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## List of Acronyms

ADB	-	Asian Development Bank
ADF	-	Asian Development Fund
CFTC	-	Commonwealth Fund for Technical cooperation
CUB	-	Committed Undisbursed Balance
CEB	-	Ceylon Electricity Board
EDCF	-	Economic Development Cooperation Fund
EU	-	European Union
EDCF	-	Economic Development Co - Operation Fund
FAO	-	Food and Agriculture Organization
FLOOD	-	Flood Affected Areas Rehabilitation
GDP	-	Gross Domestic Product
GOSL	-	Government of Sri Lanak
GTZ	-	German Agency for Technical Cooperation (Deutsche Gesellschaft fur Technische Zusammenarbeit)
HIV/AIDS	-	Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
IFAD	-	International Fund for Agricultural Development
IDP	-	Internally Displaced Persons
IDA	-	International Development Association
JICA	-	Japan International Co - Operation
JBIC	-	Japan Bank for International Co-operation
KFAED	-	Kuwait Fund for Arab Economic Development
KFW	-	German Bank for Reconstruction (Kreditanstalt fur Wiederaufbau)
KOICA	-	Korea International Co - Operation Agency
LNG	-	Liquid Natural Gas
MCA	-	Millennium Challenge Account
NDF	-	Nordic Development Fund
OCR	-	Ordinary Capital Resources
OPEC	-	Organization of Petroleum Exporting Countries
SME	-	Small and Medium Enterprises
SFD	-	Saudi fund for Development
STAART	-	Sri Lanka Tsunami Affected Area Recovery and Takeoff
TA	-	Technical Assistance Program
UN	-	United Nations
UNDP	-	United Nations Development Program
UNESCO	-	United Nations Educational, Scientific and Cultural Organization
UNFPA	-	United Nations Family Planning Association
UNICEF	-	United Nations Children's Fund
WFP	-	World Food Program

# **Overview of Foreign Financing**

## Overview of Foreign Financing

Foreign financing is an important source of financing for development activities in Sri Lanka, contributing to around 50 percent of the public investment. Over the period of time, the Government has taken various initiatives to improve the utilization of foreign aid to reap the highest possible benefits from both committed and future development assistance. Foreign financing is being mobilized in support of the development priorities identified in the medium term development strategy of the Government, 'Mahinda Chintana: Vision for a New Sri Lanka – A Ten Year Horizon Development Framework 2006-2016", which gives greater emphasis on the development of infrastructure.

Sri Lanka, being an emerging middle income country, has to face the challenge of gradual reduction of its access to concessionary financing. Given the country's need for additional resources, this implies that some amount of resources will have to come in the form of supplementary financing from the global financial market. However, in the context of the current global financial market crisis, the medium-term outlook for such financing is bleak. Therefore, a greater attention is being placed on getting maximum use of already available and potential bilateral and multilateral sources of funding. It was encouraging that Sri Lanka has been able to attract part of the additional funding from countries such as China, India, Iran and Korea both in the forms of direct aid and project related export credit.

The Government has mobilized US\$ 1,658 million as new commitments for the Period from January to September 2008 (excluding borrowings from the financial market). New commitments have increased by US\$ 708 million or 75 percent in 2008 compared to corresponding period of the last year. Commitments of new donors like India and Iran claim a major share of the increase. Commitments of India and Iran accounted for US\$ 659 million or 40 percent of the total commitments in 2008. Of the new commitments, 77 percent or US\$ 1,269 million has been earmarked to develop roads, bridges and transport, power and energy, ports and water supply and sanitation. The annual commitment for these sectors has increased over the years i.e. 60 percent in 2006, 74 percent in 2007.

In terms of debt sustainability, Sri Lanka exhibits a significant resilience in its overall debt performance with falling debt-to-GDP ratio and the comfortable level of debt service ratio. External Debt-to-GDP ratio has decreased to 37.9 percent in 2007 from 40.8 percent in 2006. The External Debt Service Ratio (External Debt to earning from

Merchandise Exports and Services) remains around 13 percent in 2007. Debt services remains at manageable level due to a larger portion of the debt stock is concessionary with longer repayment periods.

## 1.1. Foreign Aid Commitments and Utilization

### New Commitments

The total commitment made by donor agencies and lenders to Sri Lanka during the period of January to end September 2008 was US\$ 1658 million. Of the total commitments, project loans accounted for US\$ 1502 million and grants accounted for US\$ 156 million. Foreign aid commitment by major donor from January to September 2008 is given in Table 1 and Chart 1.

**Table 1**  
**Foreign Aid Commitment\***  
**(January to September 2008)**

<b>Donor</b>	<b>US\$ mn</b>
<b>Bilateral</b>	<b>1368.2</b>
Austria	29.6
Denmark	155.3
France	23.6
India	209.2
Iran	450.0
Japan	368.0
Netherlands	84.2
Other Bilateral	48.3
<b>Multilateral</b>	<b>289.8</b>
Asian Development Bank	90.0
World Bank	132.8
UN Agencies	67.0
<b>Total</b>	<b>1658.0</b>

\* Note: Excluding Capital Market borrowing of  
US\$ 150 million

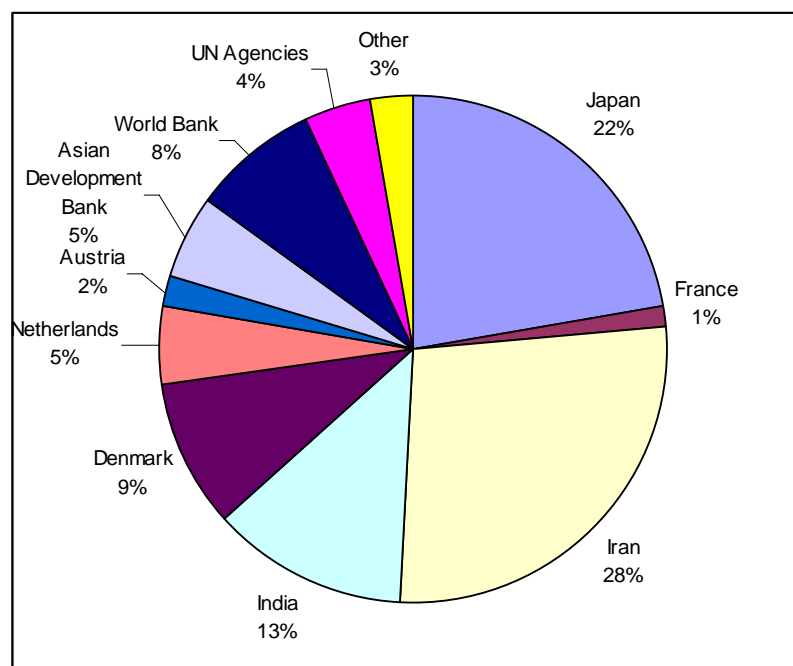
The Government of Iran, as a new bilateral development partner of Sri Lanka, committed US\$ 450 million for Uma Oya Hydro-Electric and Irrigation Project. This was in addition to trade credit provided to Ceylon Petroleum Corporation. The Government of Japan committed US\$ 368 million of which US\$ 337 million was in the form of loans and the balance as grants. Loans include supplementary financing for Southern Expressway Development Project (US\$ 163 million), Outer Circular Road Project (US\$ 53 million),

Ukuwela Power Station Rehabilitation Project (US\$ 11.4 million), Water Sector Development Project – II (US\$ 78 million) and Poverty Alleviation Micro Finance Project (US\$ 23.9). Japanese grant aid were for Improvement of the Curative Healthcare Services at the Teaching Hospital of Anuradhapura (US\$ 18 million) and Japanese Commodity Aid (US\$ 12.5 million).

The Government of India committed US\$ 200 million as loan funds and US\$ 9 million as grants. Of the loans, US\$ 100 million was for the Upgrading Railway Line Colombo-Matara Project and the other US\$ 100 million was a Line of Credit for procurement of goods. Grants were for Establishment of 150 Bed District Hospital at Dickoya, Hatton (US\$ 8.5 million) and Setting up of Facilities at Rural Vocational Training Centre at Puttlum (US\$ 0.7 million).

The World Bank committed US\$ 133 million for four projects including US\$ 67 million for Dam Safety and Water Resources Planning Project, US\$ 41.6 million for Renewable Energy for Rural Economic Development and US\$ 22.6 million for Public Sector Capacity Building. The Asian Development Bank (ADB) committed US\$ 90 million to finance additional funding requirements of Southern Expressway Construction Project. Sector-wise details of all agreements signed in 2008 up to 30<sup>th</sup> September are given in Annex I.

**Chart 1**  
**Foreign Aid Commitment**



## Committed Undisbursed Balance

The total Committed Un-disbursed Balance of foreign financing available for government's development programme as at 30<sup>th</sup> September 2008 was US\$ 5.8 billion. The project implementation period of these commitments is in the range of 2 -5 years and hence the utilization will be on that basis. Table 2 indicates the sector-wise classification of the committed un-disbursed balance.

**Table 2**

### Committed Un-disbursed Balance – (by sector) as of 30<sup>th</sup> Sep 2008

<b>Sector</b>	<b>US\$ Mn</b>	<b>% of Total</b>
Roads, and Transport	1170.2	20.2%
Ports	755.9	13.0%
Water Supply & Sanitation	596.6	10.3%
Tsunami Rehabilitation	510.9	8.8%
Health, Education & Vocational Training	401.6	6.9%
Power & Energy	691.1	11.9%
Private Sector Development	130.9	2.3%
Agriculture, Fisheries, Irrigation and Land	753.2	13.0%
Conflict Affected Areas Rehabilitation	123.4	2.1%
Rural Development	105.5	1.8%
Environment & Natural Resources	73.8	1.3%
IT, Science & Technology	43.9	0.8%
Housing & Urban Development	39.4	0.7%
Other	406.0	7.0%
<b>Total</b>	<b>5,802.3</b>	

## Foreign Fund Disbursements

The total foreign fund disbursement up to end of September 2008 was US\$ 780.9 million. Of the total disbursement, project loans accounted for US\$ 644.7 million (82.6 percent) and grants US\$ 136.2 million (17.4 percent).



**Table 3**  
**Foreign Aid Disbursement**

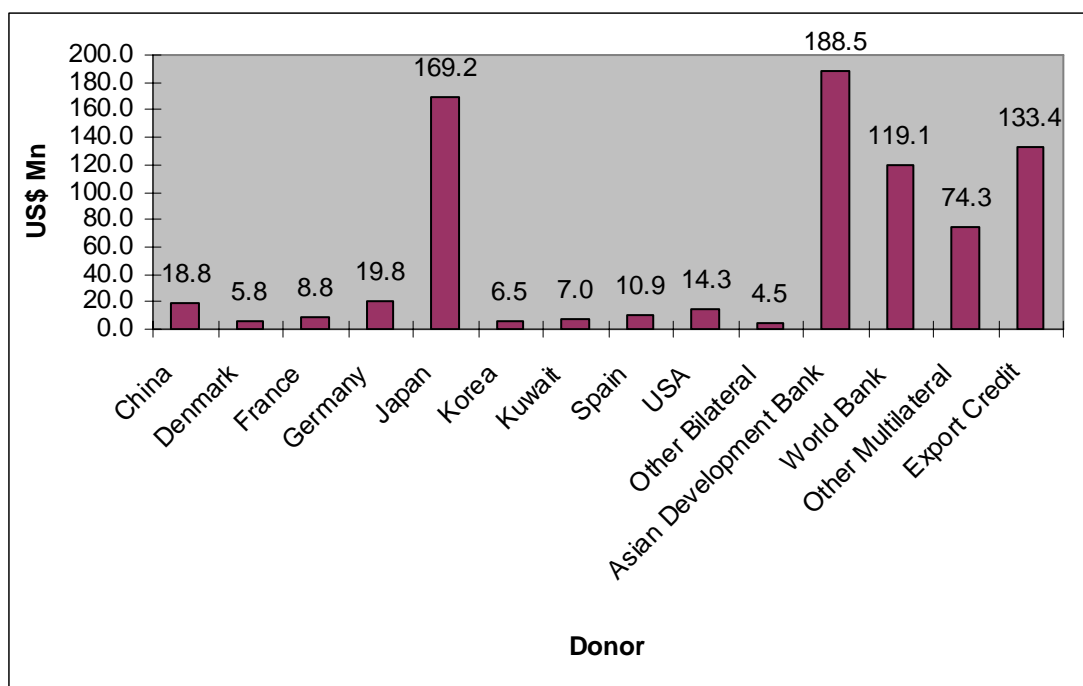
<b>Donor</b>	<b>US\$ mn</b>
<b>Bilateral</b>	<b>265.6</b>
China	18.8
Denmark	5.8
France	8.8
Germany	19.8
Japan	169.2
Korea	6.5
Kuwait	7.0
Spain	10.9
USA	14.3
Other Bilateral	4.5
<b>Multilateral</b>	<b>381.9</b>
Asian Development Bank	188.5
World Bank	119.1
Other Multilateral	74.3
<b>Export Credit</b>	<b>133.4</b>
<b>Total</b>	<b>780.9</b>

The Asian Development Bank, Government of Japan and the World Bank were the three main donors who made the highest disbursement during the period 01<sup>st</sup> January to 30<sup>th</sup> September 2008. These three donors contributed US\$ 476.8 million or 61 percent of the total disbursement.

The Asian Development Bank disbursed US\$ 188.5 million mainly for the Colombo Port Expansion Project (US\$ 38 million), Power Sector Development Project (US\$ 18 million), Tsunami Affected Area Rebuilding Project (US\$ 17 million), Fiscal Management Programme (US\$ 15 million) and Secondary Towns and Rural Community Water/Sanitation Project (US\$ 13 million). The Government of Japan recorded the second highest disbursement up to 30<sup>th</sup> September 2008 by disbursing US\$ 169 million. Disbursements of Japanese funds were mainly for the Upper Kotmale Hydro Power Project (US\$ 43 million), Southern Expressway Construction Project (US\$ 28 million), Provincial Road Improvement Project (US\$ 12 million) and Kalu Ganga Water Supply Project (US\$ 10 million). The World Bank disbursed US\$ 119 million mainly for Road

Sector Assistance Project (US\$ 42.1 million), North East Housing Reconstruction Project (US\$ 18 million) and Education Sector Development Project (US\$ 12 million).

