

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 Chintana: A Vision for a New Sri Lanka” while maintaining long term debt sustainability of the Country”

What We Do

Mobilize external resources on favorable terms and conditions with minimum cost and low risk to finance development projects identified in the Government’s Ten – Year Development Framework

Facilitate the effective and efficient utilization of external resources including the assistance provided by the INGOs/NGOs.

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 fulfill the responsibilities in an effective and efficient manner

Our Values

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

Demand the highest standards of personal integrity, putting the Department's 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

THE DEPARTMENT OF EXTERNAL RESOURCES

The Department of External Resources (DER) of the Ministry of Finance and Planning plays a key role in the development process of Sri Lanka by mobilizing and co-coordinating foreign aid to Sri Lanka. Over the years, the government has taken various initiatives to utilize these external resources effectively and efficiently. The medium term development framework of the government “A Ten Year Horizon – Development Framework 2006 – 2016 ” paved the way for a major development programme which was initiated with the participation of all stakeholders including development partners with the intention that the foreign aid would fully complement the development process targeting key sectors.

The process of economic development in Sri Lanka has been complemented by the foreign aid substantially, which comprised of concessionary loans, grants and export credits. Currently, there are 12 multilateral donor agencies and 20 bilateral donor agencies and few export credit agencies which provide development assistance. Asian Development Bank, World Bank, UN Agencies are the multilateral donors who provide development assistance to Sri Lanka and Japan, China, Korea, Spain, France, Sweden, Germany and Netherlands are bilateral donors. The major export credit providers are Austria, Denmark, China Sweden and the United Kingdom.

As stipulated in the “Mahinda Chintana: Vision for a New Sri Lanka – A Ten Year Development Framework 2006 - 2016” , the government was able to direct foreign aid received in 2007 towards the development of major infrastructure facilities in Sri Lanka.

The target established in the “Ten Year” Horizon Development Framework 2006 – 2016 is to promote the growth rate to 8 percent during next 6 years and to 9 – 10 percent thereafter. The Government strategy is to improve growth prospects with equitable development in the country with special attention to lagging regions.

Promotion of economic growth needs increased investment and thereby improving overall productivity level. The investment/GDP ratio is expected to be increased with accelerated growth. At present there is a gap between investment and savings and the country is depending more on foreign resources for investment. In compliance with the Government development strategy on major infrastructure projects listed in Randora Programme which are expected to generate nationwide benefits and other medium and small scale projects to mitigate regional differences are financed from multilateral and bilateral donor funds.

Multilateral donors provided 34 percent of the development assistance for development activities in the year 2007. The total development aid from multilateral agencies was accounted for US \$ 572.5 million and out of this, US \$ 490.8 million obtained as concessionary loans. The Asian Development Bank being the major multilateral donor has contributed 28 percent of the total foreign aid commitment in the year 2007.

Bilateral donors played a key role in large and small project financing during the year 2007. The total amount mobilized in the form of foreign grants and loans from bilateral donors during the year was US\$ 559.3 million and the total disbursement was US\$ 633.6 million. Bilateral donors,

China, Japan, India, Korea, Pakistan, Malaysia, Thailand, Middle East Countries, France, Germany, Netherlands, Norway, U.K., U.S.A, Denmark, Sweden, European Commission, Austria, Spain, Iceland, provided grants, loans and export credits to finance various development projects. While bilateral east donors focused their assistances on large scale infrastructure development projects which directly contribute to GDP growth, bilateral west donors focused more on social and human development in backward areas of the country. Specially, their priority areas were poverty alleviation, basic needs, good governance and peace. Their investments are primarily in the areas of drinking water, local and regional economic promotion, vocational training, community development, SME and strengthening capacity of local institutions.

Organization Structure

The Department of External Resources (DER) is headed by a Director General who is assisted by Additional Director Generals and Directors in charge of the following Divisions.

1. Asian Development Bank Division
2. World Bank Division
3. Japan Division
4. Bi-lateral West Division
5. Bi-lateral East Division
6. Technical Assistance Division
7. Policy Division
8. Information Systems and Debt Management Division
9. Center for Non-Government Sector
10. Administration and Finance Division

DER Cadre Information as of 31st December 2007 is given in the table 1 below;

Table 1 - DER Cadre Information as of 31st Dec. 2007

Category of Employment	Cadre Approved	Cadre Actual No. of Employees	Vacancies
Staff Officers	44	26	18
Supporting Staff	70	48	22
Minor Staff	29	26	3
Total	143	100	43

Staff Development and Training

In 2007, staff members were provided with both local and foreign training to update and upgrade their knowledge, skills and capacity mainly in the areas as shown in the table 2;

Table 2 - Number of Staff Trained During 2007

Area of Training	Number of Staff Trained (Local and International)
Good Governance	4
Information Technology	2
Aid Management	10
Economic Development	2
Strategic Management	8
Other related areas	7

In addition to the above;

- One officer returned to the ERD after obtaining his Master's degree qualification in economics from an overseas university.
- Few officers attended important regional/international seminars and workshops in the areas of Aid Management and Economic Development.
- Local training programmes were offered to the management assistants and support staff in respect of their subject areas and English language.

ACCOMPLISHMENTS IN 2007

A Remarkable Performance in 2007

- Foreign assistance accounted for about 48 percent of the public investment by mobilizing a total commitment of US \$ 1,674.3 million.

- The second highest recorded foreign aid commitment of US \$ 1,674. 3 million and the second highest amount of disbursement equivalent to US \$ 1,100 million were achieved in the 2007.
- Government received 837 foreign training opportunities during 2007 under different Technical Assistance Programmes.
- Successfully organized the Sri Lanka Development Forum – 2007 in Galle with the highest level participation of over fifty countries and donor agencies.

Foreign Financing Commitments

The total commitment made by lenders and donor agencies to Sri Lanka in 2007 was US\$ 1,674 million, of which project loans accounted for US\$ 1,504 million and grants accounted for US\$ 170 million.

The total commitment made in 2007 is significant as it is the second highest commitment reported in the history. The highest aid commitment of US\$ 1,740 million has been made by the donors in 2005 to facilitate the post Tsunami reconstruction program.

Of the total new commitments, 70 percent or US\$ 1,170 million is for roads and bridges, transport, ports and water supply. The highest commitment of US\$ 618 million or 37 percent was to improve the development of Port facilities. The Government of China through an export credit facility has committed US\$ 307 million for the Hambantota Sea Port Development Project.

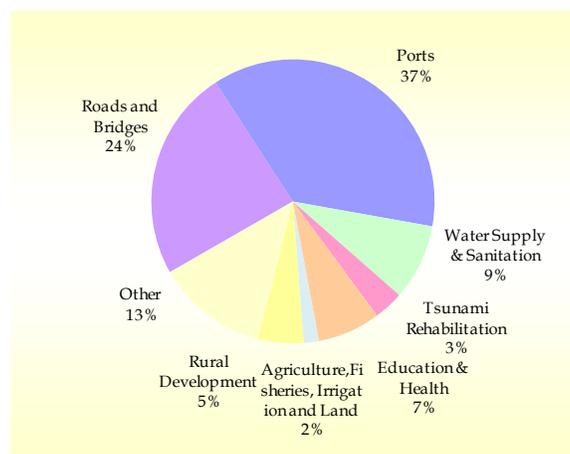
Table 3

Foreign Financing Commitments - 2007 (US\$ million)

Sector	Loan	Grant	Total
Roads and Bridges	379.6	25.6	405.2
Ports	606.7	11.7	618.4
Water Supply & Sanitation	146.1	0.0	146.1
Tsunami Rehabilitation	30.5	26.1	56.6
Education & Vocational Training	85.1	16.0	101.1
Health & Nutrition	0.0	19.2	19.2
Agriculture, Fisheries and Irrigation	23.1	5.0	28.1
Rural Development	86.8	0.0	86.8
Environment and Natural Resources	95.9	0.0	95.9
IT, Science & Technology	8.6	8.7	17.3
Housing & Urban Development	8.8	0.0	8.8
Other	32.9	57.9	90.7
Total	1504.1	170.2	1674.3

Source: Department of External Resources

Chart 1
Foreign Financing Commitments - 2007
(on a sectoral basis)



The ADB has committed US\$ 300 million for the Colombo Port South Harbour Expansion Project to promote the development of south port terminal facilities on a private public partnership basis. The Road sector recorded the second highest commitment by mobilizing US\$ 405 million. Japan provided assistance for the development of the Colombo Outer Circular Road (Greater Colombo Transport Development Project) the construction of the Mannar Bridge and improvement of the causeway amounting to US\$ 187 million and US\$ 14 million in grant respectively. China committed US\$ 66 million for the importation of 100 railway passenger carriages and 15 diesel multiple units. The commitment made for the Water Supply and Sanitation Sector was US\$ 146 million. Japan was the main donor in this sector and has committed US\$ 113 million for water sector development projects. The sector-wise details of the commitment made in 2007 are given in Annex I.

Table 4
Foreign Financing Commitments by donor- 2007
(US\$ million)

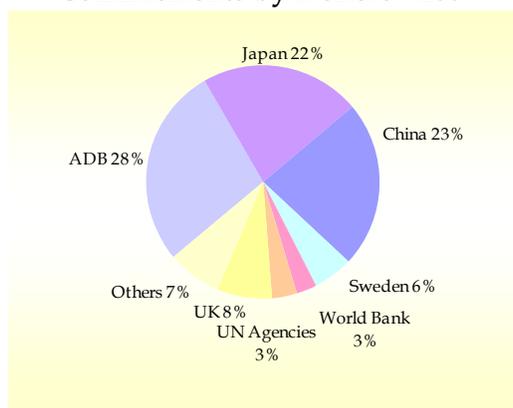
Donor	2007		
	Loan	Grant	Total
Bilateral	470.8	88.5	559.3
China	65.8	13.6	79.4
France	22.3		22.3
Germany		17.3	17.3
Japan	334.1	36.9	371.0
Korea	16.1		16.1
Sweden		1.2	1.2
Spain	17.0		17.0
USA		6.8	6.8
Other Bilateral	15.5	12.7	28.2

Multilateral	490.8	81.7	572.5
Asian Development Bank	432.9	16.5	449.4
World Bank	32.9	14.4	47.3
UN Agencies	23.1	34.8	57.9
Other Multilateral	1.9	16.0	17.9
Export Credit	542.5		542.5
China	306.7		306.7
Sweden	91.9		91.9
Austria	12.7		12.7
United Kingdom	127.2		127.2
Norway	4.0		4.0
Total	1,504.1	170.2	1,674.3

Source: Department of External Resources

The Asian Development Bank, the Government of China and the Government of Japan were the 3 leading donors who have made highest commitments in 2007. These three donors have contributed US\$ 1,206.5 million or 72 percent of the total commitment.

