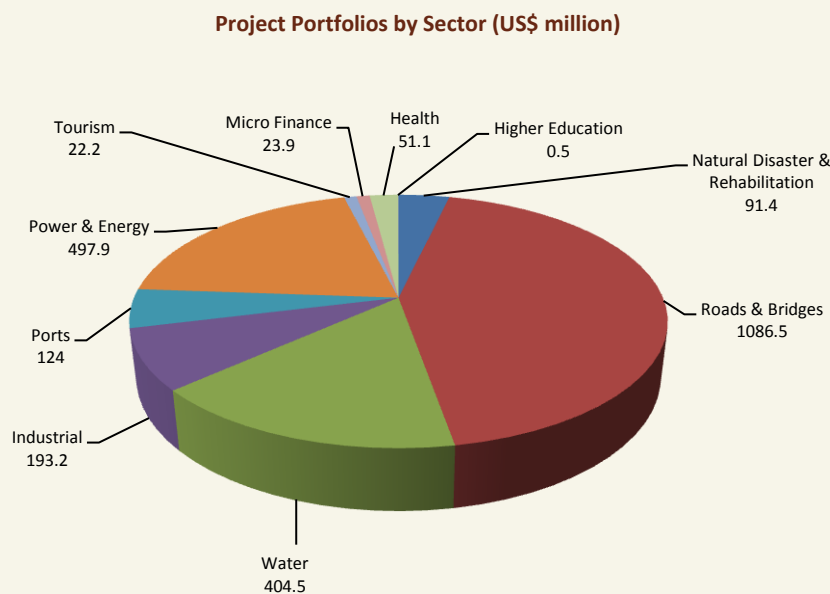
- March – Vice President, Ms. Lakshmi Venkatachalam, In-charge of Private Sector
- May – 45<sup>th</sup> ADB Annual Meeting held in Manila, Philippines
- June – Director General, South Asia Department of ADB, Mr. Juan Miranda visited for High Level Consultation Mission
- September - Vice President, Mr Xiaoyu Zhao, Visited for High Level Consultation Mission
- October – ADB Board group Visit
- November
  - *Loan signing - Northern Road Connectivity Project - Additional Financing*
- 97 ADB Missions visited in 2012

## Japan Division

Japan division is responsible for mobilizing of Japanese Official Development Assistance (ODA) from the Government of Japan, which are extended through the Japan International Cooperation Agency (JICA) for the implementation of development projects.

### Portfolio Analysis by Sectors

As of December 2012, the current active portfolio of the Japan division consists of 29 projects funded by Government of Japan with a value of US\$ 2,495.2 million, playing a very significant role in the Sri Lanka economy by investing in major sectors such as ports, power & energy, water supply and road sector etc. Out of this total portfolio, 26 are loan projects amounting to around US\$ 2,482.7 million and 3 are grant projects amounting to around US\$ 12.5 million.



### Commitments in 2012

Total Commitments provided by the Japanese Government through concessionary loans and grants in 2012 was US\$ 521.3 million. This included three loans signed in 2012 amounting to US\$ 508.7 million; Bandaranaike International Airport Development Project – Phase 2 US\$ 346 million, Habarana – Veyangoda Transmission Line Project US\$ 115.3 million and Improvement of Basic Social Service Emerging Regions US\$ 47.4 million. The total Japanese grant commitment in 2012 amounted to US\$ 12.5 million. This included Japan Grant Aid for Provision of Industrial

Products US\$ 3.7 million, Project for Rehabilitation of Killinochchi Water Supply Scheme US\$ 8.3 million and Project for Improvement of Japanese Language Learning Equipment of the University of Kelaniya and University of Sabaragamuwa US\$ 0.5 million. Out of this total amount, higher commitments have covered a wide spectrum of sectors of roads & transport, ports and power & energy due to the priority given by the Government to provide urgent basic infrastructure needs of the country.

## Disbursements in 2012

The total disbursement of Japanese assistance in the year 2012 was US\$ 395.8 million which is significant achievement compared to the average disbursement level of US\$ 339.2 million over the last five years. Out of the total disbursement in 2012, US\$ 226.38 million was reported for development of roads and bridges and US\$ 78.89 million for development of power & energy. Disbursement reported through water supply projects and other sectors amounted to US\$ 47.25 million and US\$ 43.28 million respectively.

The total disbursements of Japanese grant assistance in the year 2012 was US\$ 28.6 million. This amount accounted about 52 percent from the health sector, about 36 percent from the roads and bridges sector, about 9 percent from the human resources development sector, about 2 percent from media sector and about 1 percent from the water sector.

## Key Projects being implemented in 2012

<b>Projects being implemented in 2012</b>	
<b>Project</b>	<b>Amount US\$ million</b>
<b><u>Loans</u></b>	
Emergency Natural Disaster Rehabilitation Project	91.4
Greater Colombo Urban Transport Development Project (Phase1, 2 & 2-I)	743.5
Kandy City Wastewater Management Project	152.4
Pro-poor Economic Advancement & Community Enhancement Project (PEACE)	49.6
Provincial / Rural Road Development Project (Central, Sabaragamuwa & Eastern Provinces)	142.0
The Gall Port Development Project	124.0
Upper Kotmale Hydro Power Project (I & II)	300.0
Vavuniya-Kilinochchi Transmission Line Project(I & II)	29.5
Water Sector Development Project (I & II)	190.8
Colombo City Electricity Distribution Development Project	45.5
Pro-Poor Eastern Infrastructure Development Project	38.1
Tourism Resources Improvement Project	22.2
Southern Highway Construction Project (II)	162.9
Poverty Alleviation Micro-finance Project (PAMP II)	23.9
Energy Diversification Enhancement Project (Engineering Services)	7.6
Eastern Province Water Supply Development Project	53.0
Habarana – Veyangoda Transmission Line Project	115.3
Improvement of Basic Social Services Targeting Emerging Regions	47.4
Small & Micro Industries Leader & Entrepreneur Promotion Project III	93.0
Environmentally Friendly Solution Fund II	50.6
<b><u>Grants</u></b>	
Rehabilitation of Kilinochchi Water Supply Scheme	8.3
Improvement of Japanese Language Learning Equipment of the University of Kelaniya and University of Sabaragamuwa	0.5
Provision of Industrial Products	3.7

## Rehabilitation of Kilinochchi Water Supply Project

The objective of the project is to reduce the number of water borne diseases and uplift the health standards of people in Kilinochchi district by improving water purification facilities in the area through rehabilitation and restoring the operational activities of the existing water supply scheme in Kilinochchi, which was damaged by terrorists during the conflict period. Rehabilitation of the Kilinochchi Water Supply Project was initiated in 2012 with Japanese grant assistance of US\$ 8.3 million. The project helps to meet the increasing demand of water for non-domestic water owing to the constructions of institutions including trade and vocational training centers and private institutes, religious places as well as emerging industries after end of

the conflict. This project also aims at fulfilling the expected water demand in year 2020.

Accordingly, the project focuses on the construction of a new water intake, raw water transmission line from the intake, water treatment plant and two water towers at Kilinochchi and Paranthan with 1000 m<sup>3</sup> and 450 m<sup>3</sup> capacities respectively to realize the project objectives. In addition a distribution pipeline covering 42 km is to be constructed to distribute water to the Paranthan area and Iranamadu junction connecting over 1500 houses benefiting more than 20,000 people in 14 Grama Niladhari divisions in the Kilinochchi district.

## Project for the Improvement of Basic Social Service Targeting the Emerging Regions

The Government of Sri Lanka initiated this project in 2012 with funding assistance of US\$ 47.4 million to fulfill the following objectives.

- Expansion of the production capacity of the State Pharmaceuticals Manufacturing Corporation (SPMC)  
Improvements of SPMC is carried out by installing four new manufacturing machines with higher capacity along with other supporting processing machinery to enhance the production of 4000 million tablets per annum to meet the pharmaceutical requirement of the Government.
- Strengthening of secondary hospitals and providing modern and quality care services  
Four selected secondary hospitals in Central, Sabaragamuwa, North Western and Eastern provinces will be upgraded with the required facilities to function as core hospitals in the region in order to reduce overcrowding in tertiary medical institutions and to reduce mortality and morbidity in the local community. In addition, it is intended to provide 124 high technological ambulances to hospitals in Central, Sabaragamuwa, North Western, North Central, Uva, Eastern and Northern Provinces. This project will generate sufficient economic benefits within the country to recoup investment cost earlier than the 40 year repayment period inclusive of a grace period of 10 years.

## Vavuniya –Kilinochchi Transmission Line Project II

The project overall objective is to enhance transmission capacity of the power system to benefit households, small and medium sized businesses and public services in the Northern Province. The Government of Sri Lanka aims at reinforcing the transmission network in the Northern Province, which was damaged by the terrorists, by reconnecting the 132 kV transmission line from Vavuniya to Kilinochchi and constructing a grid sub-station in Kilinochchi in order to ensure reliable, adequate and efficient electricity supply to consumers in the areas thereby contributing to peace building of the northern province through the improvement of their living environment, and also to develop the regional economy. US\$ 15.2 million was utilized for this project.

The loan was provided at concessionary rates with a repayment period of 40 years including a grace period of 10 years. The project was implemented by the Ceylon Electricity Board (CEB) under the supervision of Ministry of Power and Energy. The Vavuniya-Kilinochchi Power Transmission Line was inaugurated by His Excellency

Mahinda Rajapaksa at a ceremony held on 25<sup>th</sup> of September 2012 in Kilinochchi under the “UthuruWasanthaya” Program.