**Chart 2**  
**Disbursements by Donors/Lenders**



**Table 4**  
**Utilization Rates**

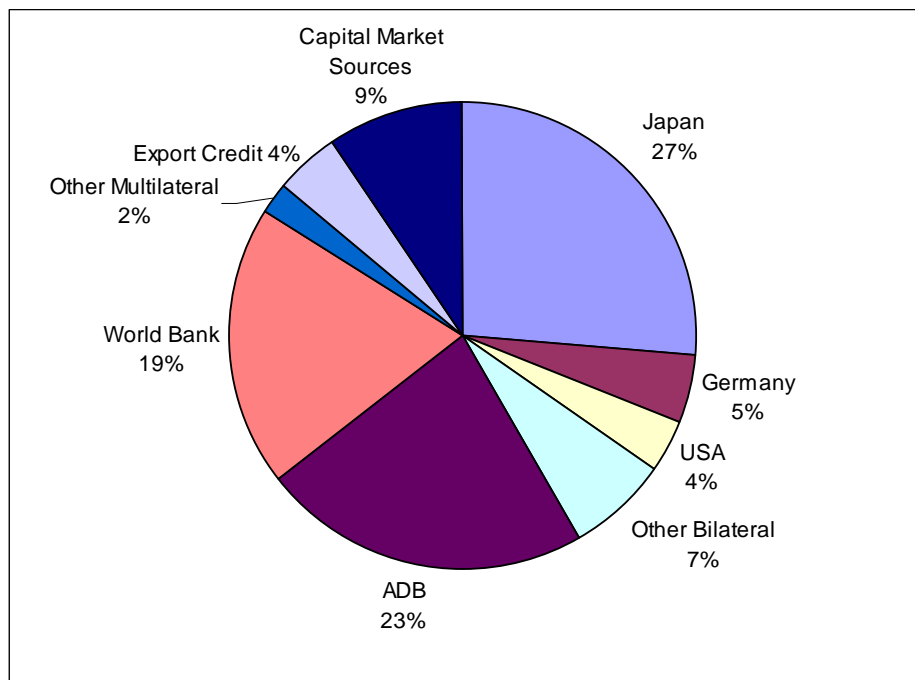
Donor/Creditor	Jan-Sep 2008	Jan-Sep 2007
Japan	14.0	11.8
ADB	13.4	8.6
World Bank	26.2	22.5
China	4.25	27.9
Export Credit	21.0	20.4
Other	16.1	16.3
<b>Overall</b>	<b>15.4</b>	<b>15.4</b>

## 1.2. External Debt and Debt Service Payments

### External Debt Stock

The external debt stock of the Government as at 30<sup>th</sup> September 2008 stood at US\$ 12.3 billion as against US\$ 11.9 billion at the end 2007. Of the total debt, 43 percent is due to bilateral donors, 44 percent to multilateral donors, 9 percent to capital market sources and the balance 4 percent to export credit agencies. The composition of external debt as of end September 2008 by the major donors are shown in Chart 3.

**Chart 3**  
**Composition of Debt Stock**



### External Debt Service Payments

The total debt service payment up to 30<sup>th</sup> September 2008 amounted to US\$ 675.7 million. Of this US\$ 498.9 million was for principal payments and the balance US\$ 176.8 for the interest payments. The total estimated debt service payment for 2008 is US\$ 1090 million, of which 62 percent has already been paid by 30<sup>th</sup> September 2008.

# Infrastructure Development



## **2.1 Roads and Bridges Sector**

The country has a road network of about 108,000 kilometers, comprising about 11,700 kilometers of National Highways, 15,500 kilometers of provincial roads, 64,700 kilometers of local authority roads and 16,300 roads under the ownership or controlled by other development authorities. Although the road density in the country is in the satisfactory level the road network standards and conditions are inadequate to meet the rapidly growing freight and passenger transportation. This situation limits the contribution of roads to national development, economic growth and poverty reduction. To cope with the constraints, the government has taken several measures to improve and upgrade the existing roads and bridges with the assistance of development partners.

Development partners particularly, the Asian Development Bank, Government of Japan, the World Bank and Government of Korea have supported to upgrade the standards of the National Highways and the Provincial roads. In addition, ADB has supported to prepare a Road Sector Master Plan in order to identify roads for future investment. A National Road Master Plan and Provincial Road Master Plan are being prepared with the view to ensure connectivity between the national and provincial road networks.

The total amount of loans in the existing road and bridges project portfolio is approximately US\$ 1.5 billion. In addition, in the year 2009, major donors have agreed to finance for the maintenance and rehabilitation of provincial roads in the Uva, North Central and Eastern Provinces. Some of the major projects funded by development partners in this sector are highlighted below.

### **Southern Transport Development Project**

The Southern Expressway is the Sri Lanka's first access controlled expressway, connecting Kottawa in Colombo suburbs to Matara in the Southern Province with an access road from the Highway to Galle and eleven interchanges where the Expressway crosses major roads/highways.

The main objective of the expressway is to boost economic activities of Southern Province exploring the potential growth in industries, tourism, fisheries and agriculture in the lagging areas. Further, the expressway will provide hassle free connectivity for the proposed large infrastructure development package which includes Port Project and International Convention Center complex at Hambanthota and proposed alternative International Airport Project in the Southern Province.



Construction work of Southern Expressway

The first section of the expressway, from Kottawa to Kurudugahahettepma is financed by the Japan Bank for International Cooperation (JBIC) while the second section from Kurudugahahettekma to Galle is financed by the Asian Development Bank. The total ADB financing of US\$ 189 mn is utilized for the construction of 30.1 km with four lane expressway facility and 5.9 km of Galle access road. The construction of the expressway will be completed by 2010.

### **Road Network Improvement Project and Road Sector Development Project**

The ADB has invested US\$ 156 mn for the development of the Road Sector under two major projects. Under the Road Sector Development Project, it is expected to rehabilitate 789 km of provincial roads in the Uva, North Central, North Western and Western Provinces by the end of year 2008. The Project also aims at strengthening Provincial Road Administrations in order for them to perform their core role in strategic management and planning of the road network through developing strong, competitive domestic capacity for road construction and engineering services. In addition, project aims to implement the Re-Engineering Action Plans for re-engineering RDA, which includes strengthening of road maintenance management, construction management and pre-construction processes etc.

Road Network Improvement Project will finance about 311 km of primary roads and 77 bridges. It includes rehabilitation of 33 km of the A9 highway ( Jaffna-Kandy highway) and 18 km of the Peliyagoda –Katunayake road. Under the emergency assistance, ADB allocated US\$ 12.5 million to reconstruct the flood damaged national and provincial roads in the south under the same project. All the project activities will be completed by end of December 2008.



Peliyagoda-Puttalam Road



Embilipitiya - Pelmadulla Road

### National Highway Sector Development Project

ADB has provided US\$ 150 million for the reconstruction of 350 km of National highways. The selected roads for improvement are Anuradhapura – Puttalam, Habarana- Kantale, Udatenna- Mahiyangana and Nuwara-Eliya – Badulla roads. All the contracts for these projects have already been awarded except Anuradhapura – Puttalam road. The construction of these roads will be completed by 2010.



Construction works at Habarana Kantale Road

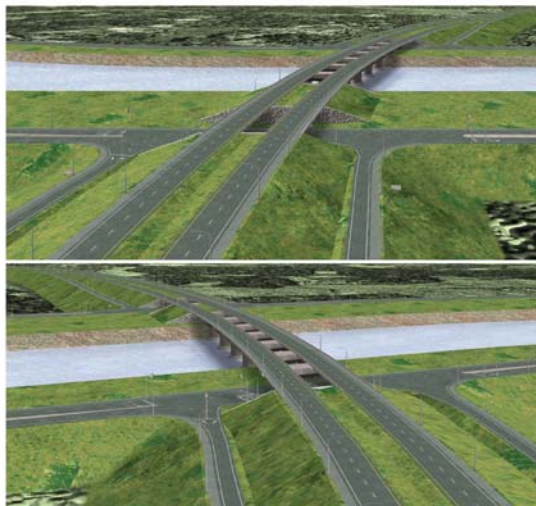
### Road Sector Assistance Project

The project was implemented with a World Bank loan of US \$ 100 mn for maintenance and rehabilitation of approximately 620km of national roads and 160 km rural roads in nine Pradeshiya Sabha areas in Southern, Uva and North Central Provinces. Under the first phase of the project, rehabilitation of Nittambuwa- Kandy, Ingiriya – Rathnapura, Hakmana- Talanduwa and Denagama-Mulatiyana, Galle-Akuressa-Deniyaya, roads will be completed by the end of this year. Hali-Ela- Bandarawela, Bandarawela- Welimada, Wellawaya-Siyambalinduwa, Siyambalinduwa - Ampara-Karativu, are some of the other

roads that has been reconstructed under this project. Further, the World Bank has provided an additional financing of US \$ 98 mn this year. This additional financing will be mostly used to cover the cost overrun caused by the unexpected oil price increase in the world market that has led to the price escalation of the oil based materials such as bitumen.

### **Greater Colombo Urban Transport Development Project – Outer Circular Highway to the Colombo City (OCH)**

The Government of Japan has provided Japanese yen 27,635 mn (approximately US \$ 250 mn) for the construction of around 20 Km road section of outer circular highway from Kottawa to Kadawatha in order to connect seven high priority trunk roads and the proposed expressways to mitigate traffic congestion in the Colombo metropolitan area. The construction is expected to be commenced in 2009 and scheduled to be completed in 2012.



Perspective view of the outer circular highway

The Outer Circular Highway will connect the Southern Expressway at Kottawa and Colombo-Katunayake expressway at Kerawalapitiya. The road section from Kadawatha to Kerawalapitiya is expected to be constructed with government funds.

### **Reconstruction of Mannar Bridge and Causeway**

A grant assistance of Japanese Yen 1,836 million (approximately US \$ 16 mn) has been provided by the Government of Japan for the construction of a new bridge connecting the Mannar island to the Mainland and improvement of its Causeway.

The existing Bridge and the Causeway was constructed in 1930s with a single lane which is narrow in width. There is no any access road to Mannar Island except the existing narrow causeway. The new Bridge will be constructed with a span of 157 m in length and 10 m in width and the Causeway will be improved up to 3 km in length and 11m in



width on the Medawachchiya – Mannar – Thalaimannar (A 14) Road. The construction work commenced in 2008. The new bridge is expected to be opened for traffic in 2010.

The people living in the Mannar Island will directly benefit from the project by facilitating smooth transportation at a low cost and thereby improving the market accessibility.



Perspective view of the Mannar Bridge

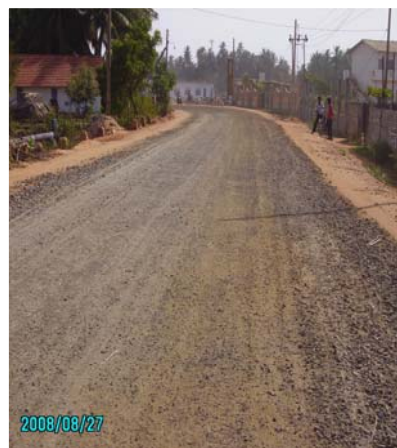


Retaining Wall Construction

### **Batticaloa-Trincomalee Road Development Project**



Construction of the Kinniya Bridge



Thampalakamam-Kinniya Road

The project will construct a 400 meter bridge across the Kinniyai Ferry on Batticaloa-Trincomalee road and upgrade two approach road sections, Upparu to 4<sup>th</sup> Mile junction on Batticaloa-Trincomalee road with a total length of about 18 Km. and Thampalakamam-Kinniyai Road with a total length of about 15.6 km. The Saudi Fund for Development has provided a soft loan amounting to Saudi Riyals 40.0 mn (Approximately Rs. 1099.8 mn) to implement the project.

The Kinniyai ferry in Koddigar bay is the main barrier for the link of the Batticaloa-Trincomalee cities. The length of the ferry is 550 m and the only mode of transport across the bay at present is mechanized ferryboats. The Kinniyai ferry services more than 60,000 people from four villages around the bay and 6,000 people and 200 vehicles cross the ferry every day. The implementation of the project will mainly be beneficial to the people who are living in the four villages around the bay. Around 30 percent of the construction work has been completed by the end of September 2008 and the project is scheduled to be completed in 2009.

### **Improvement of Padeniya-Anuradapura Road Project**

The objective of the project is to improve the existing Padeniya Anuradapura road to provide high mobility. The project includes widening and improvement of 80.8 km long Padeniya Anuradapura road with 2 lane facility and 4 lane facility at town sections. The total cost of the project is US\$ 70mn. The Government of Korea will provide US\$ 55 million on concessional terms to meet 78.5 % of the physical cost while the balance funds will be met by the Government.

The implementation of this project will shorten the travel time, reduce the vehicle operating costs and decrease the traffic accidents and thereby improve the quality of public transportation services between Padeniya and Anuradapura. It also provides basic framework for regional economic growth by facilitating the movement of passengers and freight between the regions

### **Colombo-Katunayake Expressway**

The objective of the project is the construction of the Colombo-Katunayake Expressway which links the Bandaranayake International Airport and capital city of Colombo. The project encompasses the construction of 25km with four interchanges at Kelaniya, Peliyagoda, Ja-ela, and Katunayake. Considering the significant contribution expected from this project for the economic development of the country, the Government has accorded high national priority for its implementation. The total estimated cost of the project is US\$ 292mn. of which US \$ 248.2mn will be financed by the Exim Bank of China and the balance by the Government of Sri Lanka.

## **Trincomalee Integrated Infrastructure Project**

The Government of France has provided a concessional loan of Euro 64 million to rehabilitate and reconstruct tsunami damaged infrastructure in the Trincomalee district. For rehabilitation of road and bridges Euro 40 million allocated from the loan and subsequently it has increased to Euro 55 million. Construction activities of the project has commenced in August 2008. Rehabilitation and reconstruction of Thrikkondiyadumadu – Verugal road, Allai-Kantale road and Verugal, Kayankarni, Killawadi, Mutur, Gangei, Upparu bridges and Allai Causeway are undertaken by the project.

## **Spanish Funding for Reconstruction of Bridges**

The Government of Spain has also provided assistance for the reconstruction of major bridges such as Irrakkandi , Puduwakattu , Yan Oya and Oddamawaddi in the Eastern Province .

## **Austrian Funding for Reconstruction of Bridges**

A credit facility through Bank Austria Creditanstalt has been provided by the Government of Austria to construct 5 steel bridges in the interior of the Kalutara District. It includes the construction of bridges in Molkawa, Hirana ,Weralugastotupala and two bridges in Lathpandura. Two of the selected sites are operated by ferry at present and soon those be replaced with two new bridges.

## **Future Financing for Road & Bridges Sector by Major Donors**

The three major donors are expected to provide US\$ 420 million for the improvement of the road network of the country, both national and provincial roads.

- The Asian Development Bank - US\$ 170 mn - Reconstruction of Provincial Roads
- The World Bank - US\$ 150 mn - Improvement of Provincial Roads & National Roads
- Government of Japan - US\$ 100 mn - Provincial Roads

## **2.2 Railway Development**

The railway network consists of 1463 km of track, of which only 1200 km of track presently are in operation. Colombo is the main centre of the rail network which connects the main cities in the country. Railways contribute around 5-6% of passenger transport and 2% of goods transport on average. However, it contributes around 35% of passenger transport during the peak time in Colombo suburban.