Chart 2
Commitments by Donors - 2007



Committed Un-disbursed Balance

The total Committed Un-disbursed Balance (CUB) of foreign financing available for the government development programme as at 31st Dec. 2007 was US\$ 5.02 billion. The project implementation period for these commitments will be in the range of 2 - 5 years and hence the utilization will be on that basis. Table 5 and Table 6 indicate the sector-wise and donor-wise classification of the committed un-disbursed balance.

Table 5
Committed Undisbursed Balance of Foreign Financing
By sector as at 31st Dec. 2007)

Sector	US\$ million	%
Roads, and Transport	929.1	18.5
Ports	738.0	14.7
Water Supply & Sanitation	464.2	9.3
Tsunami Rehabilitation	775.2	15.5
Health, Education & Vocational Training	366.6	7.3
Power & Energy	587.9	11.7
Private Sector Development	156.2	3.1
Agriculture, Fisheries and Irrigation	234.1	4.7
Conflict Affected Areas Rehabilitation	165.8	3.3
Rural Development	91.3	1.8
Environment & Natural Resources	90.4	1.8
IT, Science & Technology	83.8	1.7
Housing & Urban Development	64.9	1.3
Other	267.9	5.3
Total	5,015.4	

Table 6
Committed Un-disbursed Balance of foreign financing by Donor as at 31st Dec. 2007

Donor	Amount US\$ million	%
ADB	1408.6	28.1
Japan	1204.9	24.0
China	442.9	8.8
World Bank	413.9	8.3
France	130.5	2.6
Germany	80.2	1.6
USA	50.7	1.0
UN Agencies	214.3	4.3
European Investment Bank	94.3	1.9
Export Credit	607.9	12.1
Others	367.2	7.3
Total	5015.4	

Disbursement of Foreign Funds in 2007

The total amount of foreign funds disbursed in 2007 was US\$ 1,100 million. Of the total disbursement, project loans accounted for US\$ 808.4 million (73 percent) and grants US\$ 291.6 million (27 percent). Table 7 gives a comparison of disbursement of funds by donors between 2005 and 2007.

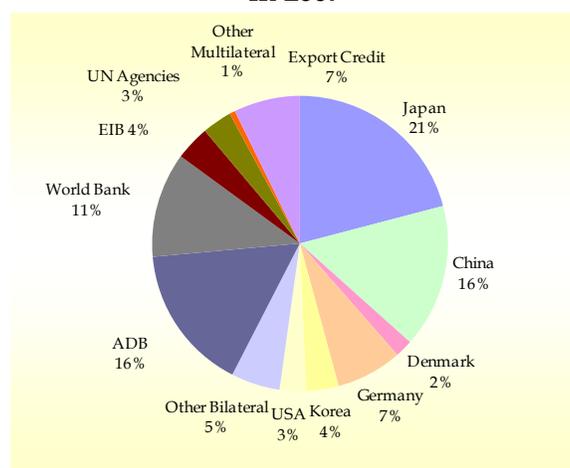
Table 7
Foreign Funds Disbursement 2005 - 2007
(US\$ millions)

Donor	2007*			2006	2005
	Loan	Grant	Total		
Bilateral	466.6	167.0	633.6	540.9	401.0
Japan	196.9	32.6	229.5	268.4	238.6
China	173.8		173.8	9.9	9.9
Denmark	20.8		20.8	11.2	1.7
Germany	9.8	69.8	79.6	55.9	64.5
India	12.8		12.8	21.5	7.5
Korea	26.1	12.6	38.7	19.8	17.5
Sweden	0.8	13.9	14.7	1.6	10.5
Spain	13.3		13.3	4.6	
USA		32.2	32.2	28.6	16.7
Other Bilateral	12.3	5.9	18.2	119.4	34.1
Multilateral	262.2	124.6	386.8	504.5	552.1
ADB	134.4	41.4	175.8	201.6	219.0
World Bank	74.1	52.0	126.1	166.9	157.7
EIB	42.0		42.0	33.0	17.9
UN Agencies	4.5	31.2	35.7	72.3	137.0

Other Multilateral	7.2	7.2	30.6	20.5
Export Credit	79.6	79.6	93.0	43.7
Total	808.4	291.6	1,100.0	1,138.4

*Provisional

Chart 3
Foreign Funds Disbursement by donor
in 2007



The Government of Japan, the Government of China, the Asian Development Bank and the World Bank disbursed US\$ 705.2 million during 2007. This accounted for about 64 percent of the total disbursements. The Government of Japan disbursed US\$ 229.5 million mainly for the Southern Expressway Development Project, Upper Kotmale Hydro Power Project and Small & Micro Industries Entrepreneur Promotion Project. The Government of China recorded second highest disbursement in 2007 by disbursing US\$ 173.8 million, of which US\$ 141.5 million was for the Puttlam Coal Power Project and US\$ 15 million was for the purchase of railway passenger carriages. The ADB disbursements amounting to US\$ 175.8 million were mainly for road network improvements, Southern Expressway Development Project, Power Sector Development and Tsunami-Affected Area Rehabilitation Project. The disbursements made by the World Bank totaled US\$ 126.1 million, mainly for the Road Sector Assistance Project, North East Housing Reconstruction Project, and for the *Gami Diriya*, Rural Empowerment Project.

Projects that recorded over US\$ 10 million disbursements in 2007 are given in Table 8.

Table 8
Projects with Disbursements over US\$ 10 million in 2007

Project Name	Donor	US\$ million
Southern Expressway Development Project	Japan	32.0
Upper Kotmale Hydro Power		21.3
Small & Micro Industries & Entrepreneur Promotion		19.5
Tsunami Affected Area Recovery Project		15.3
Rural Development Project		14.9
Walawe Left Bank Irrigation Project		13.5
Kaluganga Water Supply Project		10.3
Small Scale Infrastructure Rehabilitation and Upgrading		11.4
Environmentally Friendly Solution Fund - II		10.7
Grant for Reconstruction of Tsunami Affected Areas		17.0
Japanese Commodity Grant		10.9
Puttalam Coal Power Project	China	141.5
Supply of 100 Nos. of Railway Passenger Carriages		15.6
Supply of 15 Nos. Diesel Multiple Units		11.1
Road Network Improvement Project	ADB	16.3
Southern Expressway Development Project		19.0
Power Sector Development Project		13.1
Road Sector Development Project		12.2
Secondary Towns and Rural Community Water/Sanitation		10.2
Tsunami Affected Areas Rebuilding Project		19.2
Road Sector Assistance Project	World Bank	19.0
"Gami Diriya" Project		16.7
North East Housing Reconstruction Project		17.8
Health Sector Development Project		11.6
Indian Line of Credit	India	10.4
Colombo Sewerage Rehabilitation Project	Austria	11.4
Disaster Management Response Systems	Netherlands	19.1
Towns South of Kandy Water Supply Project	Denmark	12.1
Tsunami Recovery and Reconstruction Support	USA	19.3
Post-tsunami Credit Line	European Inv. Bank	28.2
DFCC Global Loan		13.8
Ratmalana & Ja-Ela Water Treatment Facilities	Sweden	17.7

Foreign Aid Utilization

A comparison of foreign aid utilization is given in the Table 9, wherein the utilization rates for 2007 are compared with those of 2006. The utilization rates need to be considered in the context of the type of assistance received, as some of the mega projects involve a very large commitment, to be spent over a longer period of time depending on the implementation cycle.

Table 9
Utilization Rates

Donor	2007	2006
Japan	16.9	20.0
ADB	12.8	19.0
WB	24.6	26.3
China	28.5	2.7
Germany	53.7	47.6
France	1.8	0.7
Netherlands	0.5	3.6
Sweden	28.7	34.0
Korea	44.4	32.0
U.S.A.	40.3	24.4
Spain	32.4	-
Export Credit	43.1	51.4
FAO	60.3	90.0
IFAD	7.1	8.8
NDF	48.0	49.5
UN Agencies	14.7	93.1
India	34.3	33.8
Italy	54.5	46.5
Kuwait	7.0	9.4
Denmark	69.1	44.7
Norway	3.1	15.6
Switzerland	45.1	34.3
U.K.	35.7	40.9
Saudi Fund	21.7	11.6
EIB	33.9	38.9
OPEC	38.1	44.9
WFP	23.5	11.9
Other	2.0	16.2
Overall	21.3	23.3

The utilization of foreign funds was constrained due to delays in land acquisition, incomplete project designing, and delays encountered in project preparation and contract awarding and procedural delays and rigidities of donor agencies. Approximately US\$ 300 million could not be utilized in 2007 due to these reasons. Of this amount nearly 67 percent or US\$ 200 million can be attributed to delays encountered in awarding contracts, disagreements between donors *viz a viz* Technical Evaluation Committee/Cabinet Appointed Procurement Committee recommendations. Procedural delays accounted for almost 10 percent or US\$ 30 million, of the unutilized amounts. Inappropriate project designing, delays in land acquisition and cost overruns have hindered the utilization of funds by approximately US\$ 30 million.

New Project Initiatives

The project pipeline for foreign financing for the next three years has been finalized to implement the infrastructure projects identified in the 10 year Horizon Development Framework 2006 - 2016. Sri Lanka has been able to attract new donors such as China and Iran as partners of development and financing expected from these two donors for the period 2008 - 2010 is approximately US\$ 2602 million or 36 percent of the total expected commitment. The project pipeline for next three years is given in Annex II.

Capital Market

Sri Lanka made a successful entry to the capital market to supplement available concessionary funds to develop infrastructure projects. The US\$ 500 million raised through the sale of bonds in international capital markets to finance high priority infrastructure projects complementing available resources, helped to contain the pressure on Balance of Payments, emanating from high crude oil prices. Barclays Capital, HSBC and J. P. Morgan acted as Joint Lead Managers of the bond issue and Bank of Ceylon acted as the Co-Manager.

Road-shows were held in Singapore, Hong Kong, London, New York, Los Angeles and Boston. 136 investors participated in the transaction and it was oversubscribed three times. The bonds were sold at par with a coupon of 8.25 percent, maturity date being October 24, 2012. Proceeds of the loan were utilized to finance high priority infrastructure projects such as electricity generation, water supply, roads, and port facilities reflected in the National Budget. A total of US\$ 760 million has been raised in 2007 through capital market borrowings.