In line with the development policy framework of Sri Lanka, the Government has included four projects with high priority for financing under the 43<sup>rd</sup> Yen Loan Package for fiscal year 2012/2013. It included the Greater Colombo Transmission and Distribution Project to cater to the increasing demand for electricity of the capital city, the Major Bridges Construction Project aiming at enhancing connectivity by constructing 37 bridges in the national road network island wide, the Landslide Disaster Protection Project to mitigate the impact on economic activities and human lives of unexpected disasters and the Anuradhapura North Water Supply Project to provide safe drinking water for people in Anuradhapura North area. In line with The Government’s massive infrastructure development drive, the value of the Annual Yen Loan Package was raised in 2012 from the previous level of US\$ 350- 400 million to over US\$ 500 million

## Japan Grant Aid for Provision of Industrial Products

With the broad objective of increase the life expectancy and improve the quality of life. The Government of Sri Lanka always concerned about the health of the local population. Government of has acquired grants of US\$ 3.7 million from the Government of Japan under its non-project grant aid to procure industrial equipment which is produced in Japan for the purpose of contributing to promote economic and social development in the country. This grant assistance was utilized for procurement of medical equipment (CR systems, Endoscopy systems) for the health sector especially for the Teaching Hospital Kurunegala, Lady Ridgeway Hospital for Children,

Teaching Hospital Anuradhapura, General Hospital Ampara, General Hospital Badulla, and General Hospital Rathnapura with concurrence of Ministry of Health. In addition to, the high technological medical equipment such as Automated Clinical Chemistry Analyzers, Computed Radiographies, Portable Diagnostic Ultrasound Systems and Autoclaves, has provided for teaching hospitals, secondary hospitals and medical research institutes governed by the Ministry of Health and Provincial Councils to improve their exiting curative care services and provide people with modern and quality care services.

## Habarana - Veyangoda Transmission Line Project

Sri Lanka faces urgent needs for strengthening its economic foundations, including energy and transport infrastructure, this project facilitate to transmission of 220kV electricity while minimizing the transmission losses between Habarana and Veyangoda. In addition to that, this project connects with the Sampur coal power plant and helps to meet the future electricity demand in power generation. US \$ 115.3 million was utilized for this project to accomplish the main objective of achieving the stability and reliability of the transmission system and to cater to

the growing demand of electricity in the country. The technology, developed in this project, is expected to lower the annual rate of energy loss by approximately 22 percent compared to the conventional type and to cut down on related CO<sub>2</sub> emissions. This project also ensure continuous power supply without interruption and contribute directly and indirectly to economic development of the country by creating opportunities for business community and producers to maintain their economic activities in more organized and productive manner.

## Projects to be implemented in 2013

### Yen Loan Package

Based on the Consultation carried out between the Government of Sri Lanka and JICA, following projects have been finalized for financing under the 43<sup>rd</sup> Yen Loan Package in 2013.

- Greater Colombo Transmission and Distribution Loss Reduction Project
- Major Bridges Construction Project of the National Road Network
- Landslide Disaster Protection Project of the National Road Network
- Anuradhapura North Integrated Water Project – Phase I

These projects are identified with the intention of high Economic and Social Development of Sri Lanka. The total estimated commitments for these projects would be around US\$ 428.9 million.

## Annual Grant Aid Programs

In consultation with Department of National Planning and the relevant line Ministries, Japan division has submitted the official request of twelve project proposals to Embassy of Japan for consideration under Japanese General Grant Aid, Technical Cooperation and Development Study Programs for fiscal year 2012/2013.

## Special Events in 2012

### Missions

Japan division has cleared and facilitated 100 Missions in 2012, with the recommendations of relevant line Ministries. Out of these Missions, most of Missions were Supervision and Implementation Support Missions and they have given support to the project staff to maintain the smooth implementation of the projects. Also these Mission has finalized the future projects after reviewing the progress of the current portfolio.

### Opening Ceremony of Vauniya- Kilinochchi Power Transmission Line

The Vavuniya-Kilinochchi Power Transmission Line was inaugurated by His Excellency Mahinda Rajapaksa at a ceremony held on 25<sup>th</sup> of September 2012 in Kilinochchi under the “Uthuru Wasanthaya” Program.

### Arrival of Deputy Prime Minister of Japan in May 2012

The Deputy Prime Minister Mr. Katsuya Okada was arrived to Sri Lanka in May 2012 to improve bilateral ties with Sri Lanka and participated to inspection of Akkarayankulam Tank Development Project.

## World Bank Division

This division is responsible for mobilizing of development assistance from the World Bank Group for the implementation of the development projects.

As per the Government development priorities, the Country Assistance Strategy (CAS) 2009 -2012 of the World Bank has earmarked US\$ 900 million in concessional terms for

infrastructure, human resources and regional development sectors. In addition, Sri Lanka's transition to Middle Income Country (MIC) status opens potential to obtain blend borrowing from International Development Association (IDA) and International Bank for Reconstruction and Development (IBRD) from December 2010.



## Commitments in 2012

Sri Lanka was able to mobilize US\$ 1,135.3 million of loan assistance and US\$ 37.8 million of grants from the World Bank for the period from 2007 to 2012. Thirty six agreements have been signed during 2007-2012 period, of which seven agreements have been signed in 2012 are given in the below table.

Agreements signed in 2012		
Project	Loan/Grant	Amount US\$ million
Metro Colombo Urban Development	Loan	213.0
Transforming the School Education System as a Foundation of a Knowledge Hub Project	Loan	100.0
E Sri Lanka Development (Additional Financing)	Loan	11.0
Warehouse Receipt Financing Project	Grant	6.5
“Dirisayiva” Assisting People with Disabilities through Cash Transfers & Training	Grant	2.59
Metro Colombo Urban Development	Grant	0.9
Institute of Chartered Accountants of Sri Lanka (ICASL)	Grant	0.5

Out of the total resource envelope of US\$ 900 million agreed in the present CAS 2009 – 2012 of the World Bank, US\$ 324 million was allocated for year 2012.

During the year 2012, 24 development projects have been implemented with an investment of US\$ 1,043.9 million and considerable amount of investments have been derived to the regional development covering Northern and Eastern provinces.

Having identified the need for creation of competitive and dynamic cities to reach the government’s desire of becoming an upper-middle income economy, the government obtained US\$ 213 million from the IBRD of World Bank for “Metro Colombo Urban Development Project” (MCUDP). The project is jointly financed by the Government of Sri Lanka from April 2012 to June 2017. In addition, the World Bank provided a loan of US\$ 100

million for “Transforming the School Education System as the Foundation of a Knowledge Hub” project under Sri Lanka’s Education Sector Development Framework and Programme 2012-2016. Moreover, the government was able to obtain additional financing for e-Sri Lanka Project during 2012 to maintain the current momentum of e-governance activities. The project will enhance growth and equity access to and use of information and communication in remote areas with online public service facilities for e-business while promoting competitiveness of the private sector, particularly small and medium enterprises (SMEs).

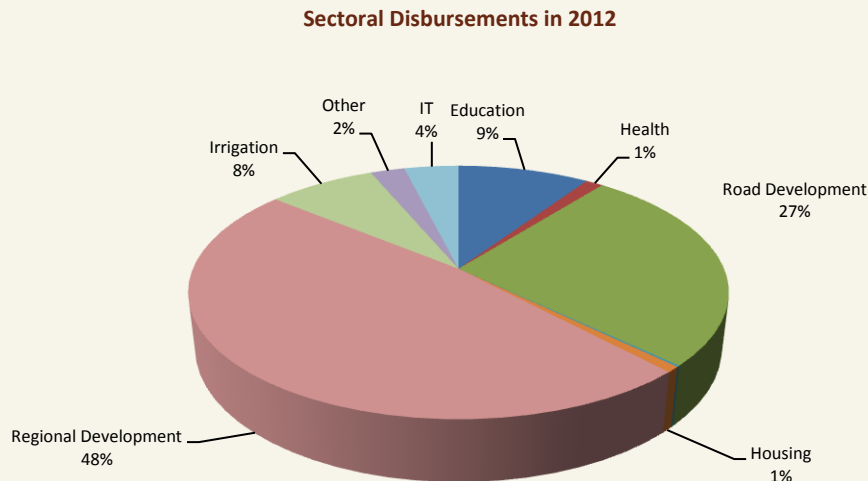
Grant assistance was mainly extended by the World Bank under “Dirisaviya” program focusing on the cash support and training for people with disabilities to improve their living standards.

## Disbursements in 2012

Fund disbursements increased 23 percent during 2007-2012 and highest level of disbursement of US\$ 217.21 million has been recorded in 2011. Relatively low disbursement in 2012 has resulted from procurement and procedural delays pertaining to regional development projects and poor performance of statistical component of the Public Sector Capacity Building project.



However, disbursement in relation to regional development sector was the highest during 2012 followed by the second highest was for the infrastructure development sector. A considerable amount of US\$ 16 million was disbursed for the education sector.



During 2012, further steps have been taken to encourage World Bank to adopt programme based financing rather than focusing on individual projects in order to improve effectiveness of public spending. For examples, financing of “Transforming the School Education System as the

Foundation of a Knowledge Hub” project was on programme based financing and action has been taken to obtain a loan from the World Bank to finance Second Health Sector Development program.

### Special Events and World Bank Missions in 2012

- Arranged the visit of Managing Director of the World Bank to Sri Lanka.
- 91 missions and more than 160 visas for the mission members and World Bank staff were cleared.

## Middle East and SAARC Countries Division

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### Middle East Region

The Official Development Assistance (ODA) from the Middle East Region to Sri Lanka is mobilized through the Middle East Division of the Department of External Resources. The development partners of the Middle East

region consist of countries such as Iran, Kuwait, Saudi Arabia and agencies like OPEC Fund for Arab Economic Development (OFID). Development Assistance from the Middle East Region has been obtained in the form of

concessionary loans and grants. The Middle East Region continues to provide long term development assistance to uplift the economic infrastructure facilities such as power &

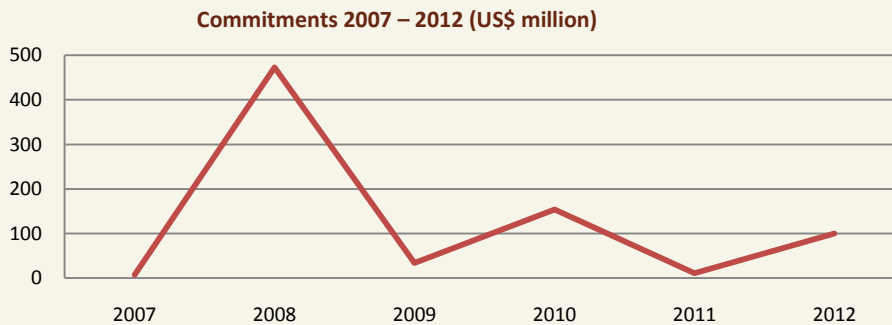
energy, roads and bridges while achieving long term development outcome focusing on health, irrigation and education.