The trains operate in many railway lines at an average operating speed at less than 40 km per hour. Speed limits have been introduced in many railway tracks due to the poor condition of the rail tracks, railway bridges and signaling system. The tsunami disaster hit the coastal railway line and severely destroyed the track, signaling and building infrastructure. The absence of a reasonable length of dual track corridor, especially on the coast line has caused severe delays in train crossings. The present available number of Diesel Multiple Units is hardly sufficient to provide any satisfactory service. Due to the non availability of sufficient number of passenger carriages, locomotives and Diesel Multiple Units, the number of train operations has been limited. As a result, trains are very crowded, especially during the peak time and run always late. The slow speed, lack of facilities and comfort on trains and stations have failed to attract passengers to railways.

Sri Lanka Railways plans to increase the share of passenger transport from 5-6% to 10% and share of freight transport from 2% to 10% by 2010 by making the train service more attractive. The Government has increased the investment on railways, especially for rehabilitation of the existing track and signaling system, extension of track as well as procurement of Diesel Multiple Units, locomotives and passenger carriages in order to achieve this target. Some of the railway development projects that are being implemented with foreign assistance are highlighted below.

### **US\$ 100 mn Indian line of Credit for the Reconstruction of the Southern Railway**

The Government of India has agreed to provide assistance for implementation of the upgradation of Southern Railway Line from Colombo – Matara under the funds pledged for Tsunami recovery activities. The total cost of the project is estimated at US\$ 212.4 million of which US\$ 167.4 million is expected from foreign sources and the balance US\$ 45 million by the Government of Sri Lanka. The Government of India initially provided a credit line of US\$ 100 million through the Export– Import Bank of India for this project

and will consider providing the balance US\$ 67.4mn during the project implementation. The project will upgrade the track from Colombo to Matara to the standard allowing a maximum speed of 100 kmph. It will increase the average operating speed from 40 kmph at present to 80 kmph allowing a passenger express train to cover the Colombo – Galle distance approximately within 2 hours. Further, 20 Diesel Multiple Units (DMU's) and 3 units of locomotives will be purchased under the project. They will alleviate the existing capacity constraints of trains and prolong the life of the existing fleet by reducing the pressure on it. The DMUs will be designed for long distance and intercity travel and they will improve the long distance and intercity train service. The project will also provide rolling stock maintenance facilities at Alutgama, Galle and Colombo.

### **Procurement of 15 Diesel Multiple Units and 100 Passenger Carriages for Sri Lanka Railways**

The Government of China has provided two concessional loans of US\$ 27 mn and 38.5 mn for the procurement of 100 Passenger Carriages and 15 Diesel Multiple Units respectively from China for Sri Lanka Railways. The delivery of 100 Passenger Carriages to Sri Lanka was completed in February 2008. The newly imported Passenger Carriages are now used for long distance and intercity services. Out of 15 Diesel Multiple Units, 6 Units have already been delivered to Sri Lanka and it is scheduled to deliver the balance before the end of December 2008. The 15 DMUs will strengthen Colombo suburban train service and increase the train capacity as well as frequency of train operations. The Procurement of 15 Diesel Multiple Units (DMUs) and 100 Passenger Carriages will meet the long felt demand of the railway service and it will improve the train service substantially. It will also reduce the congestion on roads by diverting commuter from road to rail transport.



Imported passenger Carriages

## **2.3. Power and Energy**

The total electricity generation in Sri Lanka is over 9400 Gwh a year. The Ceylon Electricity Board generates 85 per cent of electricity and independent power producers supply the rest. Of the electricity generated in 2007, about 4600 Gwh was hydro and around 4700 Gwh was thermal. The demand for power has been increased at a rate of 7-8 percent per annum over the past 20 years. This trend is expected to continue in the next few years. By the end of 2007, about 3.8mn households were connected to the main grid electricity supply. It was approximately 79 per cent of the total households. In addition, about 3 percent of households were served by off-grid systems which included the solar home systems or community owned small hydro/wind/biomass plants. The power sector in Sri Lanka is presently facing a serious problem due to limited capacity, high cost of electricity generation and inadequate transmission and distribution facilities. The cost of producing power and energy has gone up mainly due to the inadequacy of water resources used for power generation and rapidly increasing petroleum prices.

The Ceylon Electricity Board has planned to give electricity connection up to 82 per cent of the total households by the year 2010. It is also planned to provide reliable service at a competitive price. In order to achieve this target, the electricity generation capacity has to be increased substantially through least cost power generation options. In addition, improvements to the distribution network, upgrading of outdated control and protection systems are important to ensure the reliable and high quality electricity supply.

Some of the power projects that are being implemented with foreign assistance are highlighted below. These projects focus on power generation, transmission expansion and improvements of distribution system and other infrastructure facilities.

### **Puttalam Coal Power Project.-Phase I**

This project will facilitate the installment of a 300 MW Coal Power Plant in Norochcholai, Puttalam, with all auxiliary equipment/systems, including a coal unloading jetty, a 115 km power transmission line and other infrastructure facilities. Considering the national importance to meet the growing electricity demand at a minimum cost to the economy and reduce the heavy reliance on diesel power generation as at present, the Government accorded high priority to the project.



Conceptual view of the Puttalam Coal Power Plant

The total cost of the project is estimated at US\$ 455 million. The Exim Bank of China has extended a loan of US\$ 455million and construction has commenced in 2007. The Bank has released US\$ 155 million so far. The power plant is to commission by 2010

### Power Sector Development Project

With a view to improving the quality and quantity of electricity supply of the country, a loan of US \$ 70.0 million has been provided by the ADB. The funds are utilizing for expanding, modernizing and rehabilitating the transmission and distribution system and for expanding the rural network.



Construction of Aniya Kanda Grid Substation



Deniyaya Grid Substation

Out of 700 rural electrification schemes & 1725 rural electrification extension, construction works on 565 rural electrification schemes & 1487 rural electrification extension have been completed. Existing 385 kms length of normal 33kV distribution lines and 135 kms length of 33kV express lines will be strengthened. To improve the electricity supply of industries and rural areas in Matara, Galle, Gampaha, Puttalam, and Kurunegala construction of transmission lines and substations to transmit the electricity

will be supplied by the project. Around 150,000 consumers in 820 villages will be benefited under the rural electrification component.

### **Upper Kotmale Hydropower Project**

The Government of Japan has extended a loan of J¥ 33,265 mn (aprox. US\$ 285mn) to construct a 150 MW Hydro Power Plant at Thalawakele which will add 528 Gw/h annually for the country's power generation by diverting the water of Kotmale Oya at Thalawakele intake dam to a 12.5km length headrace tunnel and then to the power house which is located at about 1 km downstream of Pundalu Oya and Kotmale Oya.

At the same time water of six tributaries will be diverted for the generation by connecting the Thalawakelle regulation pond through diversion tunnels and headrace. A 220 kV transmission line of 17.5 km in length will convey the electricity to the existing Kotmale Switchyard.

The project will also provide the opportunity to make significant improvements to the social and economic environment of the local communities. The business community too will benefit due to increase in local tourism from the reservoir landscape, attracting people to use restaurants and other facilities in the area. The project will also provide electricity, telecommunications, water supply and solid waste disposal facilities contributing to the continuing development of the area.



Work in Progress at Diversion Tunnel Area

The construction of houses and common amenities and access roads for the resettled people are nearing completion. The main civil works and hydro & electro mechanical works are also underway. The power plant is expected to be commissioned in 2011.



### **Kerawalapitiya – Kotugoda Transmission Line Project**

The Government of Japan has provided Japanese Yen 2,938 million (approx. US\$ 24mn) for the implementation of this project and is expected to connect the proposed power plants at Kerawalapitiya with the transmission network of Ceylon Electricity Board.

Under this project, an 18 km of 220 kV transmission line from Kerawalapitiya to Kotugoda has already been constructed. Further, the two Switchyards at Kerawalapitiya and Kotugoda are being constructed. The project is expected to be completed by May 2009.

### **Colombo City Electricity Distribution Development Project**

A loan of Japanese Yen 5,959 million (approx. US\$ 45 million) has been provided by the Government of Japan to reinforce and rehabilitate the electricity distribution network in the Colombo City to meet the demand growth of Electricity & providing satisfactory level of service to the existing & future consumers.

The project included extension and upgrading of two grid substations and two primary substations, laying of underground cable and establishment of a Supervisory Control And Data Acquisition system (SCADA) for effective operation of the electricity distribution network.

## **2.4. Ports Development**

Sri Lanka is strategically situated in the Indian Ocean, along the main East-West shipping route and is therefore in a central location for all of South Asia. Because of its location, Sri Lanka was poised to be a strong competitor in the global shipping sector, with three existing deep water ports at Colombo, Trincomalee, Galle and new port being developed at Hambantota. Sri Lanka being a trade dependent country, development of the port sector is very important for economic growth.

The Port sector in Sri Lanka is dominated by the Colombo port. It accounts for about 90 percent of total cargo load in Sri Lanka while other local ports covers only about 10 percent of cargo load. A total of 9.5 million tons of conventional cargo are expected at ports in Sri Lanka to be loaded and unloaded by 2012.

However, the facilities in Colombo Port are limited and needs expansion. It is also equally important that the ports in the outer regions are developed to accommodate future requirements. Construction and development of Galle, Hambantota, Oluvil, Trincomalee, Kankasanturai and Point Pedro have been identified in order to meet the future demand.

As indicated in the "Mahinda Chntana: Vision For A New Sri Lanka", the port development activities will focus on expansion of capacity and improvement of efficiency of existing ports, construction of new ports in strategic locations in future.

Some of the port development projects are highlighted below.

### **Colombo Port Expansion Project**

Colombo Port is one of the most strategic natural transshipment hub Port for the South Asian region. In view of developing the operational capacity required to compete for the Indian subcontinent transshipment market, the ADB has agreed to finance US \$ 300 million to expand the facilities of the Colombo Port. The Project includes construction of a breakwater sufficient to accommodate three terminals, dredging, establishment of a new marine operations center, relocation of the submarine oil pipeline, providing navigational aids and construction of shore utilities.



Construction of Breakwater



Dredging Works

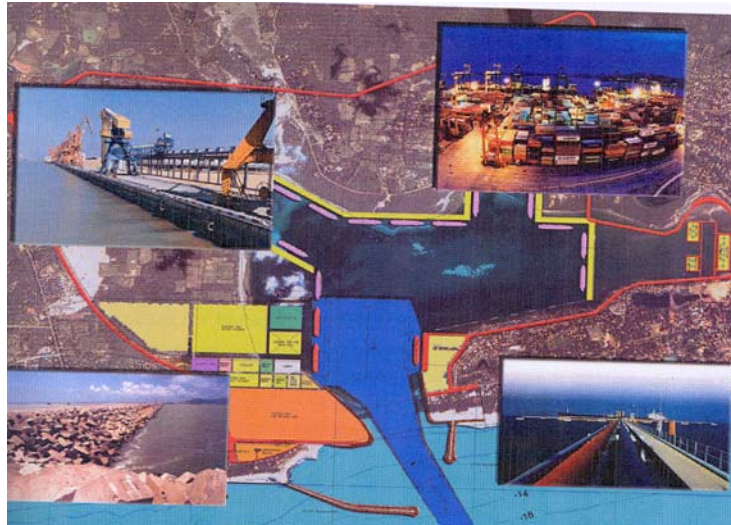
By the completion of the project, it is expected to increase the current container-handling capacity up to 5.7 million twenty-foot equivalent units (TEU) by 2010 and it will be further expanded up to 8.1 million TEU by 2015. As a result of this, the transshipment market share of the Colombo Port in Indian subcontinent will be improved up to 30% by 2011.

The civil construction works of the southern breakwater have been commenced in 2008 and expected to be completed in 2010.

### **Hambantota Port Development Project**

The Government has assigned a high priority for the development of the Hambantota Port under its National Infrastructure Development Initiative –Randora. The port is planned to develop initially as a service and industrial port and subsequently as a transshipment port. The proposed Hambantota Port offers a unique deep water facility which is located within 10 nautical miles of the world's busiest shipping lane. Therefore, the proposed Hambantota Port has comparative advantage for the provision of facilities and it will be an important catalyst for a major economic development in the Southern Region.

The project consists of construction of East breakwater (315m length) and West breakwater (950m length), two berths with total length of 600m, a marine structure to accommodate 100,000DWT container vessels, 1km length approach channel with 210m width and 16m depth, and also port bunkering and oil tank farm facility.



The total cost of the port project is estimated at around US\$ 360.8 million of which US\$ 306.7mn will be provided by the Exim Bank of China and the balance US\$ 54.1mn will be financed by the Sri Lanka Ports Authority. The Loan Agreement was signed on 30th October 2007 and the civil work of the project has already commenced.

The Government has also proposed to implement Hambantota Bunkering Facility and Tank Farm project along with the Port project as it is an integral part of the Hambantota Port Development. The estimated cost of the project would be US\$ 70 -75million and the Exim Bank of China has already agreed to finance it. The Loan Agreement is expected to be finalized in November 2008 and commence the construction work thereafter.

### **Galle Port Development Project**



Layout of the Galle Port

The Government of Japan has offered a loan of US \$ 135 mn to develop the Port of Galle as a regional port by constructing an outer breakwater to maintain calmness of the port to facilitate the berth of large vessels and a new multipurpose terminal to meet the future demand and to reallocate break bulk cargo handling from the Colombo Port. The new terminal will help to reduce the waiting time of the vessels, berth

occupancy ratio and cater to large vessels. This project will increase the cargo handling capacity up to 3.3 million metric ton per annum.

The development of the regional port of Galle is also aimed at realizing cost-effective transportation means for the Southern area in a competitive market economy. Further, development of two 14m deep multi-purpose berths adjacent to and outside the existing harbour is envisaged with the conversion of existing port to a yacht marina linking the Galle heritage city with a boardwalk for tourism development.

The construction work of the port is expected to be commenced in December 2008 and will be completed by mid 2012.

### **Oluvil Port**

The Government of Denmark has provided interest free Loans of Euro 46.1 million for the construction of Oluvil Port. The funds under the Danish Mixed Credit Programme for the project is channeled through the Nordea Bank of Denmark.

The proposed Oluvil Port will have the capability to cater to large ships with in-built tanks exceeding the eight metre depth level mark. The main harbour is expected to be spread over 16 hectares and during stage two the depth is to be increased to 11 metres enabling it to cater to large vessels weighing over 16,000 tons. The capacity in the main harbour is to be expanded to 24 hectares during stage two. The project is implemented by the Sri Lanka Port Authority and the construction work of the project has already commenced.

## 2.5. Water Supply and Sanitation

Water, a basic human need has multi prong links to the sustainable economic and social development. The access to safe water and proper sanitation facilities are recognized as key component and indicators in human development. Majority of the Millennium Development Goals are also have close connection to the safe water and sanitation. The institutional structure of water supply and sanitation in Sri Lanka has three levels. i.e Central Government, Provincial Councils and Local Government Authorities. As the principle authority National Water Supply and Drainage Board operates across the country in water supply and sanitation.