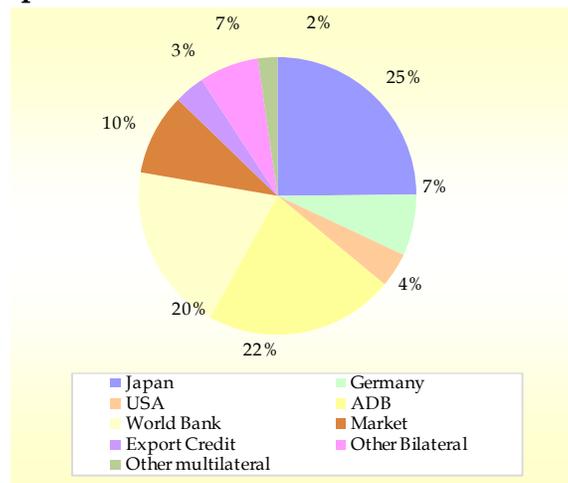
Table 10
Market Borrowings in 2007

Creditor	US\$ Million
International Bond Issue	500.00
Syndicated Loan arranged by the Bank of Ceylon	210.00
SLDB Loan - National Savings Bank	50.00
Total	760.00

External Debt

External Debt of the Government as at end 2007 stood at US\$ 12.12 billion as against 10.6 billion as at end 2006. Of the total debt, 42 percent is due to bilateral donors, 44 percent to multilateral donors, 10 percent to commercial banks and the balance 4 percent to export credit agencies. The external debt to GDP ratio however declined to 37.9 percent in 2007 from 38.4 percent in 2006. With the new borrowings made in 2007, export credit and market borrowings accounted for 14 percent of the debt stock. A graphical representation of the composition of the External Debt stock as of end December 2007, of the major donor category is demonstrated in Chart 4.

Chart 4
Composition of Debt Stock as at 31 December 2007

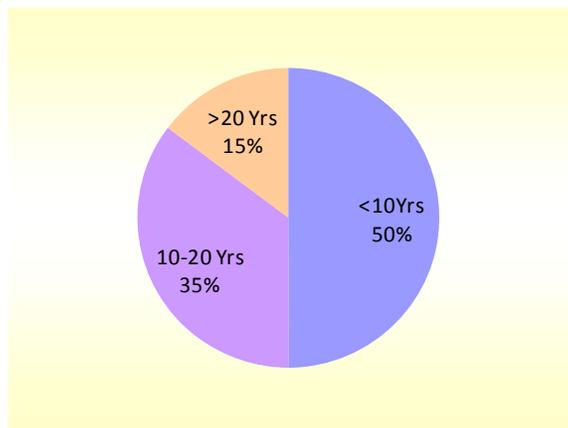


Two thirds of the external debt stock (or 66 percent) is owed to the three main donors namely, Japan, ADB and the World Bank which were borrowed on highly concessionary terms.

The maturity profile of the external debt stock as at 31st December 2007 is depicted in the Chart 5. About 50 percent of the debt stock will mature during the 10 years period commencing from

2008. Nearly, 35 percent will mature during the next 10 year period commencing from 2018 and the balance 15 percent will mature after 20 years.

Chart 5
Maturity Profile of the Debt Stock – as at 31st December 2007



External Debt Service Payments

The total external debt service payment during 2007 was US\$ 831.5 million comprising US\$ 197 million on account of interest payments and US\$ 634.5 million as capital payments. Therefore, although the country borrowed US\$ 1568 million, the net external debt increased only by US\$ 933 million. Forecasted debt service payments for 2008 and 2009 show an increase, since some of the market borrowings are due to be matured in these years. The debt service payments are expected to be come back to the normal level in 2010- 2011. However, in 2012 a higher level of debt service payment is expected due the scheduled repayment of the US\$ 500 million international bonds.

Table 9 illustrates the profile of external debt service payments based on the current debt stock for the period 2006 – 2012. The debt service payments to three major donors, i.e. Japan, ADB and the World Bank accounted for 58.4 percent of the total repayments in 2007.

Table 11
Debt Service Payment* for 2007-2012

Type	Actual		Forecast			
	2007	2008	2009	2010	2011	2012
Total Outstanding Debt	12,120.2	11,350.9	10,607.3	10,066.7	9,531.3	8,490.1
Principal repayments	634.5	769.3	743.6	540.6	535.4	1,041.2
Interest payments	197.0	225.8	218.7	198.9	189.3	201.2
Total debt services	831.5	995.1	962.3	739.5	724.7	1,242.4

* Note: includes debt services of all Borrowings

Table 12
External Debt Service Payments - 2007 - 2012

US\$ millions

Donor/Creditor	Actual	Forecast				
	2007	2008	2009	2010	2011	2012
Bilateral	426.5	462.6	469.7	379.6	386.9	375.8
Japan	268.1	294.5	293.3	236.8	240.9	242.1
Canada	5.3	5.6	5.6	4.4	4.4	4.4
Denmark	1.2	3.8	5.2	4.7	4.7	4.7
France	11.4	12.2	12.0	9.2	8.6	7.8
India	8.0	9.6	17.0	16.7	14.7	11.8
Italy	-	0.5	0.5	0.5	0.5	0.5
Kuwait	5.2	3.1	4.2	4.1	4.1	4.0
Korea	11.2	12.7	12.5	10.6	10.0	9.5
Netherlands	7.5	6.7	4.6	1.8	0.9	-
Germany	51.5	54.0	53.2	40.0	36.0	31.1
China	3.1	6.9	9.2	8.6	20.6	19.0
USA	53.1	52.0	51.2	40.5	39.8	39.2
Saudi Fund	0.9	0.8	1.0	1.1	1.1	1.1
Other Bilateral	-	0.2	0.2	0.6	0.6	0.6
Multilateral	171.5	193.6	211.0	222.1	242.5	252.2
ADB	93.6	107.0	119.3	127.7	137.6	141.9
World Bank (IDA)	67.1	74.1	75.3	78.0	85.6	88.5
IFAD	3.0	2.6	3.5	3.5	3.4	3.4
European Investment Bank	5.1	7.0	9.6	9.6	12.7	15.2
Nordic Fund	0.3	0.4	0.6	0.7	0.7	0.7
OPEC Fund	2.4	2.5	2.7	2.6	2.5	2.5
Market Borrowings	195.9	297.8	244.4	91.5	48.4	568.6
Export Credits	37.6	41.1	37.2	46.3	46.9	45.8
Total	831.5	995.1	962.3	739.5	724.7	1,242.4

Note

1. Debt Services on domestically raised debt in foreign currency are excluded.
2. Exchange rate as at 31st December 2007 (Rs 108.7194 = 1 US\$) has been used for the calculation of future debt services.

Aid Utilization for Post-Tsunami Reconstruction Activities

At the Sri Lanka Development Forum – 2005 held on 16th and 17th May 2005 in Kandy the bilateral, multilateral as well as NGOs pledged a total sum of US\$ 2,820 million for post-Tsunami reconstruction activities. This is in addition to the one year debt relief totaling US\$ 441 million and emergency relief provided by various international and national donors. Of the total pledges, the bilateral and multilateral development partners accounted for US\$ 2047 million and by end of 2007 agreements were signed for US\$ 1,855.5 million.

Out of the pledges of bilateral and multilateral development partners, over 90 percent had been committed by the end of 2007. Most of these commitments have been earmarked for major infrastructure development such as national roads, bridges, water supply schemes, railway lines and fishery harbours, in the Tsunami affected areas. The project design, procurement and implementation of these projects involve a 2 to 4 year period and therefore the construction activities of most of such projects have begun in 2007.

Of the bilateral development partners France, Germany, Japan, India and China and of multilateral development partners the Asian Development Bank, the World Bank UNICEF and the European Union each committed more than US\$ 100 million. Of the US\$ 1855.5 million committed by multilateral and bilateral donors US\$ 1041.1 million or 56 percent has been utilized up to end of 2007. The balance committed funds are for the reconstruction of Matara – Batticaloa road and major bridges on that road for which majority of the contracts have been awarded and Puttalam Coal Power Project of which construction has been commenced in 2007. Contract for civil work for Trincomalle Water Supply Scheme is to be awarded in the middle of 2008. These funds are expected to be fully utilized in the period 2008 – 2010.

The current status of reconstruction of Tsunami activities by the bilateral and multilateral development partners is given in the Table 13.

Table 13
Donor Assistance for Post Tsunami Reconstruction (US\$ million)

Donor Countries & Agencies	Expected donor Assistance	Pledges	Commitments as of 31.12.2007	Disbursements as of 31.12.2007	Current Status
a. Bilateral	735.0	1181.7	1012.4	552.9	
France	104.0	104.0	113.0	6.2	Reconstruction of 133 km of National roads, 5 bridges and 1 causeway in the Eastern Province. Agreed to provide additional Euro 15 million to cover cost escalation. Construction to begin in mid 2008. Upgrading of Greater Trincomalee Water Supply Scheme. Constructions to begin in mid 2008. Credit facilities for construction companies engaged in Tsunami reconstruction. Digital mapping of Tsunami affected coastal line is in progressing.
Germany	81.0	102.5	116.4	111.6	Construction of 8,683 fully damaged and 4,378 partly damaged houses in Ampara & Batticaloa Districts - completed. Storm Water Drainage Systems in Valachchani & Thiraimadu. Power Supply in Thiraimadu - completed. Rehabilitation of Water Supply Scheme in Galle District including main distribution line between Galle & Ambalangoda - completed. Reconstruction of 11 Technical Colleges and Upgrading of Galle & Ampara Technical Colleges - to be completed by mid 2008.
India	23.0	123.0	1.4	-	US\$ 100 million for Rehabilitation of Southern Railway line was approved by the Indian Government.
Italy	69.0	72.0	5.1		Funds channel through Italian Government agencies and NGOs. Reconstruction of 19 schools, facility improvement of schools, rehabilitation of hospital buildings.
Japan	181.0	185.0	185.1	145.0	Reconstruction of Roads, Water Supply Schemes, Irrigation Schemes, Post Offices. Credit facilities for affected small & medium enterprises. Reconstruction of 14 Schools, 5 Police Stations, 5 Bridges and 3 Causeways. 3 Friendship villages. Provision of freezer trucks, Fishing Boats and Ice plants. Reconstruction of Galle and Tangalle Fishery Harbours have been completed.
Korea	35.0	40.0	33.7	11.2	Construction of Mahanama Bridge at Matara completed. Construction of Korea Sri Lanka Friendship Hospital in Matara and Administrative Complex in Hambantota are in progress.