## Commitments in 2012

The total commitment of development partners in the Middle East Region was US\$ 100 million in 2012. Out of that US\$ 60 million was committed by the Saudi Fund and the balance US\$ 40 million by OFID for development of road network in the country.

The proceeds of the loan will be utilized to rehabilitate of 208 km of thirteen national roads and reconstruction of a bridge on Polgahawela-Kegalla road. Implementation of the road will improve the road connectivity, ensure smooth traffic flow, avoid delays on travel and prevent wasting of time on the road, especially in high traffic corridors which is vital to economic development of the country.

## Commitments 2007-2012



The total commitment for the period of 2007-2012 was US\$ 760 million. Out of which US\$ 532 million was committed for the development of irrigation sector of the country. Disbursement for the development of road sector, power & energy health and higher education were US\$ 108 million, US\$ 88.7 million, US\$ 20 million and US\$ 17.5 million respectively for the period of 2007-2012.

## Ongoing projects in 2012

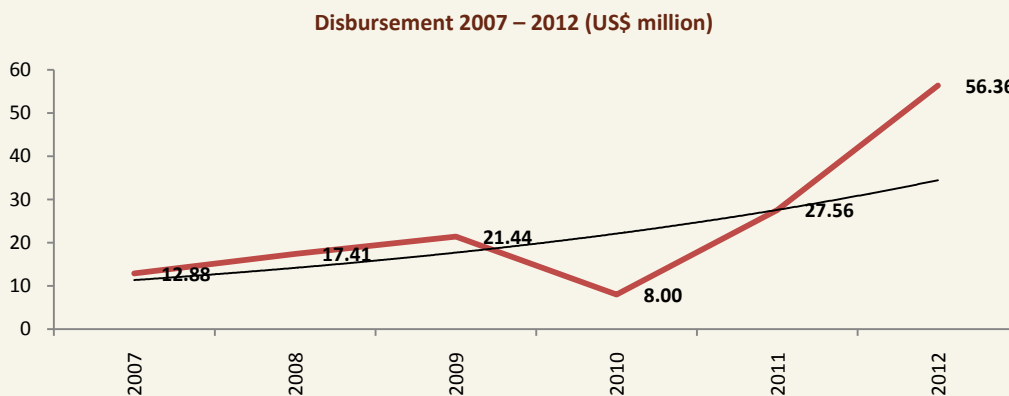
Development Partner	Project	Amount US\$ million	Sub Total US\$ million
<b>Iran</b>	Uma Oya Hydro Electric and Irrigation Project	450.00	<b>538.75</b>
	Rural Electrification Project 8	88.75	
<b>Saudi Fund</b>	Epilepsy Hospital & Health Centers Project	20.00	<b>166.00</b>
	Kalu Ganga Development Project	46.00	
	Road Network Development Project	60.00	

<b>Kuwait</b>	Bridges Reconstruction & Rehabilitation	16.58	
	Strengthening of Tertiary Education & Administrative Infrastructure in Tsunami Affected Area	20.00	
	Moragolla Hydropower Project –Feasibility	0.85	<b>84.93</b>
	South Eastern University of Sri Lanka 1-B Development 1-B	10.5	
	Kalu Ganga Development Project	37.00	
	<b>OFID</b>	National Highway Sector Development project	8.00
	Kalu Ganga Development Project	16.00	<b>64.00</b>
	Road Network Development Project	40.00	
<b>Grand Total</b>			<b>853.68</b>

## Disbursement in 2012

The total disbursement from Middle East Countries for the last five year period was US\$ 143.65 million out of this amount the total disbursement in 2012 was US\$ 56.36 million which is more than three hundred percent increase over the US\$ 12.9 million disbursement in 2007. The highest disbursement is 2012, was mainly towards the Uma Oya Multi propose Project and implementation of Rural Electrification Project which jointly account for US\$ 48.4 million.

## Disbursement 2007-2012



## Completed Project in 2012

Phase 1 of South Eastern University of Sri Lanka which financed by the Kuwait Fund for Arab Development (KFAD) was successfully completed in year 2012.

## Special Events Took Place during the Year 2012

- H.E. Dr. Ibrahim Abdulaziz AL ASSAF, Minister of Finance and Chairman of the Saudi Fund for Development visited Sri Lanka during 27<sup>th</sup> to 30<sup>th</sup> of October to sign the loan agreement for Road Network Development Project.
- Mr. Suleiman J. Al-Herbish, Director General of OPEC Fund for International Development (OFID) visited Sri Lanka during 7<sup>th</sup> to 9<sup>th</sup> of October to sign the loan agreement for Road Network Development Project.

## Projects to be implemented in 2013

Initiatives were taken by the Government in 2012 to mobilize foreign financing from the Middle East Countries for following projects.

<b>Project</b>	<b>Development Partner</b>	<b>Amount US\$ million</b>
Reconstruction and Rehabilitation of the National Road Network	KFAD	36
Colombo National Highways Project	OFID	50
Western Province Road Development Project	OFID	17

## SAARC Countries

### India

The government of Sri Lanka receives Official Development Assistance from the Government of India in the form of grant and loans. The grants are provided by the Government of India while loans are provided by the Export – Import Bank (EXIM Bank) of India under the credit lines.

## Commitments in 2012

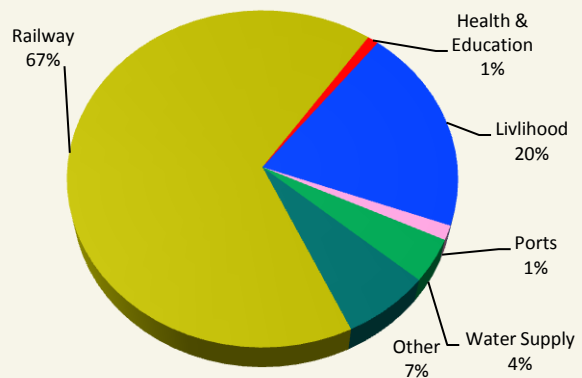
The total commitment made from India for the last five year period was US\$ 1,448 million. Out of the total commitment made during the last five year period, the highest amount of commitment was made in 2012. It was US\$ 700.4 million and it accounted for 48 percent of the total commitment made during the period from 2008 to 2012. Of which amount US\$ 257.28 million provided as grant assistance to construction 49,000 housing units in Northern, Eastern and

Central & Uva Provinces. India provided US\$ 382.37 million as loan through the EXIM Bank of India. Out of that US\$ 60.39 million obtained to Restoration of Northern Railway Services and US\$ 60.69 million for Greater Dambulla Water Supply Project Phase I. Their financial assistance focused on key priority areas such as rehabilitation of conflict affected areas including resettlement of displaced people and reconstruction of destroyed infrastructure.

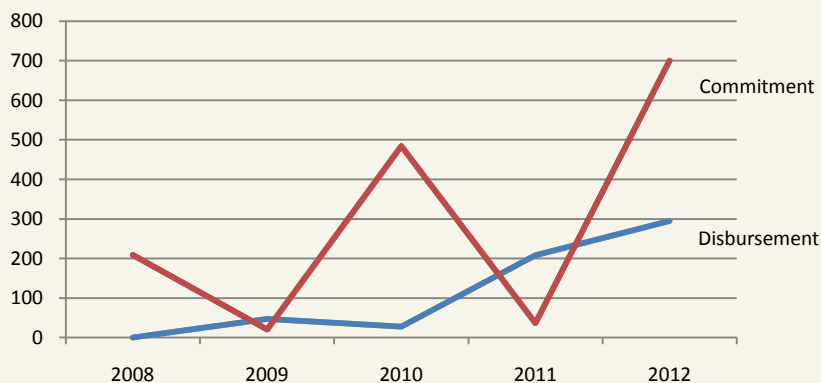
## Sectoral Commitments 2008 - 2012

During the period of 2008-2012 India's highest commitment was for the development of railway sector amounting to US\$ 966 million. Second largest commitment was for the livelihood development with US\$ 288 million. Financial commitment of US\$ 60.7 million channeled to water supply development.

The total disbursement from India for the last five year period was US\$ 578.95 million. Out of this amount, the total disbursement in 2012 was US\$ 294.93 million. Of this amount, the highest volume of US\$ 91.8 million was disbursed for reconstruction of railway lines in Northern Province.



**Commitment and Disbursement from India 2008 to 2012 (US\$ million)**



## Completed projects in 2012

Southern Railway Project which received a concessional line of credit of US\$ 167.4 million was completed in 2012.

## MoUs and Agreements between Sri Lanka and India 2012

MoU Agreement	Date & Venue	Line Ministry / Agency
MoU between Sri Lanka and India on Cooperation in the field of Agriculture	17 <sup>th</sup> January 2012, Colombo	Ministry of Agriculture
MoU between Sri Lanka and India for implementation of Indian Grant Assistance for 49,000 Housing Units in Northern, Eastern, Central and Uva Provinces of Sri Lanka.	17 <sup>th</sup> January 2012 , Colombo	Ministry of Economic Development
MoU between the Telecommunication Regulatory Commission, Sri Lanka (TRCSL) and the Telecom Regulatory Authority of India (TRAI)	17 <sup>th</sup> January 2012 , Colombo	Ministry of Telecommunication and Information Technology
MoU between Sri Lanka and India regarding Indian Grant Assistance for implementation of Small Development Project through Local Bodies Non Governmental Organizations Charitable Trusts & Education and Vocational Institutions	09 <sup>th</sup> June 2012, New Dilhi	
MoU among Sri Lanka and India, the Power Grid Cooperation of India Ltd, & the Ceylon Electricity Board on the Feasibility Study for Interconnection of India-Sri Lanka Electricity Grids	09 <sup>th</sup> June 2012, New Dilhi	Ministry of Power & Energy
Agreement between Sri Lanka and India on the Transfer of Sentenced Persons	09 <sup>th</sup> June 2012 , New Dilhi	Ministry of Rehabilitation and Prison Reforms & Ministry of Justice

## Bilateral East Division

### China

The Government of Sri Lanka receives financial assistance from China in the form of grants and loans. Grants and interest free loans are provided by the Government of China while loans are provided by the Export – Import (EXIM) Bank of China, China Development Bank (CDB) and Industrial and Commercial Bank of China (ICBC).