Sri Lanka has achieved relatively higher standard in the supply of drinking water with compared to other developing countries. At present around 85% of the population has access to safe drinking water. However, sector wise coverage varies from 95.9% in urban areas to 61.0% each in rural areas and estate sector. During the last three decades Sri Lanka also achieved remarkable progress in access to proper sanitation facilities. As per the 2001 Census, the access to improved sanitation in urban areas was 77.8% while it was 67.5% in rural areas and 43.2% in the estate sector. The target of the Government is to provide access to safe water to 100% of the urban population, 90% of the rural and 80% in the estate sector in 2016. Similarly, improved sanitation for 95% of the urban population 85% rural and 75% of the estate sector.

The major investment in the provision of safe water and sanitation comes in the form of foreign aid. In the year 2007 the commitment of foreign aid to the water sector was US \$ 254.8 million and in 2008 donors committed US\$ 231.9 million by the end of September. At present there are 28 donor funded water sector projects being implemented with a total committed un-disbursed balance of US\$ 596.6 million.

The approach of the Government to provide safe drinking water and proper sanitation is two prongs. While pipe borne water is provided to urban and newly industrialized rapidly expanding areas, the safe drinking water and sanitation to backward rural districts are provided through community based water and sanitation systems. Such projects are being implemented in Batticaloa, Hambantota, Polonnaruwa, Anuradhapura and Muttur.

Among the major cities benefited from the donor funded water supply projects are Colombo, Kandy, Galle and Negambo. In addition, there are other large scale projects to cover newly urbanized and industrialized areas. Towns North of Colombo, Town South of Kandy, Nuwara Eliya and Grater Trincomalee are some of such projects. A detail account of the on going and proposed donor funded water supply projects is given below.

## **Secondary Towns and Rural Community Based Water Supply and Sanitation Project**

Secondary Towns and Rural Community Based Water Supply and Sanitation Project is implemented in 5 Districts namely Batticaloa, Hambantota, Polonnaruwa, Trincomalee and Anuradhapura to provide drinking water to 969,000 people and sanitation to 174,000 people. The ADB has agreed to provide US\$ 135 million of which US\$ 47.3 mn has been disbursed upto end August 2008.

The 13 out of the 16 major contracts for the urban water supply schemes under the project have been awarded and construction is in progress. Of the rural water supply schemes, the first batch (8 Pradeshiya Sabhas) is nearing completion while the mobilization for the 2<sup>nd</sup> batch (7 Pradeshiya Sabhas) is in progress. The project activities under Institutional Development Component are progressing well.



Bridge crossing at Irakkamam



Water Treatment Plant at Ampara

## **Dry Zone Urban Water Supply and Sanitation**

The ADB has agreed to provide a loan of USD 59.8 million and a grant of USD 23.2 million totaling to USD 83 million to improve the basic water supply and sanitation infrastructure services in disadvantaged districts, namely; Puttalam, Mannar, Vavuniya and Chilaw. Further, the Netherlands Trust Fund for the Water Financing Partnership Facility will provide a grant financing of USD 2 million. It is expected to conclude the loan negotiations by when 2008.

## **Kirindioya Water Supply Project**

The Kirindioya water supply project will enhance the capacity of the supply of water and provide new connections to the people, the industries and commercial entities in and around Lunugamwehara, Pannagamuwa and Weerawila area.

The original water supply scheme was built in 1989 to provide water for settlers under Lunugamwehara scheme. After nearly two decades the size of the population in the area approximately doubled to 60,000.

The rehabilitation and augmentation of Kirindioya water supply scheme will add 6500cum of water per day to provide uninterrupted supply. It is accepted to construct a new treatment plant, 2000cum new ground reservoirs and distribution lines under the project. At the completion of the project the supply connections in Lunugamwahera, Pannagamuwa, weerawilla, Bandagiriya and Beralihela area will be doubled. The funding for the project has been provided by the Government of Austria.

### **Kelani Right Bank Water Treatment Plant**

The Government of Denmark has provided an interest free Loan of Euro 52.6 million for the construction of the Kelani Right Bank Water Treatment Plant under the Danish Mixed Credit Programme. Construction work of the Project will be commenced in October 2008 and expected to be completed in October 2010.

The project will improve the water supply to Colombo City and the Towns North of the Colombo City. Under the project headworks and 40 million gallons per day Water Treatment Plant will be constructed in Pattiwila in Gampaha District to serve 350,000 people with existing connections presently experiencing inadequate water supply. Further an additional population of 100,000 will be connected to the system through Towns North Water Distribution Project which was completed in 2006 and awaiting water supply from the proposed Treatment Plant. The total number of beneficiaries in year 2020 is estimated to be around 1,000,000.

### **Towns South of Kandy Water Supply Project**

The Government of Denmark has provided Euro 42.5 million under DANIDA mixed credit programme to finance the project. Construction work of the project was commenced on May 27, 2006 and expected to be completed in May 2009.

Total water production of this project is 53,000 m<sup>3</sup> and it was designed to serve around 350,000 people by the year 2025. About 10,000 customers who are presently registered in the waiting list and about 10,000 customers who are outside the present distribution network will be benefited immediately after the completion of the project.

A SCADA system will be introduced through radio transmission which will link all the reservoirs to a main control panel located at Meewatura. The monitoring as well as control of the system is possible from Meewatura. The treatment plant will also be



automated. The pipe network is digitized using Arcview and GPS technologies and reduction of non-revenue water is expected through replacement of very old AC/CI pipes.



### **Water Sector Development Project**

The Government of Japan has extended financial assistance of JPY 13,231 million (Rs. 11,900 million) for providing drinking water and sanitation facilities through expanding water supply systems in Colombo and Kandy City and developing sewerage system in Kandy city. The project consists of the following 4 sub projects and implementation commenced in 2007. The project is expected to be completed in 2015.

The following sub projects are being implemented under the project.

1. Greater Kandy Water Supply:  
Construction of service reservoir, pumping station, road reinstatement, quarters, transmission and distribution lines
2. Towns North of Colombo Water Supply:  
Supply and laying of distribution pipes at Mahara, Biyagama, Ragama and Welisara and water supply facilities for Ekala and Ja-Ela areas.
3. Greater Colombo Water Rehabilitation:  
Two new reservoirs in place of the existing Maligakanda and Elie House reservoirs, Maligakanda office building and transmission line and distribution facilities will be constructed to improve the water distribution facilities.

#### 4. Kandy City Wastewater Disposal:

Since Kandy is a highly congested city, a wastewater and sewerage disposal system is an essential requirement to protect public health and improve quality of drinking water and thereby to contribute towards sustainable and healthy urban development. It is expected to complete the construction of wastewater management system by 2012.

### **Water Sector Development Project – 11**

The Japanese Government has provided a loan of Japanese Yen 8,388 million (Rs. 8,388 million) for the implementation of this project. The project will expand the water supply system established under the stage 1 of Kaluganga water supply project to meet the high demand. The project will provide water to around 490,000 people in the areas of Kesbewa, Boralasgamuwa, Gonapola, Kahapola, Polgasowita, Ingiriya, Handapangoda, Diyagama, Piliyandala, Panadura east and Magammana.

Further the project will finance the construction of a water treatment plant and water transmission line from Bandaragama to Piliyandala and rehabilitate water distribution network in the greater Colombo area by replacing distribution pipes which are less than 150mm diameter in order to reduce non revenue water.

### **Greater Galle Water Supply Project –Stage II**

Greater Galle Water Supply Project Stage II is envisaged to improve water supply facilities in Galle Municipal area and to expand the supply to adjoining Pradeshiya Shaba areas of Akmeemana, Bope Poddala, Hikkaduwa and Habaraduwa. The project was designed to implement in two stages.

Stage 1 of the project was completed in March 2005. Stage II of the project commenced in December 2005 to provide uninterrupted potable water supply to the entire Greater Galle area by laying the 392 Km long distribution network designed under Stage 1. The total estimated cost of the project is Rs 3,745 million of which Rs 2,152 million has been provided by the Government of Korea as a soft loan. The project is beneficial to around 40,000 people within the Municipal area and 160,000 people living outside Municipal area. The project is scheduled to complete at the end of 2008.

### **Ruhunupura Water Supply Project**

Shortage of safe drinking water in Hambantota is a major phenomenon. The existing Hambantota water supply scheme covers only a limited area. Currently several

development projects are being implemented in Hambantota, especially large scale projects of Hambantota port, hospital, administrative complex, International convention center and housing complexes. The demand for water is rapidly increasing in this district with the implementation of these development projects. The Government has proposed to implement Ruhunupura Water Supply Project in order to meet the current demand for water supply in Hambantota. The project will provide water supply to approximately 75,000 people and other development activities in Hambantota district. The total cost of the project is US\$ 116mn. of which US\$ 76 mn will be provided by the government of Korea. The project will commence in early 2009 and will be completed in 2012.

# Human Resources Development



# **Human Resource Development**

Human resource development is the most important and vital factor for economic development. Government of Sri Lanka is committed to promote human resource development through efficient and equitable investment in human capital. The investment in human resource will result in increase of productivity and eradication of social and economic backwardness while enhancing economic development.

The ultimate objective of the development of human resources is to ensure greater contribution and involvement of the people, individually as well as collectively to the achievement of the overall development goals of the country.

Currently the consistent improvements and the upbringing of human resource development are mandatory in many sectors. A logical approach has to be developed to formulate the strategy for human resource development and management. Effective strategy may encompass a significant development plan which guides to optimal utilization of resources; lift up the competitiveness, which will lead the country's economic expansion by eradicating poverty.

With this objective as the main focus, many foreign funded projects are being implemented covering the sectors of education, health and capacity development.

## **3.1 Education and skills Development**

Education system of Sri Lanka is committed to develop competent citizens keeping with the global trends through innovative and modern approaches to education leading to efficiency, equity and high quality in performance ensuring stakeholder satisfaction. Donor contribution is significant in this regard.

### **Education Sector Development Framework and Programme**

The Education Sector Development Project was implemented with a grant of US\$ 60mn from the World Bank in 2006 with the emphasis on the improvement of educational opportunities of the children in lagging regions of the country. It was carried out according to four themes (a) Increasing equitable access to basic and secondary education (b) Improving the quality of education (c) Enhancing the economic efficiency and equity of resource allocation, and (d) Strengthening education governance and service delivery.

The World Bank has provided an additional financial assistance of US\$ 10mn to expand the activities that will scale up the impact and development effectiveness of the Education Sector Development Project.

The additional financing will help to increase the intensity of some activities such as teaching English as a second language and co-curricular activities; increase the number of schools with Information and Communication Technology equipment and libraries and introduce novel initiatives, such as expansion of English medium education for arts and commerce standards in the secondary grades. The main focus of these activities will be to improve facilities and educational standards of schools located in rural areas, plantations and the North and the East.



Kobbawahara KV, Millawana

### **Improving Quality and Relevance of Undergraduate Education**

The Improving Quality and Relevance of Undergraduate Education project aims to: (a) build institutional capacity in the tertiary education system; and (b) improve the relevance and quality of selected undergraduate programs that have demonstrated capacity to accelerate performance. This project commenced with the financial assistance of US\$ 40.3mn from the World Bank in year 2003 and is expected to be completed in 2009.

The project is helping the government to strengthen national capacity for strategic planning, establish a quality assurance system, strengthen the management of tertiary education institutions, and improve monitoring and evaluation. Further the project will assist the government to establish a quality enhancement fund (QEF) to support strategically selected degree programs, in areas such as: staff development; equipment

for laboratories and classrooms; grants to improve the quality of teaching and research; rehabilitation of physical facilities; and for textbooks, scientific journals and library books.

In the first round of QEF, Rs.1426mn were granted to 17 faculties in 11 universities in 2005 to implement the quality enhancement programs. In the second round Rs.652mn were granted to 10 faculties in 2006. A total of Rs. 320 was allocated for the third round only for the university faculties of Arts, Social Sciences, Humanities, Aesthetic Studies and for the Sri Lanka Institute of Advanced Technical Education.

### **Secondary Education Modernization Project**

With the financial support of U\$ 36 million from the ADB, Secondary Education Modernization Project Phase II commenced in the year 2005 to modernize the secondary education system giving high priority for spreading IT education throughout the Island.

The Project is expected to upgrade 1200 secondary schools as class A and AB schools for increasing equity access for the quality secondary education of the country. Upgraded schools will be equipped with new A/L and O/L Science Laboratories, Technical Workshops, Multi Media Centers and Libraries etc. Electricity and water connectivity and adequate sanitary facilities are also included in the above package.

The other main focused areas of the project are strengthening of Zonal/Provincial Education Offices, continuation of "Sisusaviya" stipend program up to 50,000 disadvantage students, streamlining national examination system, modernizing the secondary education curriculum and capacity building of the Ministry of Education.

### **Education for Knowledge Society Project (EKSP)**

The EKSP commenced in year 2008 with the ADB financing of US\$ 80 million which comprised of US\$ 65 million loan and US\$ 15 million Grant. The EKSP will undertake upgrading 150 secondary schools selected from the poorest Divisions of the country as fully fledged schools in line with the Isuru Schools program declared in the 10 year Development Framework of the Government.

The EKSP will also continue enhancing ICT Education by providing minimum number of 3 computer sets with internet connectivity for 2125 schools which were not benefited under Secondary Education Modernization Project Phase II. Center of Excellence in English Education in Peradeniya will be upgraded from Teacher Training College status to National College of Education to enhance English language teacher training.

Assistance will be provided for upgrading Sri Lanka Institute of Advanced Technology for Education to offer more market responsive demand driven programs in engineering for young school leavers who do not gain admission to the national university system.

In-service Teacher Training, Improved Policy Governance and Service Delivery, Management and Leadership Training and Career Guidance will be the other important areas to be covered under the EKSP.



Development of Schools under the Isuru Schools Programme



Promoting ICT Education

### **Distance Education Modernization Project**

Distance Education Modernization Project (DEMP) is being implemented under the Ministry of Higher Education with the objective of increasing access to post secondary education opportunities throughout the country by making available high quality, employment-oriented diploma and degree programmes through technologically - enhanced distance delivery system (Online Basis).



The ADB investment for the DEMP is US\$ 50 million. The project will establish 40 network access centers with cutting edge technology. The expected output of the project is to accommodate around 10,000 external degree students annually into the National Distance Education System in Sri Lanka.

The Open University of Sri Lanka (OUSL) will be strengthened by providing necessary infrastructure such as construction of new Regional Centers and new Study Centers and also providing laboratory equipment for the faculties of Chemistry, Zoology and Botany .The faculty of Textile Industries will also be provided with the sound capacity building package offered for covering all employment categories of OUSL in emerging academic disciplines for better service delivery.

### **Technical Education Development Project**

Technical Education Development Project (TEDP) is a follow on project of the Skills Development Project completed in the year 2006. The ADB has invested US\$ 21 million for this project and expected to be completed in the year 2011.

Young school leavers will be the specific target group of the TEDP with the broad objective of "Developing more mid level and highly skilled human resource to meet the labour market demands of today"

TEDP will establish 6 Colleges of Technology to be located in Anuradhapura, Maradana, Kurunegala, Kandy, Badulla and Rathnapura to offer modern technical diploma programs. The National Vocational Qualification equivalent to the GCE A/L will be the entry qualification for the proposed University of Vocational Technology (UNIVOTEC).