U.S.A.	65.0	60.0	59.6	36.5	Construction of Arugambe Bridge, Fisheries Harbours in Hikkaduwa, Mirissa and Puranawella (dondra) Four Vocational Training Centres in Eastern Province & Five in Southern Province, Water Supply Scheme in Eastern Province are in progress. All the activities to be completed by mid 2008.
Denmark	8.0	8.0	8.0	8.0	Water supply projects in Hambantota, Kalutara and Ampara completed.
China	18.0	318.0	318.0	170.0	Rehabilitation fishery harbours at Panadura, Kudawella and Beruwala completed and the construction of Puttalam power plant is in progress.
Switzerland	12.0	18.0	17.6	12.4	Reconstruction of 10,757 fully damaged houses in Matara & Trincomalee Districts Reconstruction of 9 schools of which 3 completed the balance to be completed in 2008.
Canada	84.0		0.4		Funds channel through NGOs.
Netherlands	11.0	16.0	28.4	22.2	Restoration of Railway Signaling in the Southern Line completed. Reconstruction Multi day boats to be completed by mid 2008.
Sweden		13.0	13.0	4.8	Reconstruction of damaged roads in the Northern & Eastern Province is in progress. Emergency bridge materials supplied.
Norway	19.0	10.0	9.8		Funds channeled through NGOs.
Spain	25.0	55.0	44.8	17.8	Reconstruction of 4 bridges in the Eastern Province and Water Treatment Plants in Ambatale & Negombo is in progress.
Australia		8.0	7.4		Funds channeled through NGOs. Strengthening Eastern Technical Institute Ruhuna Child-Friendly School Complex Fishnet Manufacturing in Jaffna, Victoria Gardens Settlement Project in Galle and Establishment of an Emergency and Trauma Centre at Karapitiya Hospital.
Iceland		1.0	2.5		Rehabilitation of 25 Fish landing sites of which 8 completed.
Venezuela		6.2	6.2	6.2	Cash grant
Hungary		22.0	22.0		Funds channeled through NGOs.
Kuwait		20.0	20.0	1.0	Construction work of Advanced Technological Institute Buildings in Ampara, Labuduwa, Jaffna and Trincomalee and Construction of University buildings in South Eastern, Eastern, Ruhuna and Jaffna and construction of 13 Tsunami affected Divisional Secretariat buildings is in progress.
b. Multilateral	622.0	865.3	843.1	488.2	

ADB	157.0	165.0	165.0	56.4	Reconstruction of 9,539 damaged houses completed. Roads rehabilitation in the Eastern Province. Water Supply Schemes in Hambantota completed, Batticaola work is in progress. Reconstruction of Matara-Batticaloa road - work is in progress. 232 small infrastructure projects completed. Emergency repair of coastal infrastructure completed. Rehabilitation of new fisheries anchorages are in progress.
World Bank	150.0	175.0	175.0	149.0	Reconstruction of 112 km of Kalutara Matara Road - completed. Cash grants provided for 418,916 Tsunami victims. Construction of 42,000 damaged houses of which 35,000 completed. Provision of health facilities - partly completed.
UNDP	69.0	69.0	47.6	19.4	Strengthening of divisional administration and local organizations completed. Construction of damaged houses and micro credit - activities completed.
FAO		26.0	25.7	24.4	Agriculture & Forestry Programme in Tsunami affected areas - activities completed.
UNFPA		11.3	12.9	12.6	Reproductive health and Psychosocial programmes in Tsunami affected area - activities completed.
WFP	25.0	49.0	50.0	50.0	Relief and recovery operations are completed.
UNICEF	21.0	136.0	136.0	100.8	Assistance for education, water and sanitation, health and nutrition, child protection activities. Around 75 % of the activities have been completed.
IFAD	35.0	17.0	15.6	2.5	Rehabilitation of 35km of rural roads in Tsunami Housing Schemes and fisheries infrastructure is in progress.
EIB	90.0	90.0	88.4	61.2	Provision of credit facilities for enterprises directly and indirectly affected by Tsunami. Credit line for indirectly affected enterprises fully committed.
EU	75.0	127.0	126.9	11.9	Reconstruction of 200 km of Matara Batticaola road implemented by ADB - in progress. Community access road in Ampara District implemented by UNOPS. Community livelihood support implemented by IOM.
Sub Total (a+b)	1,357.0	2,047.0	1,855.5	1,041.1	
c. NGO & INGOs*	853.0	773.0	773.0	352.0	
Total (a+b+c)	2,210.0	2,820.0	2,628.5	1,393.1	

* Disbursement data of NGOs and INGOs are not complete.

Sri Lanka Development Forum - 2007

The Sri Lanka Development Forum 2007 was held on 29th and 30th of January 2007, in Galle, Sri Lanka under the chairmanship of His Excellency the President Mahinda Rajapaksa. The Forum was patronized at the highest level by over fifty development partners, comprising of donor countries and development financing institutions. The main theme of the Forum was “Mahinda Chintana : Vision for a New Sri Lanka – A Ten Year Horizon Development Framework 2006 - 2016”. The Forum focused on making an assessment of the post-Tsunami recovery and reconstruction challenges and consequential issues, development of lagging regions and the contribution of development partners. Further, issues relating to security, law and order, terrorism and peace, human rights, humanitarian and resettlement challenges and the role of the civil society in development, were also discussed.

The Forum provided an opportunity for the development partners to engage in a wider consultation process on the 10 year development framework. The development partners appreciated the comprehensive articulation of the development objectives and priorities for the next ten year period, and appreciated Government’s approach towards reducing poverty and income disparities in a comprehensive manner. They expressed confidence that Sri Lanka has the potential to achieve the goals envisaged in the Development Framework.

His Excellency the President in his inaugural address appreciated the support extended by development partners in the Post Tsunami recovery and reconstruction process of the government. The President spoke of the challenges faced by Sri Lanka in the first year of his administration, in particular, the economic challenges stemming from escalating oil prices, intense competition in export markets, natural disasters and acceleration of terrorist attacks. President stressed the fact that beside all the challenges faced by the economy, it witnessed a robust growth and noted that the Government accords priority to develop infrastructure in the lagging regions and link them to the major centres in order to achieve an accelerated growth. In particular, he referred to the *Jatika Saviya-Gama Naguma* Program that aims at creating a rapid growth in the lagging regions and the *Randora* Programme for the implementation of key infrastructure in power, irrigation, road and transport, seaports, airports and urban facilities.

The need for the development to be associated with a good value system, respect for human rights and democracy, culture and heritage for it to be wholesome and sustainable, was emphasized. While reiterating the need to defeat the terrorism, the President expressed his determination to pursue a political solution acceptable to all the parties concerned. The President sought the cooperation of the development partners for the implementation of the Ten Year Horizon Development Framework.

The development partners recognized the achievements made by Sri Lanka in accomplishing the Millennium Development Goals. They noted the resilience of the economy that has enabled to maintain a high economic growth, reduced unemployment, and improved revenue performance amidst budgetary and Balance of Payments pressures, mainly attributable to the

unfavourable world economic situation. It was the consensus view that terrorism should be separated from finding a solution to the conflict and that a lasting solution could be found through a negotiated settlement. It was further noted that such solution would involve improved decentralization to expand the development horizon of the country with enhanced aid and private capital inflows for the development of lagging regions and reconstruction requirements of the affected areas.

The Forum also provided an opportunity to review the utilization of development assistance in 2006, to note the implementation challenges faced and to have a dialog on the possible improvements for project implementation.

Based on current pledges and ongoing negotiations the expected foreign aid for the period 2007 to 2009 is in the region of US\$ 4.5 billion. With the undisbursed balance of US\$ 4.5 billion as at Jan 2007, the total development assistance available to Sri Lanka to be utilized in the medium term is around US\$ 9 billion.

Asian Development Bank Division

The Asian Development Bank Division is responsible for the mobilising development assistance from the Asian Development Bank for implementation of development projects. And also for the harmonization of the ADB Country Partnership Strategy with the Government priorities identified by the Government’s 10 year development plan “Mahinda Chinthana”, which specially focuses on investments in large-scale infrastructure development, the knowledge economy and urban/rural development areas to promote lagging regions.

During the year 2007 the ADB committed USD 449.4 million comprising US\$ 432.9 million loans and US\$ 16.5 million in grants, which is the highest ever commitment made to Sri Lanka. This commitment includes loan of USD 300 million for the development of Colombo Port, USD 80 million for improving the education sector, USD 50 million for development of SME sector and a supplementary loan of USD 13.6 million for secondary towns water supply project.

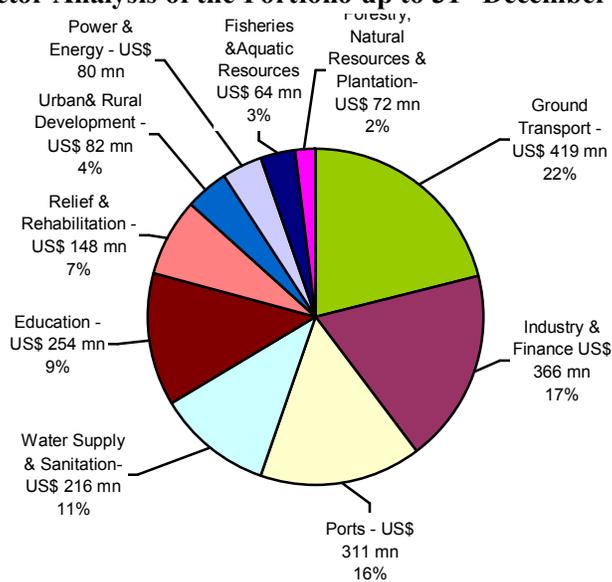
The Government was able to disburse an amount of US\$ 175.8 million from the ADB out of which US\$ 138.8 million is in loans and US\$ 37 million in grants against the targeted disbursement of US\$ 197 million for the year.

In 2008, ADB is expected to provide US\$ 276 million for the development of power sector, rural areas water supply and for the supplementary loan for the southern highway. The future lending program for 2009 – 2011 has been prepared to develop the infrastructure mainly in provincial roads, water, power and urban environment improvement.

The Asian Development Bank’s active portfolio in Sri Lanka includes 47 loans, totaling to US\$ 2.01 billion as of 31st December 2007.

Chart 6

Sector Analysis of the Portfolio up to 31st December 2007



Projects Completed in 2007

The following projects were completed in 2007.

1. Skills Development Project
2. Third Water Supply and Sanitation Project
3. SMESDP Credit Assistance Project
4. North East Community Restoration and Development Project

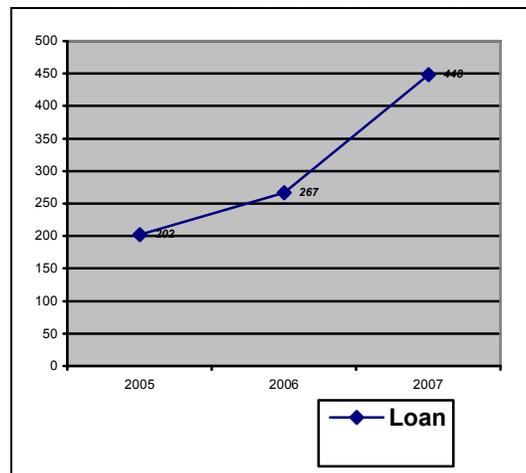
Skills Development Project (USD 20 million)

The objective of the Skills Development Project was to restructure the vocational training system of the country through introduction of competency based training.

The project supported six national vocational training institutions namely, Tertiary and Vocational Education Commission (TVEC), National Institute of Technical Education of Sri Lanka (NITESL), Department of Technical Education and Training (DTET), Vocational Training Authority (VTA), National Apprentice and Industrial Training Authority (NAITA) and National Youth Services Council (NYSC) and their training centers for the implementation of Government reforms identified by the Presidential Task Force in 1997.

Under the SDP, the Competency Based Training (CBT) has been institutionalized and the National Vocational Qualification (NVQ) system was introduced to Sri Lanka. Implementation of 45 CBT Courses, Establishment of 50 Learning Resources Utilization Centers (LRCU), Establishment of 50 new Career Guidance and Counseling Centers, self employment and Entrepreneurship Training and training for teaching staff were also provided. Facilities of National IT Centre, 5 regional and 45 rural IT centers were upgraded.