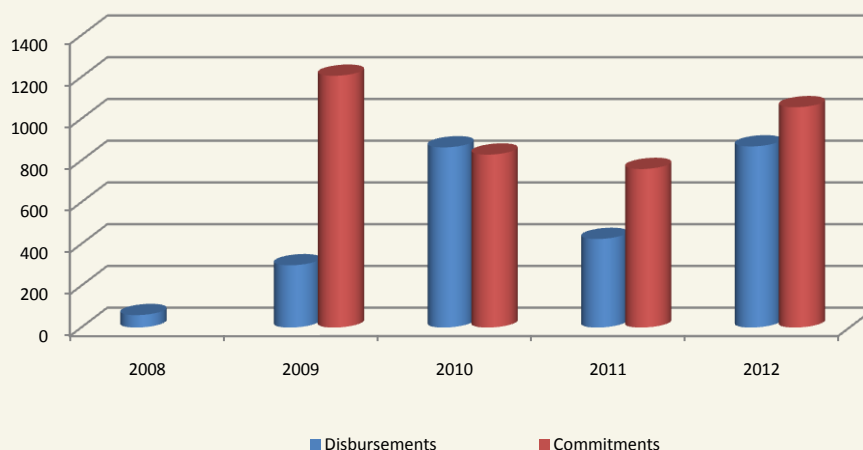
The total commitment made from China for the last five-year period from 2008 to 2012 was US\$ 3,609 million. Out of the total commitment made during the last five years period, the

highest commitment, of US\$ 1,206 million was recorded in 2009 and it was followed by US\$ 1,056 million and US\$ 829 million in 2012 and 2010 respectively. The EXIM Bank of China committed for Hambantota Port Development Project phase II and Finance Material Required for Lightning Sri Lanka Eastern Province Project in 2012 while China Development Bank committed to finance Moragahakanda Development Project.

The total disbursement from China for the last five years period was US\$

2,514 million. Out of this amount, the total disbursement in 2012 was US\$ 868.19 million. Of this amount, the highest volume of US\$ 345 million was disbursed for the Mattala International Airport Project. Disbursements for Supplying Diesel Multiple Units to Sri Lanka Railway Project and Hambantota Port Development Project were US\$ 177 million and US\$ 162 million respectively.

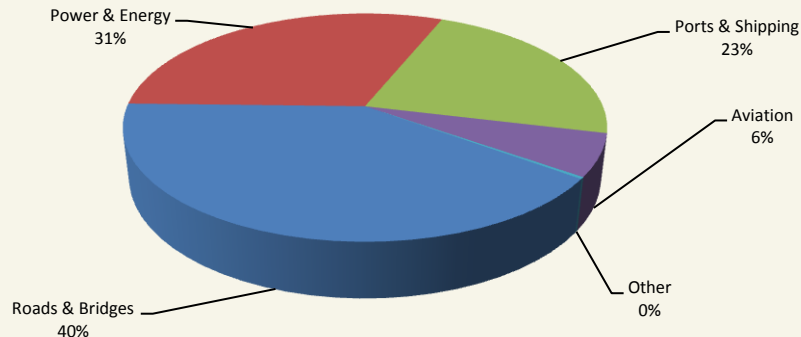
**Commitments and Disbursement from China – 2008 to 2012 (US\$ million)**



### Sector Distribution

During last five year period Chinese assistance was obtained mainly for development of roads & bridges, power & energy and ports & shipping and aviation sectors. The active portfolio of Chinese assistance currently stands at US\$ 3,876 million. Of this amount the highest amount was used for development of roads & bridges sector. It

was US\$ 1,565 million or 40 percent of the total portfolio of China in 2012. The second largest amount of the total portfolio of China in 2012 was used for development of power & energy sector. It was 31 percent of the total portfolio of China during this period. The ports & shipping sectors used around 23 percent.

**Portfolio Distribution 2008 -2012**

The following projects were commenced in 2012.

- Finance Material Required for Lightning Sri Lanka (Eastern Province)
- Hambanthota Port Development Project Phase II

## Korea

Korea provides development assistance to Sri Lanka by way of grants and loans. Grant assistance is provided through Korean International Cooperation Agency (KOICA) and loan assistance is provided through Economic Development Cooperation Fund (EDCF) of the Export – Import Bank (EXIM Bank) of Korea.

The total commitment made in 2012 was US\$ 19.9 million and the total disbursement in 2012 was US\$ 47.2 million. The Korean financing in 2012 was mainly obtained from EDCF for improvement of roads, provision of water supply and upgrading of vocational training institutes. The special feature of the EDCF loans obtained during the last few years, especially in 2009-2012 was that they were obtained at more concessionary interest rates with a longer repayment period compared to the EDCF loans obtained in early 2000. The interest rate for EDCF loans during the last few years was 0.15 percent per annum and the repayment period was 40 years including a 10 year grace period.

Third Framework Arrangement was signed in 2012 allowing obtaining loans from EDCF up to US\$ 290 million for the years 2012-2015. Necessary arrangements were

made to commit US\$ 33.5 million for Construction of Solid Waste Disposal Facilities Project and US\$ 26 million for Establishment of Colombo Vocational Training Centre and Gampaha College of Technology Project in 2012. Supplementary loan agreement was signed in 2012 for the improvement of Padeniya-Anuradhapura Road Project amounting US\$ 11.8 million.

Ministry of Strategy and Finance of the Republic of Korea introduced Knowledge Sharing Programme (KSP) in 2011, in order to share Korea's development experience and thereby promoting socio-economic development of the country. Under this programme, 7 high level officials for the High Level Forum and 16 middle/junior level officials representing relevant Government Ministries and affiliated institutions were obtained opportunity to undergo a one week study tour in Seoul, Korea on the areas of Industrial Policy, Strategies to increase exports and foreign direct investment, Skills Development to meet the emerging human resource needs and enhancing the competitiveness of SME sector in 2012.



## Key Projects being implemented in 2012

### Improvement of Anuradhapura - Padeniya Road Project

This project was implemented with the objective of providing high mobility transportation between Padeniya and Anuradhapura.

The project includes widening and improvement of 80.8 km in length with 14 m in width the Padeniya-Anuradhapura road with two lanes paved with asphalt concrete and with an addition of four lanes in town areas. The total cost of the project is US\$ 70 million of which US\$ 55 million was provided by the Government of Korea through the Economic Development Cooperation Fund of the Export-Import Bank of Korea on concessional terms.

The direct and indirect effects of the Project are expected to shorten the travel time, reduce vehicle operating costs, decrease traffic accidents, improve the quality of public

transportation services and provide the basic framework for regional economic growth by facilitating the movement of passengers and freight between the regions.

The road of the project area was partly damaged and weakened due to the unexpected heavy rainfall from October 2010 to February 2011. This led to additional project work and the damage was estimated as US\$ 13 million and was financed through an EDCF supplementary loan.

EDCF provided the supplementary loan in Korean Won not exceeding the equivalent of US \$ 11.13 million in 2012 to complete this projects. By the end of December 2012, 98 percent of this project was completed.

### Ruhunupura Water Supply Development Project

The national policy plan wishes to develop Southern Province of the country with the preliminary objective of raising the economic, health and living standards of people in the province. This project envisaged development centered around the Hambantotoa Harbor which is identified as having great potential for port related development due to its location in an important navigational route linking East and West. By developing piped water supply system and providing safe and reliable water to the project area, project aims at supporting smooth and timely implementation of the Ruhunupura Development Plan and contributing to the industrial development and economic growth in the project area.

The main components of the project are source improvement and construction of an intake at Ridiyagama tank, construction of a 17,500 m<sup>3</sup> per day treatment plant at Koggala, supply and laying of 45 km of water transmission system, construction of 4 ground reservoirs and 4 elevated towers and supply and laying of 400 km long distribution pipe network. The total cost of the project is US\$ 115.7 million of which US\$ 76.3 million is provided by the Government of Korea. The project is to be completed by the end of 2013.

## Projects to be implemented in 2013

- Greater Kurunegala Integrated Water Supply Scheme (Deduru Oya) – US\$ 67.3 million
- Ruwanwella Water Supply Scheme – US\$ 24 million
- Construction of an Administrative Complex in Gampaha – US\$ 25 million
- Construction of Northern Provincial Council Office Complex – US\$ 20 million

## Bilateral West Division

The Official Development Assistance (ODA) from countries in the western hemisphere to Sri Lanka is mobilized through the Bilateral West Division of the Department of External Resources. The major lenders who provide financial assistance to Sri Lanka comprise of Germany, Netherlands, Sweden, European Union, USA, France, Spain, Austria, Denmark, Belgium, Russia, Australia, United Kingdom and Hungary.