Expected student enrolment of the proposed UNIVOTEC is around 1200, both full time and part time students for Bachelor of Technology degree programme.



Network Access Centre -Ratnapura

## **Upgrading of the Niyagama National Vocational Training Centre**

This project will provide vocational training facilities to meet the human resources development needs taking into consideration the changing market trends and the socio economic goals of the country. It also aims at alleviating poverty by imparting employable skills to the unemployed youth, especially in rural areas, through vocational training programs leading to demand driven job opportunities, self employment and community enhancement. The project includes provision of buildings facilities, renovation of workshops, procurement of equipment and facilities, staff training and teacher training and developing textbooks and teaching materials.

The Government of Korea provided US\$ 9 million to finance the implementation of this project which commenced its activities in 2007 and is expected to be completed in 2009.

### **3.2. Health Sector**

The health sector contributes to social and economic development of Sri Lanka by achieving the highest attainable health status through promotive, preventive, curative and rehabilitative services of high quality made available and accessible to people of the country. To achieve these objectives it facilitates easy access to comprehensive high quality, equitable, cost effective, sustainable and modern healthcare services for all with emphasis on the needs of the lower income groups and those most vulnerable in society.

Due to perform well in improving the health status of the population in last few decades, the achievements in the main health indicators of the country, are reflected extremely high among other developing countries. The 10 year Master Plan which was developed by the Ministry of Healthcare and Nutrition to address the priority issues in the health sector, describes the policy and strategic framework for an innovative health system for the next decade. The policies and the strategies identified by the Master Plan has covered the Millennium Development Goals, as priorities for the period from year 2007 to 2016. The main focus of this medium-term plan is to ensure easy access to quality and modern healthcare services for the lower income population in the society.

Emphasizing the objective of the Master Plan, the Ministry of Healthcare and Nutrition be more results oriented and responsive to people's needs. In order to achieve this target, it will require additional resources such as; financial, physical infrastructure and manpower. With the understanding of this aim, a lot of health sector projects has been implemented by the Ministry. Some of the major projects that are being implemented with foreign assistance are highlighted below.

## **Development of Anuradhapura Teaching Hospital**

The Government of Japan has provided a grant of Japanese yen 1,907 mn (US\$ 17 mn) to develop the Anuradhapura Teaching Hospital.



Proposed Building for Anuradhapura Teaching Hospital

The curative healthcare facilities of Anuradhapura Teaching hospital will be improved by constructing a new three storied building with an area around 7,500 m<sup>2</sup> to house Obstetric Gynaecology Operation Theatre, Paediatric Unit (Intensive Care Unit) and OPD with required equipment. It is expected to commence the construction in early 2009.

## **Avian Influenza Preparedness Project**

The World Bank has provided a grant of US\$ 1'44mn for the Department of Animal Production and Health and US\$ 3.5mn for the Ministry of Healthcare and Nutrition for Avian Influenza Preparedness Project. The component comes under the Department of Animal Production and Health, is focused on updating regulations and legislation relevant to the animal health sector improving Avian Influenza Control planning, prevention and preparedness capacity with the national veterinary services, improve laboratory diagnosis capacity by providing equipment and training staff. Ministry of Healthcare will assist in preparation of a plan to combat Avian Influenza by enhancement of public health programme planning, coordination, strengthening of the national public health surveillances system and health system responding capacity.

## **Korea –Sri Lanka Friendship Hospital**

The General Hospital in Matara is highly vulnerable to floods and it was heavily damaged during the tsunami. There are no adequate lands available for further expansion of the hospital. Therefore, it was proposed to construct a fully fledged new hospital with all modern facilities in Godagama, Matara. Tentative estimated cost of the project is Rs. 6,100 mn of which approximately Rs. 670mn is provided by the Government of Korea on

grant basis. The Korean grant assistance is used to construct a three story building with 276 beds and provide necessary medical equipment.



Construction of the Hospital

The construction work has already commenced and the project is scheduled to be completed in 2009.

### **Development of Health Facilities in Colombo General Hospital Project**

The objective of this project is to establish two new units at the Colombo General Hospital to provide medical care services for head and spinal injured patients and blood transfusion. The Saudi Fund for Development has provided a concessional loan in a sum of Saudi Riyals 56mn (US\$ 15mn) to finance the project.



Construction of Neuro Surgical Unit

The assistance from the Saudi Fund for Development is used to construct a new seven story building with a total floor area of 11,000 square meters and to provide required equipment. The building includes an operation theatre, an intensive care unit, high dependency units, a male post operative ward, a female ward, a pediatric ward, a Spinal Injury Unit and Neuro Surgical Unit. The project is expected to be completed by early 2009.

## **Establishment of an Epilepsy Hospital**

The Saudi Fund for Development (SFD) has provided Saudi Riyal 75 million (approximately US\$ 20 million) to establish an Epilepsy Hospital with a capacity of 242 beds and required facilities. The assistance from the SFD is used to construct a new seven story building with a total floor area of 15,000 square meters within the premises of the Colombo National Hospital which consist of operation theaters, incentive care units (ICU), High Dependency Unit, a male ward, a female ward, and provision and installation of medical equipment including MRI, CT Scanners and X-Ray machines. The project commenced in 2008 and scheduled to be completed in 2009.

## **Health Sector Development Project**



The aim of the Health Sector Development project which is being implemented with US \$ 60 mn of grant assistance from the World Bank is to improve efficiency, equity and quality of healthcare services at the district, provincial and central level. The project is implemented by the Ministry of Healthcare & Nutrition and the Finance Commission.

According to the priorities and needs of the health sector in the 26 Districts, the project provides funds to implement the District Health Plans. Under this scheme every District has received at least Rs. 12mn in 2008. The funds are allocated based on the district poverty levels.

### **3.3 Technical Assistance Focus on Capacity Building**

The Department of External Resources (ERD) is the designated National Point of Contact for administering of all Foreign Training Opportunities 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 development of the human capital in the Public Sector.

The Government of Sri Lanka received 625 foreign training opportunities under the Technical Assistance Programmes for the period from January to September 2008. These include both long-term and short-term training programmes. Out of these training programs, 55 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 change.

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). The Government of Korea, India, Sweden, Thailand, Malaysia, Australia, the Netherlands, Singapore, Germany, China and other agencies such as Commonwealth Fund for Technical Cooperation, Asian Development Bank, United Nations Agencies and Colombo Plan are also provide foreign training to the Government of Sri Lanka.

The Department of External Resources as the National Point of Contact of the Technical Cooperation coordinates with the donors and line ministries / agencies in identifying suitable candidates for foreign training opportunities. For that purpose a database is maintained to improve the efficiency and ensure transparency and accountability of the foreign training management process.

At the beginning of every fiscal year the donor agencies request ERD to provide a list of priority of the training opportunities of GOSL for the following year. Identification of agencies for foreign training offers is done through the annual demand survey conducted by ERD in the first quarter of each year. The data collected through the survey are fed into the Technical Assistance 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 existing knowledge by exposing themselves to the current global issues. 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 competencies 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.

In addition to the training opportunities, some donors provide the services of Volunteers and Experts with necessary equipments for implementing the projects funded by the respective donors under the technical cooperation. The Government of Sri Lanka received 70 volunteers from countries such as Japan, Korea, Canada, Australia and the

UN agencies for the period of January to September 2008 in the sectors of Health, Social Services, Community Development, Sports, Education, Languages, Textiles, IT, Automobile & HRD.

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

# Agriculture Development





## **Agriculture and Irrigation**

Agriculture and its products accounts for 18% of GDP and earns 20% of the value of all exports. While the agriculture sector accounts for about 35% of total employment in the country, about 65% of the population lives in the rural areas, mostly depending directly or indirectly on agriculture for their livelihood.

Irrigation contributes substantially to agriculture, for rice and other food crop production and has been largely instrumental in reaching self-sufficiency in rice and in meeting a substantial proportion of the demand for other food crops. Provision of water for agriculture is provided through extensive irrigation networks, by interconnecting the existing water sources and enhancing new multipurpose irrigation schemes.

The policies and strategies for the irrigation sector as outlined in the Mahinda Chintana that the multipurpose irrigation systems, small tank development, and trans-basin diversion of water to link existing rivers and irrigation systems to use water more productively have been taken into account in the formulation of projects for donor assistance. Some of the projects which are being implemented with foreign assistance are given below.

### **Dam Safety and Water Resources Planning Project**

Dam Safety and Water Resources Planning Project has been developed with the objective of improving the development and management of water resources within the country, reduce water induced hazards to public and enhance effectiveness of water related investments. World Bank has given a financial assistance of US\$ 65.3mn for this project. It has commenced in 2008 and is expected to complete in 2012. The project focuses on the Dam Safety and Operational Efficiency Improvement, Upgrading Modernization of Hydro-Meteorological Information System (HMIS) and Multi Sectoral Water resources planning.

Under this project 32 large dams in the country which have been identified as high risk to the public safety will be rehabilitated and 80 large dams will be provided basic safety facilities. Critical issues of Senanayake Samudraya, Samanalawewa, Pollgolla Tunnel, Minipe Trans Basin canal and Victoriya Dam will be studied and recommendations will be made for remedial actions. Also the plan of Mahaweli Development will be reviewed and recommended for potential water resources developments. It will also undertake upgrading and modernization of current Hydro-Meteorological Information System (HMIS) of the country to forecast / plan water resources development work more accurately.



Kotmale reservoir to be rehabilitated under Dam Safety Project

## **Sustainable Water Assistance Management Project Phase II**

Phase I of the Sustainable Water Assistance Management project commenced in 2005 and completed in 2007 with assistance provided by Australia. The total cost of Phase I was US\$ 16.1mn. Under Phase I, 5000 solar powered drip irrigation units were imported and distributed among selected 5000 farmers in the dry zone to improve their livelihood on an interest free credit scheme. Phase 2 of the project commenced in 2008 based on the progress of Phase 1. Under Phase 2, it is proposed to import the balance 5000 solar powered drip irrigation units and distribute among selected 5000 farmers in the dry zone. The total cost of the project is US\$ 16.1mn of which US\$ 14.1 mn is provided by Australia. The project is scheduled to be completed in 2009



Fixing a solar powered motor for irrigation

The project is very beneficial to poor farmers in the dry zone, who face immense hardships due to the difficulty in obtaining an assured water supply for the cultivation of food crops. The implementation of this project increases the number of crop rotations

from 2 to 3 per year and water use efficiency by 90% compared to the conventional farming practices. When compared to the fuel or electric water pumps, operational cost is very minimal and maintenance is easy.

### **Uma Oya Hydro Electric and Irrigation Project**

The objective of the project is to provide 100-150 MW hydro power and irrigated water to 4000-5000 hectares of dry lands and drinking water to Hambantota and Monaragala districts. The project includes the construction of 2 dams at Puhulpola and Dyraba in Welimada, a 23 km long transbasin tunnel, an underground power house with an annual power output in the range of 312 GWH. The Government of Iran has agreed to provide a loan not exceeding US\$ 450 million through the Export Development Bank of Iran (EDBI) to finance 85% of the cost of Uma Oya Hydro Electric and Irrigation project. The Government of Sri Lanka will finance the balance 15%. The project will commence in 2009.

### **Walawe Left Bank Irrigation Upgrading and Extension Project- II**

A loan of Japanese Yen 9,393 mn (approximately US\$ 80 mn) was provided by the Government of Japan to create opportunities for efficient and optimal use of land and water resources of Walawe Left Bank areas, in order to improve income and living standards of farmers by providing appropriate infrastructure for irrigation, marketing & social development thereby encouraging farmers for commercial crop production. The project was commenced in 1996 and is expected to be completed in December 2008.



Gabion protection wall - Right Bank - Main Canal

Construction of irrigation and drainage system and related structures in the new development areas of the Walawe left bank, which includes extension of main canal by

further 19 km and construction of other related secondary, tertiary canals (450 km) and 65 tanks in order to develop 5,152 ha of new irrigation lands are the main activities of the project. Further, funds have been utilized for rehabilitation of Udawalawa Reservoir spillway and construction of social infrastructure facilities such as roads, community water supply schemes, electricity supply and buildings for health, education, postal, marketing and other administrative purposes. Development activities are carried out giving highest priority to environment conservation while preserving biodiversity of the project area on the theme of "Expansion without Extinction".

Nearly 5,500 farmer families and 3,150 non-farmer families are being settled by providing 1.0 ha for paddy cultivation or 0.8 ha for cultivation and 0.1 ha for the homestead. Further, farmer organizations are strengthened under this project.

### **Moragahakanda Development Project**

Moragahakanda - Kalu Ganga Development project is a multipurpose irrigation project that has been identified under the Mahaweli Master Plan as a major scheme. The main objectives of the project are to increase food production, the availability of irrigation and drinking water, expand the existing irrigable areas and thereby improve the standard of living of the people in Matale, Anuradhapura, Polonnaruwa and Trincomalee districts.

The project is proposed to be implemented in three phases. Phase I involves land acquisition and resettlement, at a cost of US\$ 64 mn. which will be financed by the Government of Sri Lanka. Phase II has two components which consists of the head works at the Moragahakanda Reservoir costing US\$ 167mn, and the head works at the Kaluganga Reservoir which will cost US\$ 143mn. Phase III involves construction of the conveyance system at a cost of US\$ 71mn.

The Kuwait Fund for Arab Economic Development has agreed to provide a loan in a sum of Kuwait Dinars (KD) 10 million (approximately US\$ 37 million) to finance the head works at the Kalu Ganga Reservoir and the construction of the conveyance system. The total cost of the project is US\$ 214mn and the balance funding requirements of the project is expected to be committed on annual basis by the Kuwait Fund. The Government of Japan has been requested to finance the head works at the Moragahakanda Reservoir which involves the construction of a larger dam and a power house of 90 Mw.

Preparatory activities and resettlement activities are underway to facilitate smooth implementation of the project.

**5**

# **Governance**

## **Good Governance**

Good governance is considered as one of the important concepts in achieving development objectives of a country and is a priority in reform and development agenda. Based on the Government's ten year Development Framework it is expected to achieve 8 percent GDP growth rate for the next five years and a higher target of 9-10 percent thereafter. Good governance is a key factor to achieve the expected economic growth by undertaking development activities through effective utilization of both foreign assistance and local funds.

The Government of Sri Lanka expects to establish a productive and efficient, customer friendly, free of corruption, transparent, accountable and responsiveness public service. The future strategy will involve the re-orientation of the public service to improve national competitiveness to minimize procedural delays and structural inefficiencies in public institutions. With a view to achieve the above objective the Government has introduced reforms in the field of finance, banking, capital market, taxation, procurement, trade, investment law etc. Reduction of regional disparities by providing basic economic and social infrastructure and services could be considered as a very important factor in improving rural governance. Besides, strong and impartial judicial system is essential for good governance.