Chart 6
Aid Commitment 2005 – 2007



Significant events took place in 2007

1. Mr. Liquin Jin, Vice President of the ADB visited Sri Lanka to participate Development Forum held in January 2007 in Galle.
2. Secretary to the Treasury Visited ADB Head Quarters in May 2007 to review the Sri Lanka's current aid portfolio.

World Bank Division

The World Bank division is responsible for mobilizing of development assistance received from the World Bank in the form of concessionary loans and grants and some of the IFRC and IFAD grants which are administered by the World Bank. These loans and grants are extended from the International Development Association (IDA) - the soft loan window - of the World Bank.

Sri Lanka is graduated to “IDA Gap Country” category since 2006 as GNI per capita of Sri Lanka has exceeded the cut off for IDA eligibility, i. e. US\$ 1,025. Accordingly, the terms of IDA assistance are; 20 year maturity inclusive of a 10 year grace period and the service charge of 0.75 percent per annum.

The World Bank Country Assistance Strategy is prepared taking in to consideration of the Mahinda Chinthana - Vision for a New Sri Lanka – A Ten Year Horizon Development Frame Work.

The primary areas of the World Bank support to Sri Lanka are;

- i. Promote **peace** through supporting reconstruction and rehabilitation of liberated areas
- ii. Fostering economic **growth** creating the appropriate conditions for public and private sector investments
- iii. Increasing **equity** in access to public services such as health, water, sanitation and education, and
- iv. Restore livelihoods destroyed by the **tsunami** and start the recovery and reconstruction process.

The World Bank portfolio comprises of 17 projects with an average project implementation period of four years. The total value of the portfolio is US\$ 855 million of which about US\$ 264 million is in the form of grants. Total disbursement during the year 2007 was nearly US\$ 126 million.

The Government has obtained a loan of US\$ 32 million for the implementation of the Infrastructure & Housing Development in Puttalam District during 2007. A grant facility of US\$ 14.2 million also received from the European Commission which is administered by IDA, as co-financing for the North East Housing Reconstruction Project. This project finances housing, drinking water, roads and sanitation for 20,600 families living in Kalpitiya, Mundal, Puttalam and Vanathavilluwa divisions of Puttalam district.

Completed Projects

The following projects with the World Bank financing were completed during 2007.

- i. Legal & Judicial Services Project
- ii. Strengthening Government Procurement Capacity
- iii. Grant for Creating Capacity for Reforming Sri Lanka’s Pension Reform

Legal and Judicial Reforms Project (US\$ 18.2 million)

Legal and Judicial Reforms Project (LJRP) was commenced in 2002 and completed its activities in 2007. The total project cost was US\$ 22.25 million and US\$ 18.2 was from IDA. The objective of the project was to improve the legal and judicial framework in Sri Lanka by making more efficient, transparent and responsive to the public at large and in particular to the private sector.

Under this project two new court complexes were constructed in Jaffna and Trincomalee twenty five courts were refurbished and Judicial Service office and Company Registry office were renovated. It helped to establish a web based legal information portal for the judiciary, lawyers and other professionals. Further, it supported modernization of commercial law and corresponding training programs for state counsels in the Attorney General's and Legal Draftsman's and for the Law Faculty.

The executing agency for this project was the Ministry of Justice and Law Reform.

Japan Division

Aid Commitments

The Government of Japan committed US\$ 334 million through the following 3 loan agreements in 2007. The loan agreements were signed on 28th March 2007.

1. Greater Colombo Urban Transport Development Project – Phase I (the Outer Circular Highway Project including Development of 3 Townships) J¥ 21,917 million (approximately US\$ 186.5 million).
2. Water and Sanitation Sector Development Project – Phase I J¥ 13,231 million) (approximately US\$ 112.5 million).
3. Pro-poor Rural Development Project J¥ 4,085 million (approximately US\$ 35 million).

Greater Colombo Urban Transport Development Project

The project is to construct 12 Km road section from Kottawa to Kaduwela of the Outer Circular Highway (OCH) which will connect the Southern Expressway at Kottawa and Colombo-Katunayaka Expressway at Kerawalapitiya. This expressway will be a four-lane road which can be widened up to six-lanes in the future. It is further expected to develop three townships in Makumbura (Kottawa), Kaduwela and Kadawatha areas to compensate the families to be relocated and to achieve the maximum benefit from the project. The road section from Kaduwela to Kadawatha of the Outer Circular Highway is expected to be financed under the next year Yen Loan Package on a continuing basis. The Government plans to commission the Kaduwela – Kadawatha road section by 2010. The project will be implemented by the Road Development Authority with the assistance of Urban Development Authority.

Water Sector Development Project

The project consists of four components;

(i) Greater Kandy Water Supply Project (Phase I Stage II)

The sub project is to expand the water supply system in Kandy extending the ongoing phase to meet high demand for pipe-borne water in Greater Kandy area. The stage II includes construction of a service reservoir, pumping station, road reinstatement, quarters, and transmission and distribution lines.

(ii).Second Phase of the Towns North of Colombo Water Supply Project

This is the second phase of on-going Towns North of Colombo Water Supply Project. Laying of the distribution lines left out from areas implemented under Stage I of the project due to financing shortages and to meeting the assessed demand of Muthurajawela and Pamunuwa areas which are being rapidly developed as industrial zones will be covered under the project.

It is expected to provide pipe-borne water to about 250,000 people. The project includes construction of a ground reservoir, pumping station, quarters and distribution lines.

(iii). Greater Colombo Water
Rehabilitation Project

In order to improve the water distribution facilities in the areas of Colombo Central, it is expected to construct two new reservoirs in place of the Maligakanda and Elie House Reservoirs which were built in 1885 and 1905 respectively. It is also expected to enhance water supply in Kotikawatte and Mulleriyawa areas. The sub project includes construction of new reservoirs, office building, pumping station and transmission and distribution lines.

(iv). Kandy City Wastewater Disposal
Project

Under this component, the detailed design will be carried out for the proposed Kandy City Wastewater Treatment Plant and Sewerage Collection System to protect public health and improve quality of drinking water and to contribute towards sustainable and healthy urban development. The construction cost of the project will be financed by the Government of Japan under the next Yen Loan Package, on a continuing basis.

Pro-Poor Rural Development Project

Under this project, it is expected to improve or rehabilitate both the national and provincial roads in economically backward areas in the Districts of Monaragala, Badulla, Hambantota and Ampara. Around 145 – 150 roads with a total length of 650 – 700 Km will be improved or rehabilitated in these Districts. These activities are expected to be completed within two years. The project will be complementary to the “Maga Neguma” program of the Government.

Project Completion

The following projects were completed in 2007

1. Road Network Improvement Project
2. Construction of Manampitiya Bridge

ERD - JBIC Project Management Seminar

The Project Management Seminar for the Project Directors of JBIC funded projects and the officials of the relevant Government organizations were successfully held in August 2007 in Colombo by ERD with the assistance of JBIC

Bilateral West Division

The Bilateral West Division is responsible for the mobilization of development assistance from the countries in the western hemisphere. A total of US\$ 318.9 million was mobilized by the Bilateral West Donors in 2007. Of this US\$ 34.9 million was in grants, US\$ 47.9 million in concessionary loans and US\$ 235.8 million were in export credits. Bilateral West Division has disbursed US\$ 282.3 for development projects in 2007. Germany, a major western donor provided grants and loans through GTZ (German Agency for Technical Cooperation) and KfW (German Bank for Reconstruction) respectively. During the year 2007, Water Supply Projects in Nawalapitiya, Koggala and Ampara, Rehabilitation of Tsunami Damaged Housing in Batticaloa District, Credit Line for SME and Funds for Private Sector Promotion were implemented with KfW funding. GTZ during the year focused more on grant assistance for small scale infrastructure and projects in tsunami affected areas. Sweden provided an export credit for implementation of Waste Water Disposal System Project which covers Moratuwa, Ratmalana, Ja-Ela and Ekala and for implementation of Education Reforms in schools in the plantation sector. In addition, Sweden continued to provide research grants for higher education.

A land mark project financed by USAID under grant assistance is construction of Arugam Bay Bridge damaged by tsunami in 2004. Construction is progressing well and the bridge is expected to be open for public use in the middle of 2008. Further USAID assists in implementing peace and governance project, humanitarian assistance to disadvantage population and projects to induce support for economic growth.

With the occurrence of tsunami catastrophe the Government of France intervened immediately and offered Euro 74 million for tsunami damaged Trincomalee District for the reconstruction of roads/bridges, electricity, water supply and for community development. Further, Euro 10 million was provided to enhance capacity of domestic construction sector to increase efficiency in Tsunami rehabilitation work and Euro 7 million for production of high resolution aerial photos for Tsunami affected eastern and southern districts.

In addition to the tsunami assisted projects funded by the Netherlands Government in housing and fishing boat reconstruction, a major project being assisted by them is cultural assistance program under which Galle Fort, Matara Star Fort, Katuwana Fort, Kataragama Museum and Urubokka Dam are being conserved, to preserve Dutch buildings and structures for future generations.

The Kingdom of Spain provided Euro 50 million of tsunami recovery assistance to Sri Lanka and construction of four tsunami damaged bridges in Eastern Province and two water purification plants are being implemented under this assistance.

Austrian and Denmark assistance are mainly on export credit facilities. The Town South of Kandy Water Supply Project, Nuwara Eliya Water Supply Project are being implemented under Denmark credits and construction of Nilwala Railway Bridge, Colombo Sewerage Rehabilitation, Construction of five steel bridges in Kalutara District are being financed under Austrian credit facilities during the year.

The Royal Norwegian Government continued their grant assistance for the project for Delimitation of Continental Margin of Sri Lanka and for Employment Oriented Training for Youth Project which is being implemented by the Ministry of Vocational and Technical Training.

The Government of Switzerland provided Rs. 1550 million to the Tsunami Housing Reconstruction Programme and completed 3341 units of new houses and repaired 7288 units in Matara and Trincomalee districts at the end of the year.

Bilateral East Division

The Bilateral East Division mobilizes development assistance from Asian and Middle Eastern countries such as China, India, Pakistan, Australia, Korea, Malaysia, Thailand Iran, Kuwait, Saudi Arabia, and OPEC Fund. Further, this division is also responsible for mobilizing assistance from UN agencies such as UNFPA, WFP, UNICEF and IFAD. Development assistances from bilateral and multi-lateral donors are obtained in the form of concessionary loans and grants. Total commitment from Asian, Middle Eastern countries and UN agencies during the year 2007 was USD 418.9 million and disbursement during the same period was USD 279.8 million.

The following projects were committed during the year 2007.

Hambantota Port Development Project

The Government accorded high priority to the Hambantota Port Development Project which is a flagship project in the overall development program of the country. This project is planned to develop initially as a service and industrial port and subsequently it will be developed as a transshipment port. The proposed Hambantota Port offers a unique deep water site for vessels in close proximity to the major East-West international shipping lanes.