The composition and the form of foreign financing received from the western countries and lending agencies has been substantially changed with the graduation of Sri Lanka to a middle income level economy in 2010. Due to the reduction of concessional financing or soft loans with low interest rates, the development assistance obtained from these countries and agencies has been deviated towards a mix of non-concessional and concessional

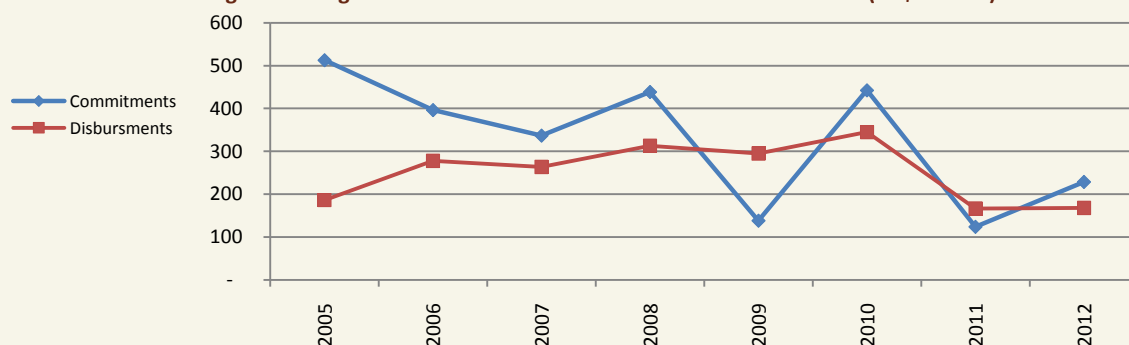
funds and export credit facilities. The foreign financing borrowed under Export Credit facilities have generally been invested in commercially viable projects which can generate sufficient economic benefits or revenue flows to facilitate loan repayment. Accordingly, most of the commercial borrowings from western countries have been utilized to complete the urgent and prioritized development projects such as roads, bridges and water supply and social infrastructure such as development of hospitals and improvement of healthcare facilities with a view to providing quality, high-tech and reliable healthcare facilities to the people.

This financing was obtained mainly in the form of i. export credits, ii. Commercial credits iii. traditional loan assistance iv grant assistance. Foreign financing under export credits have basically been invested in commercially viable project which can

generate sufficient economic benefits and or revenue flows to cover loan repayments.

Financial assistance in terms of commitment and disbursements from western countries to Sri Lanka has increased by 88 percent and 19 percent respectively in 2012 compared to 2011. The main reason for this trend is the prudent and flexible external financing strategy employed by the government that directs borrowing authorities to borrow from low cost financing sources with favorable financial terms available at the time. Limitation of access to concessionary financial sources such as others multilateral development partners, is also a reason for the increase in commitment from western countries.

Foreign Financing Commitments & Disbursements from 2005 to 2012 (US\$ million)



	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>Total</b>
Commitments	513	396	337	439	138	442	124	229	2,618
Disbursements	186	278	264	318	295	345	166	168	2,015

## Commitments in 2012

The following projects have been implemented in 2012 with external financing assistance under export credit and commercial credit facilities.

<b>Development Partner</b>	<b>Project</b>	<b>Amount US\$ million</b>
France	Widening and Reconstruction of 46 Bridges on the National Road Network	28.0
Netherlands	Development of Hambanthota General Hospital	55.5
Netherlands	Development of Nuwara Eliya General Hospital	46.9
German-KFW	Completion of Mahamodara Maternity Hospital	34.4
Spain	Veyangoda Flyover	14.2
HSBC-UK	Rural Bridges (210)-Buyer's credit Facility	44.0
Germany-GIZ (Grant)	Vocational Training Institute in the North of Sri Lanka	5.3
The Government of USA (Grant)	Strengthen Partnership for Social Integration	1.4
The Government of USA (Grant)	Increase and Equitable Growth	3.7
German-GIZ (Grant)	SME Development	0.3
	<b>Total</b>	<b>233.7</b>

## Major Projects Negotiated in 2012

Development Partner	Project	Amount US\$ million
The Netherlands ( <i>Export Credit</i> )	Upgrading the National Blood Transfusion Service of Sri Lanka with State of the Art Technology	32.64
	Peripheral Blood Bank Coming under the National Blood transfusion service	24.23
Spain ( <i>Export Credit</i> )	Greater Rathnapura Water Supply –Scheme 1	28.73
Austria ( <i>Soft Loan</i> )	Supply, Installation, Commissioning, Testing and Training of 02 Nos. of Cardiac Catheterization System and 2 Nos. Echo Cardiography Machines for the cardiology unit of the National Hospital of Sri Lanka	2.92
	Mahiyangana Water Supply project	12.79
	Enhancement Of Advanced Technical Institute Kandy	9.20
Germer-GIZ ( <i>Grant</i> )	SME Development	3.69
HSBC Denmark ( <i>Export Credit</i> )	Modernization of Processing Factories of MILCO (Pvt) Ltd	45.00
EIB ( <i>Credit Line</i> )	Green Energy Global Loan	110.70

## Major Projects being implemented in 2012

### Construction of 210 Steel Bridges in Rural Areas

The Government has obtained a credit facility of GBP 28 million in 2012 from the Hong Kong & Shanghai Banking Corporation Ltd (HSBC) of UK to construct 210 steel bridges varying in lengths from 6-30 meters throughout the country. This project will facilitate transportation needs in many rural areas of the country by improving access to remote areas. Therefore, rural communities will be greatly benefited from improved access and they will have better opportunities to enhance economic and social activities. It is expected to commence the implementation of this project in the first half of 2013.

### Dikkowita Fishery Harbour Project

The project for the Construction of Dikkowita Fishery Harbour commenced in 2008 with the financial assistance of Euro 59 million. Out of the total cost of the project, a sum of Euro 17.3 million was provided by the Government of Netherlands under its Development Related Export Transactions (ORET) Programme on grant basis. The

balance Euro 33,748,740 provided by the Hong Kong & Shanghai Banking Corporation Ltd (HSBC) as an export credit loan.

In addition, the Government of Sri Lanka has contributed around Euro 8 million in this regard. The proposed fishery

harbor will have a 13 hectare of harbor area enclosed by 1100 meters of rubble mound breakwaters with a berthing facility for 490 fishing boats of different sizes with maximum draft of 2.3 meters and 1150 meters of berthing length for parking of boats. It will also have facilities such as a building for catch, receiving, cleaning and auctioning the fish, cold stores, freezing facilities and ice plants, other buildings related to fishery activities, slipways for ship repairs and utilities.

Implementation of this project would contribute to the expansion of the fish production and fisheries exports of the country and in the long run many fishery families will benefit from this project. Further, it is estimated that employment opportunities created during the construction phase of the Dikkowita fishery harbor, would be offered on a priority basis to the residents in the area. It is reported that this is the largest fishery harbor in South Asia.

### Reconstruction of 46 Bridges on the National Road Network

Financing arrangements have been concluded during 2012 with the Government of France to obtain a loan of Euro 22 million to initiate reconstruction of 46 bridges in Western, Southern, Uva, Sabaragamuwa, Central and North Western Provinces. Replacement of these structurally weak and narrow bridges on national road network will help to mitigate traffic congestion and traffic accidents while improving the connectivity of the road network.

### Implementation of Development of Hambantota and Nuwara Eliya General Hospitals

Development of Hambantota and Nuwara Eliya General hospitals projects commenced in 2012 with financing facility of Euro 78 million from Rabo Bank of Netherlands. As a result of this construction of a nine storied, 800 beds new hospital in Hambantota with modern medical equipment and other healthcare facilities, nearly 675,000 people living in Hambantota and other peripheral areas will have opportunities to obtain high quality health facilities. The Nuwara Eliya Hospital which is a four storied, 600 beds new hospital with modern medical equipment and other healthcare facilities, will benefit nearly 700,000 people in upcountry.

## Human Resource Development and United Nation Agencies Division

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### United Nation Agencies Division

Sri Lanka has built a productive relationship with the agencies coming under the umbrella of the United Nations such as International Fund for Agricultural Development (IFAD), United Nations Development Programme (UNDP), Food and Agriculture Organization (FAO), United Nations Children's Fund (UNICEF), World Health Organization (WHO), World Food Programme (WFP), United Nations Population Fund (UNFPA), United Nations High Commissioner for Refugees (UNHCR), UN Habitat and International Labour Organization (ILO). UN assistance to Sri Lanka comes mainly in the form of grants. However, the foreign financing provided by the IFAD is extended through concessionary loans.

Every five year period UN Agencies and the Government of Sri Lanka jointly prepare the pipeline and the United Nations Development Assistance Framework (UNDAF) based on the priorities highlighted in the development policy framework of the government. Accordingly, the UNDAF for the period of 2013 – 2017 was signed between GOSL and UN Agencies in October 2012 by providing a strategic direction to implement UN supported projects and programmes in line with the development priorities of the Government.

## Commitments in 2012

Based on the UNDAF 2008 - 2012, priority projects and programmes in the fields of agriculture, education, environment, disaster relief, water, rural and livelihood development were identified for implementation. Agreements for the following key projects were signed between the GOSL and UN agencies in 2012. The commitments made by WFP in 2012 were US\$ 27.96 million while the total commitments made by the UNICEF in the same year were US\$ 26 million.

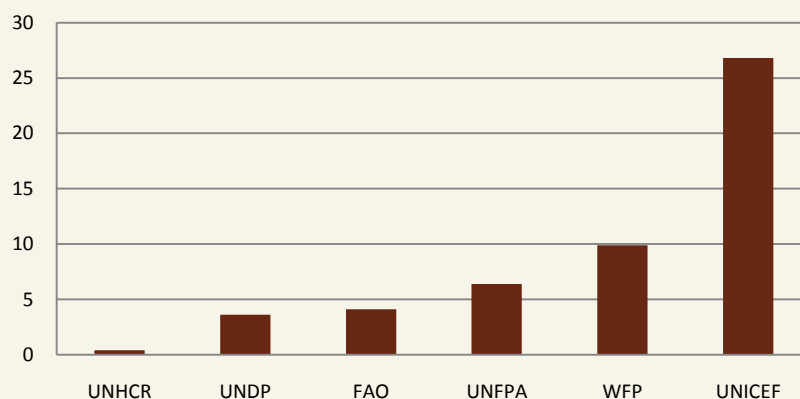
### Commitments in 2012 (US\$ million)

Development Partner	Project	Amount US\$ million
FAO	Integration Management of the Weligama Coconut Leaf Wilt Disease	0.30
	Irrigation and Agricultural Livelihood Development in Killinochchi and Mullaitivu	5.10
IFAD	Iranamadu Irrigation Development Project	22.20
WFP	Protected Relief and Recovery Operation	27.96
UNDP	Community Forestry Programme	4.79
UNHCR	Assistance Return and Reintegration of IDP's in Sri Lanka	0.08

## Disbursements in 2012

As shown in the chart, the highest disbursement of 39.5 percent in 2012 was recorded by UNICEF funded projects while the second highest of 24.6 percent was by IFAD projects. The WFP funded projects have recorded 14.6 percent disbursements whereas the disbursements made by FAO and UNDP in 2012 were approximately US\$ 4.1 million and US\$ 3.6 million respectively. UNHCR has distributed US\$ 0.4 million as a shelter cash grant to IDPs in Vavuniya, Killinochchi, Mullaitivu, Mannar and Jaffna.