Major donors and international financial institutions are also increasingly linking their aid to reforms which ensure good governance. It would be the intention of the Government to harmonize its initiatives in governance with that of the donors so as to maximize the results. Some of the projects which are being implemented and in the pipe line with foreign assistance to achieve good governance are given below.

### **Public Sector Capacity Building Project**

The World Bank has provided financial assistance of US\$ 22.6mn in July 2008 to strengthen the Public Sector oversight, infrastructure, and implementation capacity of the two areas of national census capacity and public sector auditing practices. Objective of the project is to enhance the effectiveness, efficiency and productivity of the Department of Census and Statistics and the Department of Auditor General.

It is expected to upgrade capacity of the Department of Census and Statistics in order to improve the evidence base for policy planning and to build a modern well – coordinated national statistical systems delivering comprehensive and high quality data. This is to be achieved through organizational development of the department, upgrading statistical

information and technology infrastructure, data development and improving physical infrastructure.

Improvement of Auditing Standards will be done through improving accountability and transparency in the use of public resources. It will focus on audit methodologies, human resource development communications and external relations, information technology and physical infrastructure.

### **e - Sri Lanka Development Project**

This project is financed with the assistance of World Bank, Korean Exim Bank and Japan Social Development Fund. It is implemented by the Information and Communication Technology Agency (ICTA), functioning under the Presidential Secretariat. e - Sri Lanka project has been designed in a way to take the dividends of Information and Communication Technology ( ICT) to every village and every citizen in Sri Lanka.

As a part of this project, ICTA has successfully established over 570 Nanasalas country-wide. Under Mahinda Chintana, the Nanasala component has received a high priority. In addition, the Re-engineering Government component is picking up the pace by deploying systems for efficient delivery of Government services. Government of Korea has provided US\$ 15 mn for the implementation of this component. With this assistance, 1325 Government agencies were connected to the central Lanka Government Hub. Government of Korea has agreed to provide another US\$ 6.6 on concessional terms for the phase 11 of Lanka Government Network project to facilitate connection of another 150 Government organizations.

ICTA also helped to prepare the Electronic Transactions Act No. 19 of 2006 and the Computer Crimes Act No.24 of 2007 and initiated ICT development measures in the rural sector, through the e – Society Component of e- Sri Lanka.

The project aims to promote : (i) access to and use of public information and services on-line (ii) use of Information and Communication Technologies( ICT) to enhance growth and employment: and (iii) competitiveness of private sector, particularly of knowledge industries and SMEs.

The UNDP has extended its financial assistance to the democratic governance and the promotion/protection of human rights through the following four major projects.

### **Modernizing the Parliament Project.**

The UNDP has granted financial assistance of US\$ 2,180,750 to the Sri Lanka Parliament for technical assistance to strengthen and modernize the Parliament and its Systems. Objective of the project is to enhance the effectiveness, efficiency and productivity of the Parliament. Project period was from 1<sup>st</sup> of March 2005 to 28<sup>th</sup> February 2007.

Second phase of the above project has approved by the UNDP for 5 year period from 2008 to 2012, with the assistance of US\$ 1.5 million for strengthening the Parliament.

### **Assistance to the Commission for the Investigation of Allegations of Bribery or Corruptions (CIABOC).**

UNDP has provided technical assistance of US\$ 125,000 to the Commission for the Investigation of Allegations of Bribery or Corruptions (CIABOC) under the 1<sup>st</sup> Phase of the Project in 2005 for strengthening of its Information and Communication Systems. The overall objective of the project was to enhance the efficiency and effectiveness of the Commission to exercise its duties and responsibilities in reducing corruption.

2<sup>nd</sup> Phase of the Project was approved by the UNDP with an amount of US\$ 558,500 for 3 year period from 2008.

The Government has given high priority to establish an efficient, transparent and accountable Public Service to create a corruption free society in the country. For this purpose, it is vital to strengthen the institutional mechanisms of CIABOC to fight against corruption and sensitize general public and government officials on systems for combating corruption.

### **Human Rights Project**

UNDP has provided US\$ 388,383 to increase protection and promotion of human rights for disadvantaged and vulnerable groups through strengthening the National Human Rights Commission (HRC).

This project was designed to support the Strategic Plan of the Human Rights Commission which sought to strengthen the work of the Commission and improve the condition of Human Rights within the Country by supporting a Human Rights Culture among government authorities, non-state actors and the general public.



To achieve these objectives the project will support for reduction in the backlog of complaints in consultation with civil society, strengthened monitoring of reported human rights violations and an in-depth review by an independent expert of the implementation of HRC Strategic Plan.

### **Equal Access to Justice Project**

Access to justice is one of the projects under the good governance support by the UNDP by providing of US\$ 1,590,491 for greater and more diverse access to Justice Redress mechanisms.

The project is dedicated to the achievement of five objectives: (1) an increase in the number and diversity of persons receiving effective legal services. (2) an increase in the number and diversity of persons receiving information on their rights. (3) a decrease in barriers to accessing legal system. (4) an increase in the number and diversity of persons receiving community level (5) human rights better promoted and effectively protected.

To achieve these objectives in an integrated manner, the project worked closely with government and civil society partners, and met with them monthly through the project's working group. At the local level the project also supported Regional Committees to identify the access to justice issues faced by their communities, to participate in designing solutions to these problems and to take ownership for coordination and implementation of activities.

In addition it will provide legal services, legal literacy, legal systems, Alternate Dispute Resolution, Human Rights – Protection to Women, program management and Implementation. The Project will be completed in 2008.

### **Administrative Complex in Hambantota Project**



Construction of Administrative Complex

The objective of the project is to construct a four storied Administrative Complex in Hambantota to provide office space for most of the Central, Provincial and Local Government institutions which are presently located in private buildings as the tsunami tidal waves destroyed a large number of Government buildings. The total cost of the project is US\$ 25mn of which US\$ 20 million will be provided by the Government of Korea as a soft loan and the balance of US\$ 5.0mn is provided by the Government of Sri Lanka. The project is expected to be completed in October, 2009.

# Development of Lagging Regions



## Lagging Region Development

The government has given high priority to reduce regional disparities with particular attention to the development of areas where poverty incidence and food insecurity are relatively high. Geographically, poverty is mainly concentrated in the eight districts in the North and East and six districts in the South including plantation districts.

In addition to common development programmes at the national level, the government's key programmes to develop specific regions and areas include the Gama Naguma, Maga Naguma programmes, the Eastern revival, Rajarata Reawakening, North West Revival, Awakening of Wellassa and Krushi Navodaya. These programmes are expected to address several priority areas including the reconstruction and rehabilitation of houses, resettlement of displaced families and establishment of government offices, development of rural infrastructure including regional roads, irrigation and water supply.

Within the objective of minimizing regional disparities and improving living condition of the people, a number of infrastructure projects and programmes have been commenced and identified for the improvement of economic activities in the lagging region under donor assistance. World Bank has provided US\$ 150 million for North East housing reconstruction project and infrastructure and housing development projects in puttalam district. In addition, US\$ 51 million in grant assistance has been provided to improve the livelihood and quality of life of the rural communities in Badulla, Moneragala, Galle, Matara, Hambantota, Ratnapura and Pollonnaruwa under Gami Diriya Project.

The government of Japan has provided US\$ 39 million to reconstruct the road section of Akkaraipattu and Trikkandimadu including the construction of new Kallady Bridge. And also another US\$ 31 million has been provided to improve the national provincial and rural roads in economically backward areas in the districts of Ampara, Badulla, Moneragala and Hambantota.

The Asian Development Bank (ADB) has continued their assistance for the rehabilitation and relief effort in the North and East Districts by providing US\$ 14 million for Agriculture, Fisheries, Health, Education, Irrigation, Roads and Bridges, Water supply and Sanitation, Vocational training, Community restoration and development and livelihood enterprises development projects in these districts.

Saudi Fund for Development and Kuwait fund for Arab Economic Development have provided US\$ 11 mn and US\$ 7 million to Batticaloa Trincomalee road project and South Eastern University Development Project Phase I respectively. The World Food Programme provided US\$ 92 million for the period of 2005 to 2008 for food assistance to

people who living in Ampara, Batticaloa, Galle, Hambantota, Jaffna, Kilinochchi, Mannar, Mulativu, Trincomalee, Vavuniya, and the conflict affected division of the four bordering districts of Anuradhapura, Moneragala, Polonnaruwa and Puttalam.

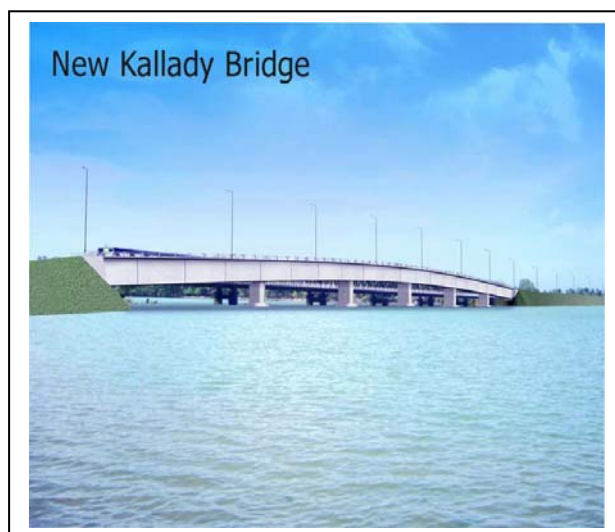
The government of France offered Euro 74 million for tsunami damaged Trincomalee District. The funds will be utilized for the reconstruction of roads/bridges, electricity water supply and for community development. Among the major projects to define under French assistance are; reconstruction of Batticaloa-Trincomalee Road including the major bridges and Greater Trincomalee Water Supply Scheme. The Kingdom of Spain provided US\$ 33mn under tsunami recovery assistance to Sri Lanka for the construction of four tsunami damaged bridges in Eastern province and construction work is underway.

### **Pro-poor Eastern Infrastructure Development Project**

The Government of Japan has provided a loan of Japanese Yen 4,460 mn (approximately US \$ 39 mn) to reconstruct the road section of 98 km between Akkaraipattu and Trikkandimadu on A 4 and A 15 roads including the construction of a new Kallady Bridge with a length of 291 meters in Batticaloa in order to improve the access within and outside the Eastern region.

Under this project, the Institute for Construction Training & Development (ICTAD) is providing training programmes on Operation and Maintenance of Construction Equipment to the local communities of the area, free of charge.

The construction activities have been commenced in November 2007.



Perspective View of the New Kallady Bridge



Community Development Activities

## **Pro-poor Rural Development Project**

A loan of Japanese Yen 4, 085 mn (approximately US\$ 35 mn) was provided by the Government of Japan to improve or rehabilitate national, provincial and rural roads in economically backward areas in the districts of Ampara, Badulla Monaragala and Hambantota. Under this project, around 145 – 150 roads with a total length of 650 – 700 km will be improved or rehabilitated in these districts. The project will be complementary to the “Maga Neguma” programme of the Government.

26 out of 88 roads have already been rehabilitated. The rest will be completed by the mid 2009.



Tangalle – Weeraketiya Road

## **Poverty Alleviation Micro Finance Project – Phase II**

The Government of Japan has extended a loan of Japanese Yen 2,575 million (aprox. US\$ 24 million) to provide credit facilities to micro industrialists in lagging regions and will cover all the districts in the Northern and Eastern Provinces and Puttalam, Anuradhapura, Polonnaruwa, Ratnapura, Badulla and Monaragala districts. Under the proposed credit scheme, the micro industrialists whose monthly income is less than Rs. 12,000 can borrow up to Rs. 50,000 at an interest rate between 12.5 % and 15.5 %. The credit scheme will be operated by the Central Bank of Sri Lanka through the Participatory Financial Institutions (PFIs) i.e. Regional Development Banks and Commercial Banks from the latter part of this year. The first phase of the project was successfully completed in 2006 which covered Kurunegala, Matale, Nuwara-Eliya, Badulla, Kalutara and Hambantota districts.

## North East Rehabilitation Sector

The ADB has continuously provided assistance for rehabilitation and relief efforts in the Northern and Eastern Provinces. After completing the North East Community Restoration and Development (NECORD) project amounting to \$ 40 Mn in June 2007 ADB strengthened its support through the North East Community Restoration and Development Extension Project (US\$ 10Mn) and NECORD II project (USD 40 Mn-USD 26Mn as loan and USD 14Mn as grant). These are multi sectoral projects. The sub projects are being implemented in the Agriculture, Fisheries, Health, Education, Irrigation, Road and Bridges, Water Supply and Sanitation, vocational training and Community Development sectors.

The expenditure incurred as at 31<sup>st</sup> September 2008, NECORD - ( US\$ 39.64 Mn) NECORD II – (US\$ 22.95 Mn) NECORD EXTENSION –(US\$ 5.69 Mn).

Name of the Project	No of sub projects approved	No of sub projects completed
NECORD	610	596
NECORD-II	538	277
NECORD EXTENSION	175	78



Four storied OPD and clinic complex at General Hospital – Vaunia under the NECORD Extension Project



Lahugala Bridge - Ampara

## **Conflict Affected Area Rehabilitation Project (CAARP)**



District Hospital at Mullaitivu

The project commenced operation in March 2004 and will be closed on 31<sup>st</sup> December 2009. The ADB has provided assistance of USD 80 Mn for the Conflict Affected Area Rehabilitation, of which, US \$ 23.9 million has been allocated for community restoration and development activities. The total expenditure as at 31<sup>st</sup> September 2008 amounted to US\$ 13.58 Mn. This is a multi sectoral project. 298 out of 389 sub projects have been completed.

## **North East Coastal Community Development Project (NECCDP)**

NECCDP commenced in November 2004 with the assistance of US\$ 21 mn from ADB to reduce poverty and meet basic needs in coastal communities living in three districts of Eastern province Trincomalee, Batticaloa and Ampara.

Under the NECCDP the Ceylon Fishery Harbour Corporation has already commenced the construction works of the Valachchenai fishery harbour. The construction of fishery harbour at Pudawaikattu has now been shifted to the Cod Bay in Trincomalee. Accordingly construction of the Cod Bay fishery harbour will be commenced soon.

Several sustainable livelihood improvement activities such as Rural Roads, Pre-schools, Playgrounds, Community Buildings, market Buildings Public Wells and Drainage systems are being carried out under the project with Micro Credit facilities provided by the National Development Trust Fund for livelihood enterprise development for poor households in the province.

The Project has paid its special attention to the coastal environment conservation through the implementation of three Special Areas Management Plans, which include for Trincomalee Bay, Batticloa Lagoon and Ampara Bio Diversity area covering Kumana and Potuvil sanctuaries.



## **World Food Programme- Protracted Relief and Recovery Programme**



The objective of the project is to support the government in its effort to improve the food security of vulnerable people in the tsunami and conflict affected areas and to develop social cohesion contributing to peace building through food aid interventions. WFP provides food assistance valued at USD 92 million for vulnerable people under this programme during the period of 2005 - 2008. The estimated beneficiaries are 817,000 living in Ampara, Batticaloa, Galle, Hambantota, Jaffna, Kilinochchi, Mannar, Matara, Mulativu, Trincomalee, Vauniya and the conflict-affected divisions of the four bordering districts of Anuradapura, Monaragala, Polonnaurawa and Puttalam.