The total cost of the project is estimated around US\$ 360 million. China has provided US\$ 307 million through the Exim Bank for implementation of the project. The balance funds required around US\$ 53 million has been financed by the Sri Lanka Ports Authority.

Procurement of Diesel Multiple Units & Passenger Carriages for Sri Lanka Railways

The Government of the People's Republic of China provided two concessional loans of US\$ 38.5mn through the Exim Bank of China for procurement of 15 Diesel Multiple Units (DMUs) and US\$ 27 million for procurement of 100 Passenger Carriages for Sri Lanka Railways. The procurement of 15 Diesel Multiple Units and 100 Passenger Carriages will improve the railway service substantially and increase both the train capacity and the frequency of train operations. It will also reduce the congestion on roads by diverting commuters from road to rail transport.

GOSL- UNICEF- Country programme 2007

UNICEF provided US\$ 11.8 million grant assistance to implement the GOSL-UNICEF country programme 2007. Programme relating to education, health, water & sanitation and capacity building were implemented under the UNICEF country programme 2007 through Ministry of Education, Ministry of Healthcare & Nutrition, Ministry of Women Empowerment & Child Development and Ministry of Nation Building and State Infrastructure.

Upgrading of the Niyagama National Vocational Training Centre Project

The Government of Korea has provided US\$ 8.78 million to implement the above project. The objective of the project is to provide vocational training facilities to meet the human resources needs of the country considering the change of market trends and the socio economic goals of the country.

The Greater Galle Water Supply Phase II Project (supplementary)

The Government of Korea has provided US\$ 6.44 million as a supplementary loan for the Greater Galle Water Supply Phase II. The Greater Galle Water Supply Phase II project aims at providing uninterrupted supply of potable water to Greater Galle area for which EDCF had provided a loan in a sum of US\$ 14.8 million previously. The supplementary loan will be used to meet the additional financial resources for the completion of 392 km long of distribution pipeline. The project will be completed at the end of year 2008.

South Eastern University of Sri Lanka Development Project Phase 1

Kuwait Fund for Arab Economic Development extended a concessional loan in a sum of US\$ 7 million for the above project. The objective of the project is to develop the essential academic infrastructure facilities and introduce new demand driven degree programs at the South Eastern University of Sri Lanka in Ampara District to reflect regional and national needs of the country. The project includes construction of buildings and facilities for Islamic Studies and Arabic Language Faculty, Information Technology Faculty, Student and Staff accommodation, Canteen and Student Union Centre, Health Centre and Sports Activities Facilities. The initial preparatory activities of the project have commenced and the project is expected to be completed by 2011.

The following projects were completed during 2007.

1. Sustainable Water Assistance Project Phase I
2. UNICEF –GOSL Country Programme (2007)
3. UNFPA –GOSL Country Programme (2002 – 2007)

Sustainable Water Assistance Management Project Phase I

The original proposal was to supply 10,000 solar powered drip irrigation units to the rural small holder farmer families in the Dry-Zone and the total estimated cost of the project was US\$ 28 million. Subsequently it was decided to import 5000 solar power systems under Phase I of the project and import the balance 5000 solar power systems under Phase II of the project based on the progress of Phase I of the project.

Australia provided US\$ 18.1 million for implementation of Phase I of the project and it commenced in 2005 and completed in 2007. These solar power systems were distributed among selected 5000 farmers in the dry zone to improve their livelihood based on an interest free credit scheme. The total cost of one solar system was Rs. 308,800/- of which Rs. 5,000/- was paid by the beneficiary as an initial advance and the balance is payable to the Government by 20 equal semi annual installments of Rs. 15,190.75 each.

The poor farmers, particularly those in the Dry Zone districts, who face immense hardships due to the difficulties of obtaining an assured water supply for the cultivation of food crops benefited from the project. As a result of this project the number of crop rotations increased up to 2 and 3 per year and water use efficiency increased by 90% compared to the conventional farming

practices. When compared to the fuel or electric water pumps, operational costs are eliminated and maintenance is made easy.

Information System and Debt Management Division

Information System and Debt Management Division is responsible for developing and maintaining efficient and effective information technology system and providing management information on foreign aid such as, aid commitments, disbursements, debt stock and debt service payments. The department uses the Commonwealth Secretariat Debt Recording and Management System (CS-DRMS) to facilitate requirements of various uses of debt information/data including, the Central Bank of Sri Lanka, Department of Treasury Operations, Department of State Accounts and foreign aid financed projects

The following were among the main activities of the division during the period under review.

- ❖ Servicing of 623 live loans in respect of US\$ 12.12 billion debt stock.
- ❖ Recording disbursements from 169 ongoing loans and 126 grants
- ❖ Updating records in CS-DRMS and generate reports for ERD and other agencies including, the World Bank.
- ❖ Maintaining and updating the departmental intranet and internet to disseminate information on external debt, donor-funded projects and highlights of the department activities.
- ❖ Recording of debt moratorium
- ❖ Maintaining hardware and software services and providing user support.
- ❖ Coordinate software development under the new Integrated Aid Management System (IAMS).

Policy Division

Within the framework of ERD, the Policy Division is responsible for enhancing aid coordination, mobilization and management of external Official Development Assistance (ODA) and attracting funding sources for development projects in line with the government priorities as specified in the “Mahinda Chintana” A Ten Year Horizon Development Framework for 2006 – 2016.

In order to achieve these objectives, the following specific responsibilities were entrusted to the Division:

- Coordination with the line ministries and the agencies to obtain quality project proposals for donor funding.
- Forwarding project proposals to the Department of National Planning (NPD) to appraise them in line with the government development programme priorities and obtain their recommendations.
- Consultation with ADGs and Heads of Divisions to seek the possibility of obtaining funding assistance for development projects.
- Submission of NPD recommended project proposals to donor desks for foreign financing and the preparation of project pipeline.
- Preparation and dissemination of Foreign Aid Review and Annual Performance Report of the Department.
- Issuing of circulars related to the foreign aid utilization.
- Coordination of the submission of observation on Cabinet Memorandum referred to the Department.
- Coordination of Development Forum.

Performance of the Division -2007

- 144 new project proposals received in 2007. 61 proposals were cleared by the Department of National Planning and submitted for donor funding.
- Reports were prepared on aid commitments and utilization for the higher authorities and other agencies. A Development Project pipeline focusing eastern development was prepared. A report to obtain budgetary allocations for foreign funded projects and another report on the development work in the eastern province was prepared.
- Performance Review Report-2006 was prepared and circulated to the relevant ministries and stakeholders.

- Data and information requirements of the stakeholders and higher officials of the Ministry of Finance and Planning were fulfilled by providing information on tsunami recovery activities, and Eastern development activities.

The Technical Assistance Division

The Technical Assistance Division of the Department of External Resources is the designated National Point of Contact (POC) for administering of all Foreign Training Opportunities (FTO) offered by the multilateral and bilateral donors for human resource development under the Technical Cooperation. These opportunities are of immense benefit to the country in enhancing human resource development in the Public Sector.

The Government of Sri Lanka received 837 foreign training opportunities under the Technical Assistance Programmes for the year 2007. These include both long-term and short-term training programs. Out of these training programs, 58 are long term (duration of 8 months or more) leading up to Postgraduate Diplomas and Masters Degrees. The main areas of training include development administration, public policies, development policies, agriculture, livestock, information technology, governance, environment, irrigation, human resource development, disaster management, housing, waste management and climate changes. The list of awards received by Ministries is shown in Annex (III).

The Government of Japan is the main provider of training opportunities with the duration of one week to six months. Most of these programs are offered by the Government of Japan through the Japan International Cooperation Agency (JICA). And also the Government of Korea through Korea International Cooperation Agency (KOICA), India through Colombo Plan, Indian Technical & Economic Cooperation (ITEC) & Bangladesh-India-Myanmar-Sri Lanka- Thailand Economic Cooperation (BIMSTEC), Sweden through Swedish International Development Cooperation Agency (SIDA), Thailand through Thailand International Development Cooperation Agency (TICA), Malaysia through Malaysian Technical Cooperation Program (MTCP), China, Australia through Australian Aid (AUSAID), Asian Development Bank, the Netherlands, Singapore, Germany, China and other agencies such as Commonwealth Fund for Technical Cooperation (CFTC), United Nations Agencies and Colombo Plan are among the other funding agencies which provide foreign training to the Government of Sri Lanka. The following table shows the number of training opportunities received in the period from 1st January to 31st December 2007.

Table 14

Training Opportunities by the Government - 2007

Donor	Number of Awards
Asian Development Bank (ADB)	20
BIMSTEC- India	8
Colombo Plan	48
Colombo Plan – India	55
Commonwealth Fund for Technical Cooperation (CFTC)	55
Food & Agriculture Organization (FAO)	3

Government of Australia	6
Government of China	66
Government of Federal Republic of Germany	4
Government of Indonesia	6
Government of Israel	2
Government of Malaysia	52
Government of Netherlands	13
Government of Pakistan	4
Government of Singapore	50
Government of Sweden	32
Government of Thailand	73
Government of the Republic of Korea	73
ITEC-India	24
Japan International Cooperation Agency (JICA)	236
SAARC Secretariat	4
UNESCAP	3
Total	837

Technical Assistance 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 that purpose it is maintaining a database to improve the efficiency and ensure transparency and accountability of the foreign training management process.

At the very beginning of every fiscal year the donor agencies request us to provide a list of priority of the training opportunities of GOSL for the next year. Identification of agencies for foreign training offers is done through the annual demand survey conducted by ERD in first quarter of each year. The data collected through the survey are fed into the database and subsequently match with the offers made by donors to identify suitable agencies.

The short term training, seminars conferences and workshops are offered to middle and senior level public officers to enhance their knowledge to perform duties efficiently and effectively. Medium term training opportunities are offered to middle level public officers to improve their technical and professional skills. Mostly, these training courses are conducted at specialized training institutions and universities. The long term training opportunities leading to post-graduate diplomas and Masters level degrees are offered to junior and middle level officers to enhance their academic and professional skills which required for their future career development. Thus, training opportunities provided by the development partners through their technical cooperation programmes make an important contribution towards the human resource development in the public sector.

Apart from this General Training Opportunities JICA and KOICA provided the following foreign training programmes for the year 2007.

JICA

- I. Youth friendship programme in January 2007 for three weeks for 27 participants.

- II. Blood Blank Clinical Laboratory Technology and Management in September 2007 for 2 weeks for 10 participants.

KOICA

- I. Vocational Training Policy and System in September 2007 for 2 weeks for 11 participants.
- II. Economic Development Strategy in April 2007 for 2 weeks for 11 participants.
- III. Health Policy and Programme Management in October 2007 for 2 weeks for 10 participants.

In addition to the training opportunities some donors provide the services of Volunteers and Experts with necessary equipment for implementation of the projects funded by the respective donors under the technical cooperation. The Government of Sri Lanka received 125 volunteers from countries such as Japan, Korea, Canada, Australia and the UN agencies in the year 2007 to work in the sectors such as Health, Social, Community Development, Sports, Education, Language, Textile, IT, Automobile and HRD.