### Disbursements in 2012 (US\$ million)



## Completed Projects in 2012

The following projects in the fields of fisheries, livestock, environment and livelihood development were completed in 2012.

Key Projects Completed in 2012		
Development Partner	Project	Amount US\$ million
FAO	Improvement of Food Security and Livelihoods Development in Northern Sri Lanka	2.03
	Urgent Provision of Essential Agricultural Inputs for Returning war affected IDPs in the North	6.20
UNDP	Disaster Risk Management Through Partnerships in Sri Lanka	1.5
	Local Governance Programme	1.8
	Institutional Strengthening for Phase-out of ODS (Phase VIII)	1.4
	Support Efforts & Action Against Corruption (SEAAC)	0.1
	Capacity Building through South-South cooperation	0.2

## Sri Lanka Donates Rice to Somalia and East Africa

Signifying the first rice donation to WFP, the Government of Sri Lanka has donated a total of 10,000 metric tons of white rice to the drought affected people in Somalia and East Africa through WFP in Sri Lanka. This donation supported WFP's efforts to provide critically required food and nutritional assistance to the Somali Refugees who are located in camps in Ethiopia. The first transshipment of 500 metric tons of rice equivalent market value of US\$ 4 million has been done in March 2012.

Further, the Government has also pledged 500 metric tons of red rice to assist the WFP to provide mid day meal to Sri Lankan schools through the Protracted Relief and Recovery Operation (PRRO) Project in Sri Lanka.

## Brief Description of the Key Projects implemented in 2012

### Community Forestry Programme

The Government of Sri Lanka and the United Nations Development Programme (UNDP) has jointly launched Community Forestry Programme in 2012 to increase forest cover and support small scale farmers living in Sri Lanka's dry zone.

This programme aims to regenerate an additional 23,000 hectares of forest and increase the income of around 90,000 rural people. In addition, this programme provides microfinance mainly to support bee keeping, paddy and vegetable cultivation, fruit gardens, food processing, handicrafts and livestock development with the aim of reducing dependency on forest resources. A total of US\$ 4.79 million grant assistance was provided by AusAid through UNDP for this project and it is scheduled to be completed in 2016.

### Protracted Relief and Recovery Operation (PRRO)

The objective of the above project is to support the Government in its efforts to regain livelihoods and restore assets while supporting the displaced returnee population for their resettlement activities. It is also expected to cover the humanitarian and early recovery needs of the affected people.

The total cost of this project is US\$ 27 million. WFP assisted this programme and will be implemented in Mannar, Vavuniya, Mullaitivu, Kilinochchi and Jaffna District in the Northern Province and selected areas in the Eastern Province. The total estimated beneficiaries of this programme would be 176,000.

### Iranamadu Irrigation Development Project (IIDP)

In considering the request made by the Government of Sri Lanka, IFAD has agreed to provide a loan of Special Drawing Rights (SDR) 14.35 million (approximately US\$ 22.2 million) to implement the Iranamadu Irrigation Development Project and the Financing Agreement to obtain the above loan assistance was signed between the Government of Sri Lanka and IFAD in January, 2012. Under this project, it is expected to rehabilitate irrigation infrastructure including 30 km of main canals, 35 km of branch and distributor canals, 123 km of field canals and 95 km of drainage canals of the downstream of Iranamadu tank. Further, it is expected to improve the agriculture production and marketing in Kilinochchi.

### Key Projects to be implemented in 2013

Following table shows the list of key projects to be implemented in 2013 under the UN assistance.

Key Projects to be implemented in 2013		
Development Partner	Project	Amount US\$ million
UNDP	Strengthening enforcement of law, Access to Justice and Social Integration	11
	Governance for Local Economic Development	30
FAO/UNDP/UNEP	Reducing Emissions from Deforestation and Forest Degradation in Developing Countries (UNREDD)	4
WFP	Addressing Climate Change Impact and Marginalized Agricultural Communities Living in Mahaweli River basin of Sri Lanka	7

### Online Volunteering Service

The online volunteering service is one of the United Nations Volunteer (UNV) programme's cooperate tools to mobilize volunteers for the development process of member countries. It provides broader pool of knowledge and resources to the recipient organizations. Online volunteers not only provide valuable skills and expertise but also lead to obtain new ideas and fresh perspective from various backgrounds and cultures.



## International Fund for Agricultural Development (IFAD)

International Fund for Agricultural Development (IFAD) is one of the prominent development partners of Sri Lanka since 1978. IFAD has been a strong partner in Sri Lanka with a total financial assistance of about US\$ 400 million to poverty reduction projects in rural areas of the country benefiting some 550,000 rural households.

### Projects being implemented in 2012

Project	Amount US\$ million
<b>Loans</b>	
Dry Zone Livelihood Support and Partnership Programme (2005-2012)	23
Post-Tsunami Coastal Rehabilitation and Resource Management Programme (2006-2013)	24
Smallholder Plantation Entrepreneurship Development Programme (2007-2014)	23
National Agribusiness Development Programme (2010-2015)	25
Iranamadu Irrigation Development Project (2012-2017)	22
<b>Grants</b>	
Participatory Coastal Zone Restoration and Sustainable Management in the Eastern Province	7

## Special Events in 2012

- October 2012 – UNDAF for the period of 2013-2017 was signed between GOSL and UN Agencies at the Ministry of Finance and Planning
- October 2012 – Mr. Ajay Chibber, UN Assistant Secretary General visited Sri Lanka and participated at the signing ceremony of new UNDAF

## Human Resources Development (HRD) Division

The key role of the Division is administering of all Foreign Training Opportunities (FTO) offered by the multilateral and bilateral donors for human resource development under the Technical Cooperation. In addition to that, the division is designated as the National Point of Contact (POC) on behalf of the Government of Sri Lanka to achieve the government's development targets by making productive decisions and to deliver efficient and productive services to the general public through the development of human resources in the public sector.

Mobilize the of foreign training opportunities from various development partners and distribute available opportunities among line Ministries, Provincial Councils, Departments, and other government agencies is one of the major responsibilities of HRD Division. HRD Division performs as the National Point of Contact of the Technical Cooperation for coordinating the donors and line Ministries / agencies in identifying suitable candidates for foreign training opportunities. For smooth functioning and improving the efficiency and ensuring transparency and accountability of this task, HRD Division maintains a database to record all information in relation to the foreign training opportunities and the selection of candidates. A demand survey to identify the ministries, departments or institutions for foreign training is carried out at the beginning of the every year. The data collected through the survey is feed into the database and subsequently, it is match with the offers made by donors to identify suitable agencies.

The Government of Sri Lanka annually receives around 600 foreign training awards by way of long-term (8 months or over) and short-term training opportunities under the Technical Assistance Programmes from more than 15 development partners. The following table shows the number of training opportunities received by the Government of Sri Lanka during the period of 1<sup>st</sup> January to 31<sup>st</sup> December 2012.

### Training Opportunities

Donor	Number of Awards	
	Long Term	Short Term
Asian Development Bank (ADB)	-	72
Colombo Plan	-	33
Commonwealth Fund for Technical Cooperation (CFTC)	-	43
Government of Australia	18	-
Government of Brazil	-	5
Government of China	3	81
Government of Japan	-	3
Government of Singapore	-	66
Government of Malaysia	-	8
Government of Thailand	6	32
Government of the Republic of Korea	10	146
Government of India	-	64
Japan International Cooperation Agency (JICA)	17	137
SAARC Secretariat	-	9
World Bank	-	10
Iran	-	5
Indonesia	-	7
Others	-	4
<b>Sub Total</b>	<b>54</b>	<b>725</b>
<b>Total</b>		<b>779</b>

Accordingly, a total of 779 foreign training opportunities were received in 2012 and out of them 54 were long term programmes and the balance were short term programmes.

The majority of training opportunities (20.15 percent) have been provided by the Government of Japan, mainly through the Japan International Cooperation Agency (JICA). The Japanese foreign training opportunities included 140 short term and 17 long term opportunities. The Government of Korea, through the Korean International Cooperation Agency (KOICA) had provided 146 short term training opportunities and 10 long term opportunities. This represents about 20 percent of total training opportunities obtained by Sri Lanka in 2012. The Peoples Republic of China has provided 81 short term training opportunities and 3 long term training opportunities (about 10.78 percent of the total training opportunities) while Asian Development Bank and Government of Singapore offered a significant number of training opportunities in 2012 representing about 9 percent and 8 percent respectively.

Considering the long term training opportunities received by the Government of Sri Lanka, most of the masters' level

degrees are offered to junior and middle level officers to enhance their academic and professional, analytical and decision making skills which required for their future career development. The short term training, seminars, conferences and workshops are offered to middle and senior level public officers to enhance their existing knowledge and skills of the relevant fields. Most of these training courses are conducted by the best leading training institutions and universities in the world. These training programmes, mainly focus on the areas of agriculture, livestock, fisheries & irrigation, road & transport, health, enterprise development, environment, education, public administration & governance and development & public policy.

In addition to the individual training programmes, development partners provide group training, workshops and study visits for the public sector employees. The following group training opportunities were offered by the JICA and the KOICA for the year 2012.