### **South Eastern University of Sri Lanka Development Project Phase 1**

This project has been designed to develop the essential academic infrastructure and introduce new demand driven degree Programs at the South Eastern University of Sri Lanka in Ampara District. The project includes building construction and provision of facilities for Islamic Studies and Arabic Language Faculty, Information Technology Faculty, Student and Staff accommodation, Health Centre etc. The Kuwait Fund for Arab Economic Development has provided Kuwait Dinars 2 mn (approximately US\$ 7 mn) for this project. The project commenced in 2008 and is scheduled to be completed in 2011.

### **Reawakening Project**

Objective of the "Reawakening Project" which is being implemented with the World Bank assistance of US\$ 64.7mn is to help people in the liberated areas in the North and East provinces and adjoining districts to restore livelihoods and enhance agriculture and other productions and incomes, and build capacity for social and economic integration.

The project is expected to assist about 400,000 people in 85,000 households living in 600 conflict affected rural villages to move away from subsistence-level production towards a higher agricultural production. The project aims to ;

1. Improve the livelihoods in liberated areas.
2. Essential rehabilitation of selected major irrigation schemes.
3. Cluster programme to cover the group of village requirements.

Project has been restructured to ensure greater emphasize on rural livelihoods and immediate and direct interventions targeted at the poorest and most vulnerable in the liberated areas and for them to take part in the main economic stream as active partners. The following key project principles are applied in project activities: inclusive community participation, direct transfer of funds to communities for planning and implementation of sub projects, open menu for selection of village infrastructure and livelihood activities, local level decision making, transparency and accountability.

### **North East Housing Reconstruction Project**

The World Bank provided US\$ 75 mn for the implementation of this project in February 2005. Considering the progressive implementation, the European Commission subsequently provided Euros 15.68 mn in parallel financing. By September this year, **24,108** houses were rebuilt out of the target caseload of 39,784 houses. 6756 houses are in varying stages of completion. Work on 8920 houses is yet to start.

Additional financing of US\$ 43 mn has been provided and would finance the reconstruction of 13,615 more houses in the North and East. It will increase the number of affected families to reconstruct their own damaged houses themselves with improved and affordable housing. Housing support cash grants will be paid in installments to help reconstruct homes. In addition, the technical assistance which will be provided under the program will help to meet the long term housing needs in the North and East through improved construction standards, enhanced community involvement in housing construction and simplified mechanism to resolve property disputes.

North East Housing Reconstruction Unit has established a District program unit in each project district. Further, an integrated grievance redressal mechanism is in place to help resolve complaints on village and beneficiary selection and implementation of construction.

## Infrastructure and Housing Development in Puttalam District



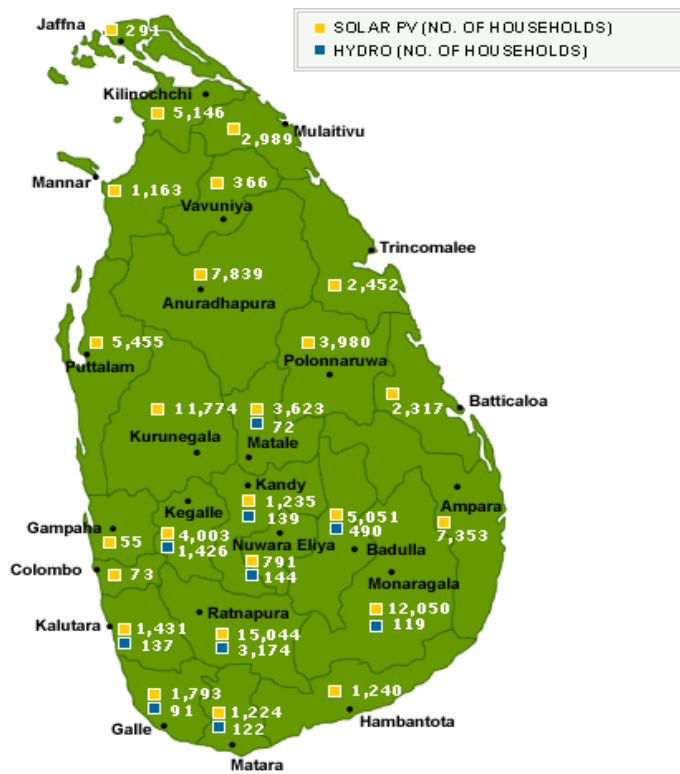
The World Bank has extended a soft loan of US\$ 32 million to implement infrastructure and housing development projects targeting people in the Puttalam district. The project would finance housing, drinking water, sanitation and environment improvement for 20,600 internally displaced families and other families living in Kalpitiya, Mundal, Puttalam and Vanathavilluwa Divisions of the Puttalam District.

The project would support the construction of 5,633 new houses to replace the temporary thatched houses and the completion of 2,232 partly completed houses. It is expected to develop 34 water supply schemes to provide drinking water facilities to 16,875 families living in 34 Grama Niladhari divisions. Another main component of the project is the construction of 100 kms of internal roads to link with the main highways in the Puttalam district to provide connectivity for the beneficiaries with the urban centers in the North Western province .

## Renewable Energy for Rural Economic Development

The Government of Sri Lanka (GOSL) with the assistance of the World Bank (IDA) and Global Environment Facility (GEF) first established a renewable energy project in 1997. The initial credit line, "Energy Services Delivery (ESD) Project" was effective up to 2002. When the project was completed, construction of 31MW of grid-connected mini hydro power plants and electrification of 22,685 rural households through solar power were accomplished. The follow-on line of credit, "Renewable Energy for Rural Economic development (RERED) Project" was made available from 2002 to 2008. Key RERED targets were 85 MW of grid-connected hydro capacity and electrification of 100,000 rural off-grid households. With RERED exceeding these targets, GOSL has extended the

Project by three years with the infusion of an additional US\$ 40mn of credit funding by the World Bank. The Project now targets a further 50MW of grid-connected mini hydro capacity and electrification of 60,000 rural off-grid households by 2011.



#### RERED Off Grid installations: Solar and Hydro

This Project aims to improve the quality of rural life by utilising off-grid renewable energy technologies to bring electricity to remote communities and promote private sector power generation from renewable energy sources for the main grid through grid connected power projects, off-grid community-based power projects, household-based systems (Solar Home Systems), energy efficiency projects, and rural economic and infrastructure development through direct application of renewable energy.

As at 30 June 2008 the RERED Project has exceeded both its grid-connected capacity and off-grid community-based electrification targets. The cumulative grid-connected capacity was 91 MW through 41 mini-hydro projects. A further 33.8 MW are expected to be connected to the national grid through eight projects under construction. Also the Project has facilitated electrification of 103,225 off-grid households through off-grid community-based hydro projects and household-based solar systems.

## **International Convention Center in Hambantota**



The Governments of Korea and Sri Lanka jointly fund the International Convention Center in Hambantota project. The total cost of the project is US 15.3 million of which US\$ 6.0 million is provided by the Government of Korea on grant basis. The Korean grant assistance is used to finance Part I of the project, which includes construction of a Main Auditorium with a seating capacity of 1500 seats and the provision of necessary equipment. The balance US\$ 9.3 million is provided by the Government of Sri Lanka for implementation of Part II of the project. It includes construction of 03 Committee Rooms, dining area, kitchen, 02 toilet blocks and lobby area, landscaping and provision of all functional facilities of the project. The construction work commenced in 2006 and is expected to be completed in 2009.

## **Community Development & Livelihood Improvement “Gemi Diriya” Project**

Gemi Diriya project is financed with a grant of US\$ 51 mn from the World Bank. This project applies a community driven development approach and supports to achieve the “Samurdhimath Gammana”, the development goal of Mahinda Chintana. This project enables the rural communities to improve their livelihoods and quality of life through facilitating income generating activities, savings and investment promotion among the rural poor in Badulla, Moneragala, Galle, Matara, Hambantota, Ratnapura and Polonnaruwa.

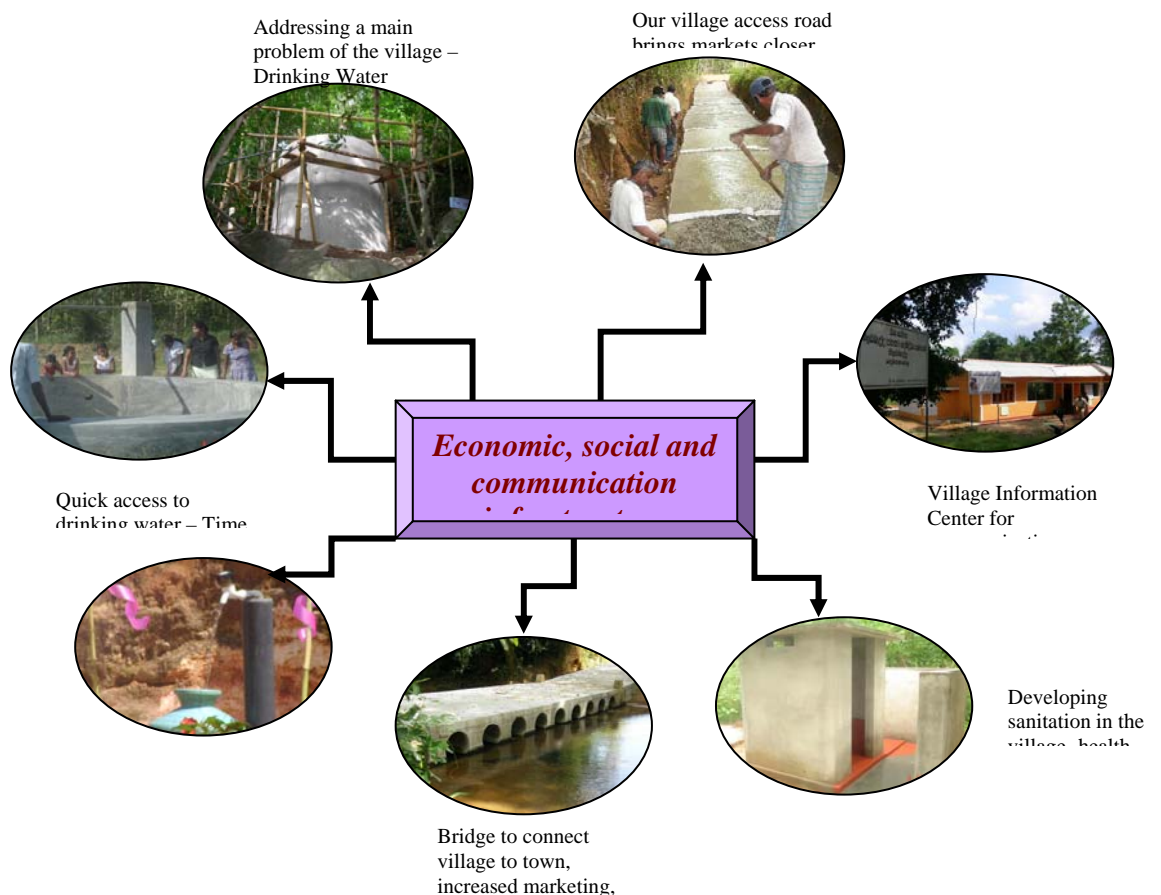
Gemi Diriya has reached its first phase target of one thousand villages by now. It has demonstrated a village development model for village upliftment with full recognition to human rights, ethnic integration and practice of principles of good governance. This program paves the way for the rural communities to get together, organize formally, and plan village development including the most pressing infrastructure projects by themselves with 50% women participation and 30% youth participation, mobilizing self help and 30% community contribution. The model focuses on livelihood activities

ensuring that village savings are reinvested within the village economy which is a necessary condition for poverty reduction and growth in rural areas. The livelihood development funds are paid back with market interest by the communities to reinvest in the village economy.

Over a period of four years it has covered 1036 villages and reached 175,832 families. Their savings have reached Rs.155.4 mn and they have invested Rs. 1,016.2mn to generate income in the village economy reinvesting Rs. 89.4 mn of interest income maintaining 98% of loan recovery. 1196 infrastructure sub projects were completed and another 107 projects nearing completion.

Second phase of this project (US\$ 75 mn) will include intervillage connectivity development through Pradeshiya Sabha which will ultimately bring elected members of the Pradeshiya Sabhas and government officials to work together for integrated area development with power to people. Pilot activities are being tested in four Divisions: Passara, Angunukolapelessa, Kuruwita, Siyambalanduwa and also financed under Gemi Diriya. It is expected to start the 2<sup>nd</sup> phase in mid 2009.

**Linkages of economic social communication and institutional infrastructure to build prosperous villages with power to people under “Mahinda Chinthana Development Goals”**



# **Annexes**

## Annex - I

Commitments from 01.01.2008 to 30.09.2008			(US\$ million)	
Sector	Donor/Lender	Project name	Loan	Grant
Agriculture	Australia	Supply & Installation of 5000 Solar Powered Drip Irrigation & Fertilizing Systems	16.1	
	FAO	Agricultural Assistance in Support of Household Returnees to Batticaloa		0.4
		Input Supply to Vulnerable Populations under Initiative on Soaring Food Prices		0.5
		Improvement of Pepper Production		0.5
Road and Transport	India	Upgrading Railway Line Colombo - Matara	100.0	
	ADB	Construction of Southern Expressway Project - Supplementary	90.0	
	Japan	Construction of Southern Expressway Project - Supplementary	162.9	
		Greater Colombo Urban Transport Development Project (Outer Circular Road) -Phase - 2 (I)	53.2	
Austria	Railway Bridges to Extend Rail Tracks	3.3		
Rural Development	World Bank	Renewable Energy for Rural Economic Development	41.6	
	France	Trincomalee Integrated Infrastructures Project	23.6	
Health & Social Welfare	India	Establishment of 150-Bed District Hospital at Dickoya,Hatton		8.5
	Japan	Improvement of Anuradhapura Teaching Hospital		1.0
		Improvement of the Curative Healthcare Services at the Teaching Hospital of Anuradhapura.		17.4
	Saudi Fund	Epilepsy Hospital & Health Centers Project	20.0	
		Development of Health Facilities in Colombo Project	2.9	
	Austria	Supply of Modern Medical Equipments for Teaching Hospital Kurunegala	11.5	
UNICEF	Country Programme 2008-2012		39.0	
Irrigation and Power & Energy	Japan	Ukuwela Power Station Rehabilitation Project	11.4	
		Energy Diversification Enhancement Project	7.6	
	World Bank	Dam safety and Water Resources Planning	66.7	
	Iran	Uma Oya Hydro Electric and Irrigation Project	450.0	
Cultural	Netherlands	Conservation & restoration of the old Dutch Naval Commissioner's House in Trincomalee		0.5
Environment	Norway	Delimitation of Outer Edge of the Continental Margin of Sri Lanka		1.8
	Korea	Integrated Waste Management System in High Level Road		4.3
Water Supply and Sanitation	Austria	Rehabilitation & Augmentation of Kirindi Oya Water Supply Project	14.8	
	Netherlands	Negombo Water Supply and Optimization Project		31.0
		Negombo Water Supply Project	25.9	
	Denmark	Kelani Right Bank Water Treatment Plant	82.7	
	Japan	Water Sector Development Project II	78.1	
ADB	Regulatory Framework-Water Supply/Sanitation		0.04	
Ports	Denmark	Oluvil Port Development Project	72.6	
Fishing	Netherlands	Dickowita Fishery Harbour - Construction		26.2
		Dickowita Fishery Harbour - Consultancy Services		0.6
	FAO	Restoration & Improvement of Fish Landing Centres		4.7
		NARA for Marine Resources Surveys & Stock Assessments		1.2
Tsunami	IFAD	Post Tsunami Coastal Rehabilitation & Resource Management - II	18.0	
		Post Tsunami Livelihood Support & Partnership Programe- II	2.7	
Livestock Development.	World Bank	Avian Influenza Preparedness and Response Project		1.4
Other	India	Line of Credit -India	100.0	
		Setting up of Facilities at Rural Vocational Training Centre, Nagawillu,Puttalam		0.7
	Korea	Establishment of the Emergency Response System in Sri Lanka		1.9
	World Bank	Public Sector Capacity Building Project	22.6	
		Strengthening of Parliamentary Oversight Committees		0.5
	Japan	Poverty Alleviation Micro Finance Project	23.9	
		Japanese Commodity Grant		12.5
	USA	Improved Integration of Targeted Disadvantaged Groups into the Community		1.3
Total			1,502.1	155.9
			1658.0	