Generally, assignments of these volunteers in Sri Lanka are for a period of two years and are done based on the requests made by the line ministries and agencies. Recipient agencies are requested to ensure that the Volunteer will comply with the work plan prepared for him/her for the period, appoint a counterpart officer volunteer to submit a quarterly performance report and facilitate the office space and accommodation for smooth implementation of the programme. As the volunteers work at grassroots level with communities, they are able to impart their expertise effectively contributing to enhance the living standards of the community.

United Nations Development Programme

The UN agencies and the Government of Sri Lanka have signed the 2008-2012 United Nations Development Assistance Framework (UNDAF) Document for providing assistance to development priorities of the Government of Sri Lanka in September 2007. Under this agreement, the UN will raise US\$ 365 million over five years period starting from 2008 in support of Sri Lanka's development priorities. The document provides the overarching framework for all the work of the United Nations in Sri Lanka. It addresses issues such as human rights, the environment, disaster risk management, HIV AIDS and equity for vulnerable groups. It also defines four priority areas, which are included in this new cycle, namely poverty, governance, peace, and gender.

The UNDAF draws heavily on the Government's commitment to the Millennium Development Goals, Sri Lanka's 10 year development plans, as well as the *Mahinda Chinthana* programme of the current government which focuses on reducing poverty and regional disparities, and addressing the needs of the vulnerable and marginalized in communities such as the plantation sector. Sri Lanka is currently on track to achieving the MDGs despite severe setbacks of tsunami. The UNDAF acknowledges the fact that Sri Lanka has made impressive progress towards meeting the MDGs and in education and health is poised to meet the MDG targets before 2015. However significant challenges remain. Sri

Lanka is simultaneously seeking to eradicate poverty and malnutrition and promote sustainable human development; to protect its environment that is prone to natural hazards and disasters; increase the quality and equitable access to services, ensure respect for democratic traditions, the rule of law and fundamental human rights, and maintain and consolidate peace. Crossing-cutting issues include the protection of human rights, environment, disaster risk management, HIV/AIDS, and equity for and inclusion of vulnerable groups.

There are several new projects to be implemented during the period from 2008 – 2012. They are; Support to National Action Plan for Human Rights Commission/ UN Joint Programme, Support to National Action Plan for Plantation Community, Support to Implement the Official Language Policy, Support to Formulation of Internally Displaced Persons Policy, Parliament 2nd Phase, Access to Justice 2nd Phase, Support to Local Governance, National Human Development Report, MDG Localization, Strong Places II, Livelihood Support to Uva Province, Results Based Management & Harmonization of Aid Management System etc.

Financial Review

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 2007 is given in Table 15, 16, 17 and 18.

Table 15

Personnel Emoluments	RS.
Original Provision	34,010,000
Add:	
Transfers under FR.66 and Supplementary Provision	NIL
Less:	
Transfers under FR.66 and Supplementary Provision	NIL
Total Provision	34,010,000
Expenditure during the year	32,870,083

Table 16

Other Recurrent Expenditure	RS.
Original Provision	332,170,200
Add:	
Transfers under FR.66 and Supplementary Provision	12,979,061
Less:	
Transfers under FR.66 and Supplementary Provision	2,089,411
Total Provision	343,059,850
Expenditure during the year	302,069,000

Table 17 Capital Expenditure

Object Code	Object title	Provision Rs.	Expenditure Rs
2001	Buildings	3,000,000	0
2002	Improvements to plant, machinery & Equipment	300,000	14,950
2003	Improvements to vehicles	800,000	698,108
2102	Acquisition of furniture and office equipment	18,000,000	10,086,637
2102(13)	ERD Aid Management Project (UNDP Assistance)	500,000	488,142
2106	Acquisition of other capital assets	2,300,000	313,693
2202	Capital grants to non-public institutions and Private individuals	13,000,000	5,505,934
2501	Other	3,500,000	3,500,000

ERD 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.

Table 18

Advance Accounts	Rs.
I. Maximum limit of expenditure	5,000,000
Actual expenditure	4,925,724
11. Minimum limit of receipts	2,280,000
Actual receipt	4,206,926
111. Maximum limit of debit balance	28,000,000
Actual balance	17,255,992

Auditor General's Queries

During the year, 10 audit queries were received and 8 of them were answered in 2007. Other two queries were received in the middle of December 2007 and they were answered before end of May 2008. Queries were raised on donor funded projects, Appropriation Account and Public Officers Advance Account of 2006.

Appropriation Account 2007

The Appropriation Account for the year 2007 was submitted to the Auditor General on 31st March 2008 and the Auditor General submitted the audited Appropriation Account on 10th June 2008.

Foreign Aid Commitment During the year 2007

Sector	Project	Amount (USD)	
		Loan	Grant
Road, Bridges, Ground Transport	Greater Colombo Transport Development Project	186,649,186.0	
	Supply of 100 Nos. Railway Passenger Carriages	27,078,543.0	
	Supply of 15 Nos. Diesel Multiple Units	38,683,633.0	
	Regional Bridge Project HSBC Bank Plc UK	101,776,239.0	
	Regional Bridge Project HSBC Bank Hong Kong	25,444,060.0	
	Japan's Non-Project Grant Aid 2006		10,245,258.0
	Construction of Mannar Bridge & Improvement of Causeway		15,090,161.0
	Detail Design for Construction of Mannar Bridge		273,849.0
		379,631,661.0	25,609,268.0
Port & Shipping	Hambantota Port Development Project	306,726,736.0	
	Colombo Port Expansion project	300,000,000.0	
	Supply of two Multipurpose River sea Vessels 7400 DWT under the ORET Program		11,673,816.0
		606,726,736.0	11,673,816.0
Water Supply & Sanitation	Water Sector Development Project	112,677,619.0	
	Greater Galle Water Supply Project Phase II (Supplementary)	7,258,750.0	
	Greater Colombo Sewerage Rehabilitation System II	12,683,215.0	
	Secondary Towns & Rural Community Water/Sanitation (OCR)	13,500,000.0	
		146,119,584.0	
Tsunami Rehabilitation	Construction Sector Support Project [for Post Tsunami Reconstruction]	13,456,500.0	
	Design Supply & Setting up of two Water Treatment Plants at Galle & Negombo	17,039,121.0	
	Funds for Local Initiatives Conflict Transformation [FLICT-BMZ]		3,332,876.0
	Microfinance System Development [ProMIS]		5,332,601.0
	Tsunami Affected Areas Rebuilding Project(EC)		15,960,000.0
	Restoration of RH Services in Tsunami Affected Districts		1,535,766.0
		30,495,621.0	26,161,243.0
Education & Vocational Training	South Eastern University of Sri Lanka Development Project Phase I "A"	6,921,788.0	
	Upgrading of Niyagama National Vocational Training Center Project	8,780,000.0	
	Education for Knowledge Society Project	67,469,733.0	

	The Skills Development Project	1,883,113.0	
	Employment Oriented Training for Youth		1,035,143.0
	Education for Knowledge Society Project		15,000,000.0
		85,054,634.0	16,035,143.0
Health Nutrition	Assistance to Vulnerable Groups for Peace Building in Conflict Affected Areas		19,185,141.0
			19,185,141.0
Agriculture, Fisheries, Irrigation & Land	Smallholder Plantation Entrepreneurship Dev. Program	23,089,028.0	
	Japanese 2KR Food Production Grant - 2006		2,812,393.0
	Hybrid Rice Development & Use for Food Security		329,000.0
	Agriculture Assistance to IDPs & Host-families in N/E		1,314,810.0
	Agriculture Assistance to IDPs & Households in Sri Lanka		500,000.0
		23,089,028.0	4,956,203.0
Rehabilitation	Puttalam Housing Project	32,874,524.0	0.0
	Northern Rehabilitation Project		1,333,150.0
	North East Community Restoration and Development Project		1,500,000.0
	North-East Housing Reconstruction Project		14,447,156.0
		32,874,524.0	17,280,306.0
Rural Development	Pro-poor Rural Development Project	34,788,608.0	
	SME Regional Development Project	51,957,837.0	
		86,746,445.0	
Environment & Natural Resources	Ratmalana & Ja-Ela Wastewater Treatment Facilities Pj	91,918,967.0	
	Delimitation of the Outer Edge of the Continental Margin of Sri Lanka	4,000,000.0	
		95,918,967.0	
IT, Science & Technology, Institutional Development	Setting up of the Disaster Recovery Facility for Passport Printing	2,020,000.0	
	Disaster Management Communication & Response Pj.	6,590,924.0	
	Project for the Improvement of Meteorological and Disaster Information Network		6,935,158.0
	Quality Infrastructure Development Project		1,137,635.0
	Oil and Gas Regulatory Project		474,000.0
	Institutional Strengthening - Phase V		134,056.0
		8,610,924.0	8,680,849.0
Housing & Urban Development	Spatial Information Infrastructure for Reconstruction Monitoring Project [SIIRM]	8,854,625.0	
		8,854,625.0	
Other	Non Project Grant Aid Program		45,976.0
	Project for the Improvement of Display Equipment of the Sigiriya Museum		1,460,938.0
	Resource Network for Conflict Studies		3,599,506.0

	Funds for Local Initiatives Conflict Transformation [FLICT-BMZ]		3,732,821.0
	Economic and Technical Cooperation		6,425,789.0
	Maintenance Requirements at the BMICH		7,200,000.0
	Increased Competitiveness in the Global Market place		5,000,000.0
	Improved Integration of Targeted Disadvantaged groups into the Community		500,000.0
	Peace, Good Governance & Citizens Rights		829,939.0
	UNICEF Country Program 2007		11,800,000.0
			40,594,969.0
		1,504,122,749.0	170,176,938.0
			1,674,299,687.0

Annex - II

Expected Foreign Commitments 2008 - 2010

USD million

Sector	Donor	Project Name	Grant	Loan	Year		
					2008	2009	2010
Water & Sanitation	Japan	Water Sector Development Project - Phase II (Kalu Ganga Water Supply Project - Phase I Stage 2 and Greater Colombo Water Rehabilitation Project)		75.0	75.0		
	Japan	Water Sector Development Project - Phase III (Construction of Kandy Wastewater Treatment Plant)		90.0		90.0	
	Japan	Water Sector Development Project - Phase IV		100.0			100.0
	ADB	Small Towns & Rural Arid Areas Water Supply II	15.0	48.0	63.0		
	ADB	Sabaragamuwa Water Supply		75.0			75.0
	Denmark	Kelani Right Bank Water Treatment Plant		67.7	67.7		
	Denmark	Greater Kurunegala Water Supply & Sanitation		30.0	30.0		
	Australia	Sustainable water Assistance Management Project Phase -11		16.1	16.1		
	Netherlands	Negombo Water Supply Project		54.6	54.6		
	Austria	Kirindi Oya Water Supply		14.0	14.0		
	Hungary	Labuagama Kalatuwawe Water Supply		50.0	50.0		
	Sweden	Waste water treatment Plant for Ratmalana -Ja-ela		90.0			
	Canada	Dankotuwa Water Supply Project		40.0	40.0		
	Australia	Ampara Water Supply Phase - III		93.0		93.0	
		Sub Total			410.4	183.0	175.0
Ports & Aviation	Japan	Development of Bandaranaike International Airport - Phase II		250.0		150.0	100.0
	Japan	Galle Port Tourist City & Heritage Township Development Project		70.0		70.0	
	Denmark	Oluvil Port Project		68.7	68.7		
	Iran	Weerawila International Airport		175.0		175.0	
	China	Hambantota Sea Port Development Project		307.0			