## KOICA Group Training Programmes

- Economic Development Strategy for 22 participants (07<sup>th</sup> – 23<sup>rd</sup> Jan 2012)
- District and Divisional Administration for 20 participants (13<sup>rd</sup> – 26<sup>th</sup> May 2012)
- Waste Management and Waste to Energy for 20 participants (16<sup>th</sup> – 29<sup>th</sup> Sept 2012)
- Capacity Building of Teacher and Professional Development for 20 participants (02<sup>nd</sup> -15<sup>th</sup> Sept 2012)

## JICA Group Training Programmes

- Training Programme for Young Leaders for 19 participants (16<sup>th</sup> Aug – 14<sup>th</sup> Sept 2012)
- CFT : Solid Waste Management in Sri Lanka for 6 participants (11<sup>th</sup> October – 03<sup>rd</sup> November 2011)

Apart from the training opportunities, HRD division coordinates to obtain services of foreign experts and volunteers with the donors and line ministries. Based on the requests made by line Ministries, suitable experts/volunteers are identified and necessary steps are taken to recruit them. During the year 2012, the Government of Sri Lanka received 60, 30 and 20 volunteers from Korea, Japan and UN Agencies respectively in the fields of health, social, community development, sports, education, language, textile and IT.

The Government of Sri Lanka has also obtained the services of Australian volunteers over the last few decades which was curtailed in 2006 due to the conflict situation in Sri Lanka. The Government of Australia has entered in to an Agreement with the Government of Sri Lanka in December 2012 to obtain the services of Australian volunteers to work with people and the local authorities to enhance their skills and strengthen the local organizations, communities and networks.

# Economic and Policy Analysis Division

## The Role of the Economic and Policy Analysis

The Division is responsible for enhancing foreign aid coordination, mobilization, management of external Official Development Assistance (ODA), attracting new foreign financing sources for implementation of priority projects identified in line with the Development Policy Framework of the Government. Further, division is maintaining efficient and effective information systems including Debt Recording and Management Systems (CS - DRMS) provided by Commonwealth Secretariat.

In order to achieve these objectives, following tasks are undertaken by the Division:

- Coordination with Line Ministries and Development Partners to obtain the necessary funding facilities for the development projects and programmes that are to be implemented as government development initiatives.
- Obtaining the recommendations of the Department of National Planning for the project proposals submitted by the Line Ministries.
- Submitting the project proposals recommended by the Department of National Planning to prospective development partner desks in consultation with senior staff of the Department to secure foreign financing.
- Preparation and maintenance of updated project pipeline which are to be implemented with foreign assistance.
- Studying unsolicited development project proposals received from various Line Ministries along with Financial Proposal and provide ERD observations on financial terms in consultation with higher authorities.
- Maintaining efficient and effective management information records on foreign financing such as financing commitments, disbursements, debt stock and debt service payments in order to ensure loans are being servicing on time and accurately.
- Using the Commonwealth Secretariat Debt Recording and Management Systems (CS - DRMS), to facilitate requirements of various end users of debt data & information including the Central Bank, Department of Treasury Operations, Department of State Accounts and Department of Project Management and Monitoring, Department of Fiscal Policy, Parliament, Auditor General and Department of Census and Statistics.
- Perform various analysis with regard to foreign loans and grants
- Preparation and coordination of publications; Foreign Aid Review, Performance Report and Budget Publication of the Department.
- Providing inputs for the Foreign Financing Chapter for Ministry of Finance and Planning Annual Report.
- Providing inputs for the midyear and year Fiscal Responsibility report which are published by Department of Fiscal Policy.
- Issuing necessary Circulars relevant to foreign aid utilization.
- Coordinating of submission of Cabinet Observations on the Cabinet Memoranda submitted to the Ministry of Finance and Planning.
- Coordination of foreign aid meetings and development forums.
- Maintaining and updating the Departmental intranet and internet <http://www.erd.gov.lk> to disseminate information on external debt, donor-funded projects and highlights of the department activities.
- Maintaining hardware and software services and providing user support.
- Maintaining Technical Assistance Information System

## Performance of the Year

- Prepared and published the report on “Global Partnership Towards Development 2012”.
- Prepared and published of Annual Performance Report for the year 2011.
- Prepared of Foreign Financing Chapter for Ministry of Finance and Planning Annual Report 2011.
- Provided inputs for the midyear and year 2012 Fiscal Responsibility report which are published by Department of Fiscal Policy
- Provided inputs for monthly cash flow meetings.
- Various reports were prepared on aid commitments and utilization and submitted to the higher authorities and the other decision making agencies.
- Submission of 55 project proposals cleared by the Department of National Planning to the donor desks to obtain foreign finance.
- Clearance of three Memorandum of Understanding (MOUs).
- Studied 20 unsolicited project proposals submitted by the Line Ministries and appraise the terms and conditions offered by the respective funding sources. And submitted 7 ERD observations to the respective Line Ministries.
- Compiled and prepared Foreign Financing Budget Estimates for the ongoing and new project proposals for the year 2013
- Recorded detail and payment conditions with regard to 53 of foreign aid agreements and their subsequent amendments in to CS-DRMS, of which 26 were loan agreements and 27, were grant agreements.
- Servicing 717 live loans in respect of Rs. 2,581.8 billion (or US\$ 20.3 billion) debt stock.
- Recording disbursements of 188 ongoing loans and 167 grants.
- Answered for 4 Parliamentary Questions.
- 23 new loans have been analyzed.
- Reconciled year end (2011) data with Department of Treasury Operations.
- Tables of Foreign Aid Review 2009-2011 have been finalized and shared with Department of Census and Statistics.
- Procured 16 Personnel Computers and a comprehensive Backup System for the Department
- Renewed Maintenance Agreements
- Uploaded Information to ERD Website: Debt statistics - Monthly, Foreign Training information; KOICA Programmes 13 / JICA programmes 2 / AusAid Details / TA Circular & programme list, Press releases (Agreements signed), ERD Publications / Contact details..etc
- Managed the Foreign Training Management System updating ministries and agencies. Various reports were prepared for Annual report, Budget report, Audit report and Agency information (more than 30)

## Financial Review

### Financial Information on Expenditure

This Department is not collecting revenue to the Government and therefore, it is not identified as a revenue collecting agency. Financial information on expenditure against provision on Personnel Emoluments, Other Recurrent Expenditure, Capital Expenditure and Advance Accounts Operations of the Department under Budget Head No. 239 in the year 2012 is given in following tables.

#### Personnel Emoluments

	<u>Rs.</u>
Original Provision	39,350,000
<b>Add:</b>	
Transfers under FR.66 and Supplementary Provision	0
<b>Less:</b>	
Transfers under FR.66 and Supplementary Provision	1,932,800
<b>Total Provision</b>	<b>37,417,200</b>
Expenditure during the year	37,330,920

#### Other Recurrent Expenditure

	<u>Rs.</u>
Original Provision	207,550,000
<b>Add:</b>	
Transfers under FR.66 and Supplementary Provision	9,066,927
<b>Less:</b>	
Transfers under FR.66 and Provision Frozen	3,210,415
<b>Total Provision</b>	<b>218,549,727</b>
Expenditure during the year	138,718,607

**Capital Expenditure**

<b>Object Code</b>	<b>Object Title</b>	<b>Provision Rs.</b>	<b>Expenditure Rs.</b>
2002	Rehabilitation & Improvement of Plant, Machinery & Equipment	1,000,000	181,594
2003	Rehabilitation & Improvement of Vehicles	1,200,000	536,867
2102	Acquisition of furniture and Office equipment	4,000,000	3,784,622
2202(13)	Capital Transfers – Sweden Consultancy Assistance	0	0
2204(21)	Asian Development Bank Ordinary Capital Increasing	521,476,000	521,475,923
2401	Training and Capacity Building	500,000	195,750
2401(13)	Training and Capacity Building	0	0
2502(17)	Reimbursement of VAT for Residence Missions	5,000,000	3,715,316

## Advance Accounts

This Department has one Advance Account for granting loans to public officers. During the year we have complied with the stipulated limits of the Advance Account and operations of this Account are as follows.

	<b>Rs</b>
Maximum limit of expenditure	5,000,000
Actual expenditure	4,241,921
Minimum limit of receipts	2,880,000
Actual receipt	3,086,126
Maximum limit of debit balance	32,000,000
Actual balance	17,788,270

## Auditor General's Queries

During the year, 4 audit queries were received and all the queries were answered. Queries were raised on utilization of foreign aids, Appropriation Account and Public Officers Advance Account of 2011.

## Appropriation Account 2012

The Appropriation Account for the year 2012 was submitted to the Auditor General on 28<sup>th</sup> March 2013.



**Annexure I**

List of Committed Projects during 2012 (Loans)

Development Partner	Description	Agreement Date	Loan Amount			Financial Terms						
			in Loan currency		in US\$	Interest Type	Annual Interest Rate		Commitment Fee %	Other Payment	Grace Period (Years)	Maturity - Including Grace Period (Years)
			Currency	Amount			Rate (%)	Margin (100 base points)				
<b>Multilateral</b>												
Asian Development Bank	Northern Road Connectivity Project - Add. Financing	2012/11/19	XDR	45,215,000	69,684,418	Fixed	1.00 (During Disbursing Period) 1.5 (During Repayment Period)	N/A	-	-	8	32
	Northern Road Connectivity Project - Add. Financing	2012/11/19	US\$	30,000,000	30,000,000	Variable	LIBOR 06 Months for US\$	0.60	0.15	-	5	26
World Bank - International Bank for Reconstruction & Development.	Metro Colombo Urban Development Project [MCUDP]	2012/05/18	US\$	213,000,000	213,000,000	Variable	LIBOR 06 Months for US\$	0.80	-	Front-End Fee (0.25%)	4	24
World Bank - International Development Association	Additional financing for E_Sri Lanka Development Project	2012/05/01	XDR	7,100,000	11,005,824	Fixed	0.75	N/A	0.50	-	5	24
	Transforming the School Education System as the Foundation of a Knowledge Hub Project	2012/05/18	XDR	64,100,000	100,821,980		1.25 0.75 (Service Fee)	N/A	0.75	-	5	24
International Fund for Agricultural Development	Iranamadu Irrigation Development Project	2012/01/30	XDR	14,350,000	22,032,234	Fixed	0.75	N/A	-	-	11	25
OPEC Fund for International Development	Road Network Development Project (OPEC Fund)	2012/10/08	US\$	40,000,000	40,000,000	Fixed	3.1 1.00 (Service Fee)	N/A	-	-	5	20





List of Committed Projects during 2012 (Loans) *Cont...*

Development Partner	Description	Agreement Date	Loan Amount			Financial Terms						
			in Loan currency		in US\$	Interest Type	Annual Interest Rate		Commitment Fee %	Other Payment	Grace Period (Years)	Maturity - Including Grace Period (Years)
			Currency	Amount			Rate (%)	Margin (100 base points)				
<b>Bilateral</b>												
<b>China</b>	Moragahakanda Development Project	2012/06/28	US\$	214,200,000	214,200,000	Variable	LIBOR 06 Months for US\$	2.90	-	Front-End Fee (5.9%) Management Fee (0.5%)	4	16
	Finance Material Required for Lighting Sri Lanka Eastern Province Project	2012/01/16	US\$	32,496,000	32,496,000	Variable	LIBOR 06 Months for US\$	3.00	0.25	Exposure Fee (5.5%) Management Fee (0.25%)	4	15
	Hambantota Port Development Project - Phase II	2012/09/17	US\$	51,000,000	51,000,000	Variable	LIBOR 06 Months for US\$	4.00	0.70	Management Fee (0.9%)	4	15
	Hambantota Port Development Project Phase II	2012/09/17	CNY	1,000,000,000	158,358,086	Fixed	2.00	N/A	0.50	Management Fee (0.5%)	6	19
	Hambantota Port Development Project - Phase II	2012/09/17	US\$	600,000,000	600,000,000	Fixed	2.00	N/A	0.50	Management Fee (0.5%)	6	19
<b>France</b>	Reconstructions of 46 Bridges on National Road Network	2012/11/05	EUR	22,050,000	28,287,952	Fixed	0.73	N/A	-	-	5	20
<b>Germany</b>	Construction of the Mahamodara Maternity Hospital, Galle	2012/08/16	EUR	28,000,000	34,419,001	Fixed	2.20	N/A	0.25	-	2	12
<b>India</b>	Greater Dambulla Water Supply Project 1	2012/01/17	US\$	60,690,000	60,690,000	Variable	LIBOR 06 Months for US\$	2.00	0.50	Insurance Premium (6.5%) Management Fee (0.5%)	3	14
	Restoration of Northern Railway Services	2012/01/17	US\$	382,370,000	382,370,000	Variable	LIBOR 06 Months for US\$	0.50	0.50	Management Fee (0.5%)	6	20



List of Committed Projects during 2012 (Loans) *cont...*

Development Partner	Description	Agreement Date	Loan Amount			Financial Terms						
			in Loan currency		in US\$	Interest Type	Annual Interest Rate		Commitment Fee %	Other Payment	Grace Period (Years)	Maturity - Including Grace Period (Years)
			Currency	Amount			Rate (%)	Margin (100 base points)				
<b>Bilateral</b>												
<b>Japan</b>	Habarana-Veyangoda Transmission Line Project	2012/03/28	JPY	<b>9,573,000,000</b>	115,329,450					-	10	40
	Tranche 1			9,187,000,000		Fixed	0.30	N/A	0.10			
	Tranche 2			386,000,000		Fixed	0.01	N/A	0.10			
	Improvement of Basic Social Services Targeting Emerging Regions	2012/03/28	JPY	<b>3,935,000,000</b>	47,406,392					-	10	40
	Tranche 1			3,785,000,000		Fixed	0.20	N/A	0.10			
	Tranche 2			150,000,000		Fixed	0.10	N/A	0.01			
<b>Korea</b>	Improvement of Padeniya - Anuradhapura Road Project (Supplementary Loan)	2012/11/02	KRK	12,926,000	11,820,850	Fixed	0.15	N/A	-	-	11	40
<b>Netherlands</b>	Development of NuwaraEliya District General Hospital (Netherlands)	2012/04/05	EUR	35,723,788	46,989,283	Fixed	4.94	N/A	-	-	3	12
	Development of Hambantota District General Hospital (Netherlands)	2012/04/05	EUR	42,204,783	55,514,061	Fixed	4.94	N/A	-	-	3	12
<b>Spain</b>	Veyangoda Railway Crossing Flyover Project (Spain)	2012/06/19	EUR	8,554,612	10,783,946	Variable	EURIBOR 06 Months	2.25	-	Management Fee (0.5%)	2	10
	Veyangoda Railway Crossing Flyover Project (Spain)	2012/06/19	EUR	2,668,565	3,363,993	Variable	EURIBOR 06 Months	2.75	-	Management Fee (0.5%)	1	3
<b>Saudi Fund For Arab Economic Development</b>	Road Network Development Project-(Saudi Fund)	2012/10/30	SAR	225,000,000	59,924,547	Fixed	2.00	N/A	-	-	5	20
<b>United Kingdom</b>	Constructions of 210 Permanent Rural Steel Bridges	2012/06/24	US\$	44,142,909	44,142,909	Variable	LIBOR 06 Months for US\$	2.00	-	-	5	15
				<b>Total</b>	<b>2,443,640,926</b>							

Note : Excluding Commitments made to SOEs

## Annexure 2

## List of Committed Projects during 2012 (Grants)

Development Partner	Agreement Date	Project Name	Amount in Agreement Signed Currency		In Rupee	In US\$	
			Currency	Amount			
<b>Bilateral</b>	<b>Korea</b>	2012/12/21	Modernization and Upgrading of Automobile Centres in the Colleges of Technology and Technical Colleges in Sri Lanka	US\$	3,000,000	383,659,500	3,000,000
		2012/12/21	Feasibility Study and Detailed Design for Digili Oya Multipurpose Reservoir in Nilwala Ganga Basin, Sri Lanka	US\$	2,500,000	319,716,250	2,500,000
		2012/12/21	Technical Assistance for Advanced Traffic Management System in Colombo Metropolitan Region	US\$	2,500,000	319,716,250	2,500,000
	<b>India</b>	2012/01/17	Grant for 49000 housing units in Northern, Eastern, Central & Uva pro.	INR	13,190,000,000	29,304,223,000	257,283,209
	<b>Japan</b>	2012/03/06	Rehabilitation of Kilinochchi Water Supply Scheme	JPY	677,000,000	1,014,349,100	8,318,244
		2012/03/06	Improvement of Japanese Language Learning Equipment of the University of Kelaniya and Sabaragamuwa University	JPY	48,400,000	72,517,720	594,687
		2012/03/06	Provision of Industrial Products	JPY	300,000,000	449,490,000	3,686,076
		2012/05/25	Human Resource Development Scholarship	JPY	211,000,000	344,162,100	2,646,595
	<b>Germany</b>	2012/01/31	Vocational Training Institute of in the North of Sri Lanka	EUR	4,000,000	599,979,600	5,267,600
	<b>China</b>	2012/05/04	Provision of Sports Good for Youth in Jaffna, Kilinochchi and Mullaitivu	CNY	1,000,000	20,291,900	158,628
	<b>United States of America</b>	2012/09/27	Strengthened Partnership for Social Integration (Enhancement)	USD	1,400,000	183,354,780	1,400,000
		2012/09/27	Increased and Equitable Economic Growth (Enhancement)	USD	3,700,000	484,580,490	3,700,000
		2012/04/05	Irrigation & Agricultural Livelihood Dev. in Kilinochchi & Mullaitivu.	EUR	3,330,000	549,563,886	4,380,115
<b>Multilateral</b>	<b>International Bank for Reconstruction &amp; Development</b>	2012/11/20	PHRD Grant for Metro Colombo Towards a Flood Resilient Urban Environment	USD	900,000	117,124,110	900,000
	<b>International Development Association</b>	2012/03/22	IBRD-Strengthening Institute of Chartered Accountants Sri Lanka [ICASL]	USD	500,000	65,205,950	500,000



List of Committed Projects during 2012 (Grants) *Cont...*

Development Partner	Agreement Date	Project Name	Amount in Agreement Signed Currency		In Rupee	In US\$	
			Currency	Amount			
<b>Multilateral</b>	<b>International Development Association</b>	2012/07/17	Global Food Crisis Response Program -[GFRP]	USD	6,500,000	869,602,500	6,500,000
		2012/11/30	Diri Sawiya' Assisting People with Disabilities through Cash Transfers and Training Project-New-	USD	2,590,000	337,349,313	2,590,000
	<b>UNDP</b>	2012/06/25	Strengthening Plan Implementation Capability Phase II (Enhancement)	USD	13,425	1,783,749	13,425
	<b>UNDP</b>	2012/06/25	Capacity Building through South-South Cooperation. (Enhancement)	USD	44,000	5,846,135	44,000
		2012/06/25	Local Governance Project (Enhancement)	USD	3,221,567	428,038,976	3,221,567
		2012/07/10	Sri Lanka Community Forestry Programme	USD	4,792,988	639,722,026	4,792,988
		2012/12/04	Strategic Support to Operationalize the Road Map	USD	2,150,000	278,483,480	2,150,000
	<b>UNHCR</b>	2012/03/01	Assistance to Return and Reintegration of IDPs in Sri Lanka.	LKR	5,690,000	5,690,000	46,675
		2012/10/05	Assistant to Return & Reintegration of IDPs in Sri Lanka	LKR	11,000,000	11,000,000	84,810
	<b>UNICEF</b>	2012/06/15	Country Programme 2008-2012 UNICEF (Enhancement)	USD	26,000,000	3,433,401,400	26,000,000
<b>World Food Programme</b>	2012/08/21	Protected Relief & Recovery Operation Sri Lanka. 200143 (Enhancement)	USD	27,960,762	3,696,703,528	27,960,762	
<b>Grand Total</b>					<b>43,974,768,300</b>	<b>370,546,379</b>	