	China	Hambantota Port Bunkering and Oil Tank Farm Facility		75.0	75.0		
	China	Hambantota Sea Port Development Project-Phase II		100.0		100.0	
	India	Rehabilitation of KKS Port	23.0		23.0		
		Sub Total			166.7	495.0	100.0
Roads, Highways & Bridges	Japan	Greater Colombo Urban Transport project - Phase II (Construction of Southern Section of Outer Circular Highway (OCH) from Kaduwela to Kadawatha Flyovers in Colombo City		240.0	100.0	140.0	
	Japan	Southern Highway Construction Project - Phase II (Widening of road section from Dodangoda to Kurundugahahetekkma of the Southern Expressway from 2 lanes to 4 lanes and Installation of Toll system and O/M facilities for the entire road)		168.0	168.0		
	ADB	Supplementary loan for Southern Transport Development Project		90.0	90.0		
	World Bank	Road Sector Assistance Project		55.0	55.0		
	World Bank	Road Sector Support Project				150.0	
	UK	Construction of Flyovers		150.0	150.0		
	France	Eastern Province Development (Roads)		22.5	22.5		
	China	Colombo Katunayake Expressway		313.0	313.0		
	Korea	Improvement of Anuradapura-Padeniya Road		44.0	44.0		
	Korea	Feasibility Study for Katunayaka Padeniya Road	3.0		3.0		
	ADB	Provincial & National Road Network Improvement Project (under Discussion)		180.0		180.0	
		Sub Total			945.5	470.0	0.0
Power & Energy	Japan (EXIM Bank)	Rehabilitation of Ukuwela Power Station		12.0	12.0		
	Japan	Construction of LNG Based Power Generation Facilities		300.0			300.0

	Japan	Engineering Services Loan for Energy Diversification Enhancement Project		7.0	7.0		
	China	Puttalam Coal Power Project - Phase 11 & 111		400.0		400.0	
	China	Rural Electrification (9 Project)	10.0	30.0		40.0	
	Australia	Provision of Solar Power to Rural Areas		18.0	18.0		
	Czech Republic	North & East Transmission Development Project		44.0	44.0		
	NIB	New Galle Substation & Transmission Project		18.0	18.0		
	World Bank	Renewable Energy Rural Economic Development - II		40.0	40.0		
	Iran	Oil Refinery Project		800.0	800.0		
	France	Rehabilitation of Old Laxapana		28.0	28.0		
	France	Wimalasurendra Hydro Power Plants		20.0	20.0		
	ADB	Sustainable Power Sector Development	2.0	98.0	100.0		
	ADB	Power Support II		75.0			75.0
	Canada	Broadland Hydro Power Project		100.0		100.0	
	Germany	Rehabilitation of New Laxapana Power Plant		30.0	30.0		
		Sub Total			1117.0	540.0	375.0
Health	Japan	Improvement of Central Functions of Jaffna Teaching Hospital	16.0			16.0	
	Japan	Improvement of curative healthcare at Teaching hospital - Anuradhapura (Preparation of Detailed Designs)	0.9		0.9		
	Japan	Improvement of curative healthcare at Teaching hospital - Anuradhapura	17.0		17.0		
	Japan	Development of Base Hospital Moneragala	15.0				15.0
	Japan	National Workers' Hospital & Nursing Training School	40.0			40.0	
	Spain	Improvement to Karapitiya Hospital & Other Healthcare Institutions		16.0	16.0		
	Hungary	Reconstruction of Hambantota Hospital		90.0	90.0		
	Hungary	Improvement of Beliatte Hospital		15.0	15.0		
	Saudi Fund	Comprehensive Care		20.5	20.5		

		Program for Epilepsy					
	Saudi Fund	Construction of Neuro-Truma Centre at the Colombo Hospital (Supplementary)		3.0	3.0		
	World Bank	Preparedness for Avian Influenza	1.3		1.3		1.0
	Austria	Kurunegala Hospital		9.8	9.8		
	Austria	Airforce Hospital		38.0	38.0		
	France	Intravenous Solution Plants		7.0	7.0		
	France	Operating Theaters at Oxygen Concentrators for Selected Hospitals		5.0	5.0		
		Sub Total			223.5	57.0	15.0
Fisheries	Netherlands	Dikowita Fishery Harbour		67.7	67.7		
	India	Provide Fishing Boats & other Accessories to Fishermen (IDPs) in vaharai	0.9		0.9		
		Sub Total			68.6	0.0	0.0
Housing & Rehabilitation	World Bank	N&E Housing Reconstruction Project - Addl. Financing		43.0	43.0		
		Sub Total			43.0	0.0	0.0
Agriculture Irrigation, & Environment	World Bank	Dame safety & water resources planning		65.0	65.0		
	Japan	Moragahakanda & Kaluganga Development Project		250.0		150.0	100.0
	India	Development of Dairy Farming in Plantation Estate Sector	0.9		0.9		
	Korea	"Pilisaru" Program for Solid Waste Management in Sri Lanka	3.5		3.5		
	Kuwait	Moragahakanda & Kaluganga Development Project		214.0		214.0	
	Iran	Umaoya Project		392.0	392.0		
	IFAD	Agri-business Project		25.0		25.0	
	Australia	Sustainable water Assistance Management Project Phase -11		16.1	16.1		
	FAO	Immediate Assistance to Conflict Affected Internally Displaced People and Households	0.5		0.5		
	ADB	Greater Colombo Waste Water Management		100.0		100.0	
		Sub Total			478.0	489.0	100.0
Finance	ADB	Fiscal Management		40.0		40.0	

		Reform II					
	Japan	Poverty Alleviation Micro Finance Project - Phase II		22.0	22.0		
	India	Line of Credit		100.0	100.0		
	Pakistan	Line of Credit		31.5	31.5		
		Sub Total			153.5	40.0	0.0
Education & Vocational Training	World Bank	Education Sector Development (Addl. Financing)		10.0	10.0		
	Austria	Sri Lanka institute of Advanced Technology		13.0	13.0		
	Netherlands	Sri Lanka institute of Advanced Technology (ORET)	4.9	9.1	14.0		
	Norway	Vocational Training Development Project		1.0			
	Norway	Puttalam Tec. College Development Project		2.8	2.8		
	India	Solar Photo-Voltaic Aided Computer Education for 25 Rural Schools	0.9		0.9		
		Sub Total			40.7	0.0	0.0
Railway	India	Upgrading Double Tracking of Coastal Line Railway (Awaiting Confirmation)		100.0	100.0		
	UK	Rehabilitation of M7 Locomotives		8.0	8.0		
	Austria	Rehabilitation of Railway Track Valachchanai-Batticaloa	6.5	19.5	26.0		
		Sub Total			134.0	0.0	0.0
Other	Netherlands	Establishment of Tsunami Early Warning System		6.0			
	Japan	Non-Project Grant Aid - 2007	11.0		11.0		
	Korea	Re-engineering Government component of e-Sri Lanka		6.7	6.7		
	Korea	Capacity Building of Local Authority for Emergency Response in Kalutara	2.0		2.0		
	IFAD	Post Tsunami Livelihood Project		16.0	16.0		
	World Bank	Public Sector Capacity Building		22.0	22.0		
	World Bank	Gama Neguma		30.0		30.0	
	World Bank	Legal & Judicial Infrastructure Development Project		44.0	44.0		
		Sub Total			101.7	30.0	0.0
		Grand Total	174.3	7030.2	3882.5	2304.0	765.0

Annex III**Long-Term Training Program**

Name of the Ministry	No. of Placements Received
Agricultural Development and Agrarian Services	9
Disaster Management & Human Rights	1
Education	7
Environment and Natural Resources	2
Finance & Planning	6
Healthcare and Nutrition	3
Higher Education	2
Highways & Road Development	1
Indigenous Medicine	1
Irrigation & Water Management	1
Justice and Law Reforms	1
Labour Relations and Foreign Employment	1
Livestock Development	4
Local Government and Provincial Councils	9
Plan Implementation	2
Power & Energy	1
Public Administration and Home Affairs	1
Tourism	1
Trade, Marketing Development, Co-operative and Consumer Services	3
Water Supply and Drainage	2

Higher Education
Sub Total

58 18

Short-Term Training Program

Name of the Ministry

Agricultural Development and Agrarian Services	40
Auditor Generals Department	8
Child Development and Women's Empowerment	7
Commission to Investigate Allegations of Bribery and/or Corruptions	1
Community Development and Social Inequity Eradication	3
Constitutional Affairs and National Integration	1
Construction and Engineering Services	3
Defense, Public Security, Law and Order	11
Department of Election	1
Disaster Management & Human Rights	14
Education	36
Enterprise Development and Investment Promotion	13
Environment and Natural Resources	38
Export Development and International Trade	6
Finance & Planning	86
Fisheries and Aquatic Resources	19
Foreign Affairs	2
Foreign Employment Promotion & Welfare	1
Healthcare and Nutrition	42

Highways and Road Development	14
Housing and Common Amenities	2
Indigenous Medicine	5
Industrial Development	7
Internal Administration	4
Irrigation & Water Management	10
Justice and Law Reforms	9
Labour Relations and Manpower	2
Land and Land Development	9
Livestock Development	16
Local Government and Provincial Councils	82
Mass Media and Information	8
Nation Building and Estate Infrastructure Development	20
National Heritage	4
Office of the Cabinet	1
Petroleum and Petroleum Resources Development	1
Plan Implementation	6
Plantation Industries	11
Ports and Aviation	21
Posts & Telecommunications	1
Power & Energy	13
Presidential Secretariat	13
Prime Ministers Office	5
Public Administration and Home Affairs	17
Public Service Commission	1
Religious Affairs and Moral Up-liftment	2
Resettlement and Disaster Relief Services	4
Rural Industries and Self-Employment Promotion	27
Science and Technology	17
Social Services and Social Welfare	3
Sports and Public Recreation	2
The Parliament	8
Tourism	5
Trade, Marketing Development, Co-operative and Consumer Services	17
Transport	7
Urban Development and Sacred Area Development	17
Vocational and Technical Training	19
Water Supply and Drainage	16
Youth Empowerment and Socio Economic Development	3
Sub Total	778
Grand Total	837