## Details of Foreign Funded On-Going Projects - 2008

USD mn

No	Project	Donor	Total Loan/Grant	Total Disbursement (upto 30.09.08)
1	North East Community Restoration And Development Project (NECORD-Ext)	ADB	10.6	5.6
2	North East Community Restoration And Development Project- 11 (NECORD-11)	ADB	29.0	25.8
3	North East Community Restoration And Dev. Project-11-Grant(NECORD-11)	ADB	14.0	7.9
4	Conflict Affected Area Rehabilitation Project	ADB	83.0	33.3
5	Southern Province Rural Economic Advancement Project	ADB	29.5	20.6
6	Plantation Development Project	ADB	18.2	13.1
7	Rural Finance Sector Development Program	ADB	70.7	49.0
8	Financial Markets Program for Private Sector Development	ADB	65.1	20.0
9	SME Regional Development Project	ADB	80.0	5.0
10	Tsunami Affected Areas Rebuilding Project	ADB	7.0	3.2
11	Tsunami Affected Areas Rebuilding Project - Grant	ADB	150.0	58.9
12	Aquatic Resource Development & Quality Improvement Project	ADB	22.2	8.6
13	Secondary Education Modernisation Project (ii)	ADB	37.4	13.9
14	Distance Education Modernization Project	ADB	43.5	18.1
15	Technical Education Development Project	ADB	21.3	2.0
16	Coastal Resource Management Project	ADB	41.7	39.3
17	Forest Resources Management Sector Project	ADB	25.2	24.1
18	Protected Area management & Wildlife Conservation Project	ADB	13.5	10.6
19	North East Coastal Community Development Project	ADB	22.0	5.0
20	Education for Knowledge Society Project	ADB	80.0	2.3
21	Secondary Towns and Rural Community-Based Water Supply and Sanitation Project	ADB	132.6	51.2
22	Road Network Improvement Project	ADB	94.5	94.1
23	Southern Transport Development Project ( ADB section)	ADB	96.0	90.9
24	Southern Transport Development Project	ADB	90.0	15.0
25	Road Sector Development Project	ADB	63.6	58.1
26	TA Loan for Road Project Preparatory Facility	ADB	15.7	3.9
27	National Highways Sector Project	ADB	150.0	3.0
28	Colombo Port Efficiency and Expansion Project	ADB	11.8	8.4
29	Colombo Port Expansion Project	ADB	300.0	38.2
30	Power Sector Development Project	ADB	80.5	55.5
31	Local Government Infrastructure Improvement Project	ADB	54.1	4.1
	<b>Sub Total</b>		<b>1952.6</b>	<b>788.3</b>
32	Road Sector Assistance	WB	100.0	74.3

No	Project	Donor	Total Loan/Grant	Total Disbursement (upto 30.09.08)
33	Renewable Energy for Rural Economic Development -	WB	83.0	93.0
34	Tsunami Emergency Recovery program- 11 -	WB	75.0	71.9
35	North East Housing Reconstruction -	WB	75.0	68.3
36	Improving Relevancy & Quality of Undergraduate Education	WB	43.3	30.4
37	E-Sri Lanka Project	WB	53.0	22.5
38	Second North East Irrigated Agriculture Project	WB	64.7	17.9
39	Community Water Supply & Sanitation -II	WB	39.5	30.8
40	Community Development & Livelihood Improvement "Gemi Diriya" project -	WB	51.0	36.7
41	Education Sector Development	WB	60.0	30.2
42	National HIV/AIDS Prevention Project	WB	12.6	8.4
43	Health Sector Development Project	WB	60.0	49.2
44	Resettlement and Infrastructure Development Project in Puttalam -	WB	32.0	5.3
45	Tsunami Emergency Recovery program- 11 - IFRC Grant	WB	25.0	10.0
46	Dam safety and water resource planning project	WB	64.0	0.4
47	North East Housing Reconstruction - Additional financing	WB	43.0	0.0
48	Governance capacity building	WB	22.6	0.0
49	Renewable Energy for Rural Economic Development - Grant	WB	8.0	8.0
50	Road Sector Assistance - additional financing	WB	98.0	0.0
51	Education Sector Development - Additional financing	WB	10.0	0.0
	<b>Sub Total</b>		<b>1019.7</b>	<b>557.3</b>
52	Walawe Left Bank Irrigation Upgrading & Extention Project	Japan	83.3	68.9
53	Southern Highway Construction Project (Road Section from Kottawa to Kurundugahahetepma)	Japan	153.9	104.7
54	Colombo City Electricity Distribution Development Project	Japan	45.6	11.2
55	Lunawa Environment Improvement & Community Development Project	Japan	52.8	24.1
56	Upper Kotmale Hydropower Project	Japan	250.3	95.8
57	Plantation Reform Project - II	Japan	15.2	5.8
58	Provincial Road Improvement Project (Central & Sabaragamuwa Provinces)	Japan	48.0	32.8
59	Pro-poor Economic Advancement and Community Enhancement Project (PEACE)	Japan	49.6	13.9
60	Kerawalapitiya Kotugoda Transmission Line Project	Japan	24.3	16.5
61	Small and Micro Industries Leader and Entrepreneur Promotion Project (SMILE) - III	Japan	93.1	77.3
62	Environmentally friendly Solutions Fund Project (E-Friends) - II	Japan	50.7	33.0

No	Project	Donor	Total Loan/Grant	Total Disbursement (upto 30.09.08)
63	Vavuniya-Kilinochchi Transmission Line Project	Japan	12.0	0.5
64	Galle Port Development Project	Japan	124.2	3.5
65	Tourism Resource Improvement Project	Japan	22.3	5.4
66	Pro Poor Eastern Infrastructure Development Project	Japan	38.2	9.0
67	Water Sector Development Project-Phase I	Japan	112.7	1.8
68	Greater Colombo Urban Transport Development Project - Phase I	Japan	186.6	1.3
69	Pro-Poor Rural Development Project (PROP)	Japan	34.8	22.7
70	Rehabilitation of Ukuwela Power Plant	Japan	11.0	-
71	Greater Colombo Urban Transport Development Project (Phase 2) (I)	Japan	53.4	-
72	Southern Highway Construction Project (II)	Japan	163.5	-
73	Water Sector Development Project (II)	Japan	78.4	-
74	Poverty Alleviation Micro Finance Project(II)	Japan	24.1	-
75	Energy Diversification Enhancement Project (Engineering Services)	Japan	7.7	-
76	Construction of Manampitiya Bridge	Japan	9.7	8.5
77	Non Project Grant Aid - Tsunami	Japan	77.3	61.3
78	General Non Project Grant Aid - 2006	Japan	10.2	0.2
79	Construction of New Mannar Bridge and Improvement of Causeway	Japan	15.1	1.2
80	Improvement of Meteorological and Disaster Information Network	Japan	6.9	0.3
81	Supply of Display Equipment for the New Archeological Heritage Museum at Sigiriya	Japan	1.5	0.2
82	Construction of new Archeological Museum at Sigiriya (2KR)	Japan	2.0	1.0
83	Non-project Grant - 2007	Japan	12.4	-
84	Improvement of Curative Healthcare Facilities at Anuradhapura Hospital	Japan	17.2	-
	<b>Sub Total</b>		<b>1887.6</b>	<b>600.6</b>
85	Sustainable Water Assitant management project	Australia	16.1	5.0
86	Natural Resources Management Project	Australia	6.4	2.3
	<b>Sub Total</b>		<b>22.5</b>	<b>7.3</b>
87	Bridges Reconstruction and Rehabilitation Project	Kuwait	17.0	13.0
88	Technical Assistance : Moragolla Power (27mw) Project	Kuwait	0.9	0.0
89	Strengthening of Tertiary Education & Adm. Inf in Tsunami Affected Areas	Kuwait	20.0	9.9
90	South Eastern University of Sri Lanka Development Project Phase 1	Kuwait	7.0	0.00
	<b>Sub Total</b>		<b>44.9</b>	<b>22.8</b>
91	Back up System for Passport Printing	Malaysia	2.0	2.0
	<b>Sub total</b>		<b>2.0</b>	<b>2.0</b>
92	US \$ 100 Mn Credit Line ( Purchase of equipment )	India	100.0	0.0
93	upgrading Double Tracking of Coastal Line		100.0	0.0
94	Construction of 150 bedded district General hospital in Dicoya, Hatton	India	9.1	0.0

No	Project	Donor	Total Loan/Grant	Total Disbursement (upto 30.09.08)
95	Setting up facilitate at rural vocational training center at Puttalam	India	0.6	0.0
96	Post Tsunami Assistance Project	India	23.0	0.4
97	Ambient air quality Monitoring programme	India	1.0	0.0
98	Setting up a faculty of Siddha Medicine, Trincomalee campus of the Eastern University	India	0.3	0.0
	<b>Sub total</b>		<b>234.0</b>	<b>0.4</b>
99	Norochcholai Coal Power Plant Project	China	455.0	153.0
100	Procurement of 15 Diesel Multiple Units & Passenger Carriages for Sri Lanka Railways	China	38.5	11.1
101	Procurement of 100 Passenger Carriages for Sri Lanka Railways	China	27.0	22.2
102	Hambantota Sea Port Development Project	China	307.0	0.0
103	National Performing Art Centre	China	17.0	0.00
104	Maintenance Requirements at BMICH	China	7.0	0.00
105	Construction of a Few Selected Road Infrastructure Elements	China	10.0	0.00
	<b>Sub Total</b>		<b>861.5</b>	<b>186.3</b>
106	Mahaweli Ganga Development Project "System B" Left Bank	Saudi Fund	22.6	20.3
107	Development of Health Facilities in Colombo Project	Saudi Fund	12.0	5.3
108	Batticaloa - Trincomalee Road Project	Saudi Fund	11.0	4.8
109	Epilepsy Hospital and Health center Project	Saudi Fund	20.0	0.0
	<b>Sub Total</b>		<b>65.6</b>	<b>30.4</b>
110	Pakistan Line of Credit	Pakistan	5.0	3.0
	<b>Sub Total</b>		<b>5.0</b>	<b>3.0</b>
111	Umaoya Hydro Power Plant Project	Iran	450.0	0.0
	<b>Sub Total</b>		<b>450.0</b>	<b>0.0</b>
112	Southern Rural Economic Advancement Project (co-financing with ADB)	OPEC	5.0	2.3
	<b>Sub Total</b>		<b>5.0</b>	<b>2.3</b>
113	Upgrading Jaffna Technical College	Korea	2.7	1.6
114	Korea -Sri Lanka Friendship hospital	Korea	6.7	0.3
115	International Convention Center in Hambantota	Korea	6.0	2.6
116	Strom water drainage project at Valachchenai in batticaloa	Korea	3.9	3.5
117	Greater Galle Water Supply Project-phase ii	Korea	21.5	20.5
118	Re-engineering Government component of e-Sri Lanka Project	Korea	15.0	12.0
119	Balangoda - Badarawela Road Rehabilitation Project	Korea	20.0	19.8
120	Administrative Complex in Hambantota Project	Korea	20.0	6.5
121	Upgrading Niyagama Technical college	Korea	8.8	0.2
122	Capacity building of Local Authority for Emergency response In Kalutara District	Korea	2.0	0.0
123	Pilisaruru Programme for Solid Waste Management in Sri Lanka	Korea	4.5	0.0
	<b>Sub Total</b>		<b>111.1</b>	<b>66.9</b>
124	Access to Justice	UNDP	2.9	2.6

No	Project	Donor	Total Loan/Grant	Total Disbursement (upto 30.09.08)
125	ART GOLD SRI LANKA	UNDP	1.6	1.0
126	South South Corporation	UNDP	0.2	0.1
127	Capacity Development for Disaster Management	UNDP	1.5	1.1
128	Capacity Development for Tsunami (DAD)	UNDP	0.2	0.2
129	Distance Learning Programme	UNDP	0.2	0.1
130	Enhanced Womens' Political Rep	UNDP	0.1	0.0
131	Human Rights - (Action 2)	UNDP	0.3	0.0
132	Livelihood and Enterprise Development in Uva Wellassa Dry Zone	UNDP	0.3	0.0
133	Mine Action Programme	UNDP	9.8	9.3
134	Millennium Development Goals	UNDP	1.6	1.2
135	Phase out of Ozone Depleting	UNDP	0.7	0.2
136	Second National Communication	UNDP	0.4	0.1
137	Strengthening Plan Implementation	UNDP	0.4	0.4
138	Sustainable Recovery of Natural Resources	UNDP	0.2	0.1
139	Tokten Programme	UNDP	0.0	0.0
140	Transition Programme	UNDP	32.9	32.7
141	Tsunami- Disaster Reduction Management	UNDP	0.8	0.7
142	TSUNAMI RECOVERY IMPACT ASSESS	UNDP	0.2	0.1
143	Tsunami -Restoration & Rehabilitation	UNDP	0.4	0.3
144	TSUNAMI-CADREP	UNDP	0.4	0.2
145	Transition Recovery Programme	UNDP	12.0	1.6
146	Support Efforts Against Corruption	UNDP	0.3	0.0
	<b>Sub Total</b>		<b>67.4</b>	<b>52.0</b>
147	Colombo Sewerage Rehabilitation Project	Denmark	30.3	26.5
148	Towns South of Kandy Water Supply Project	Denmark	53.7	34.9
149	Nuwaraeliya District Group Water Supply Project	Denmark	25.8	18.5
150	Kelani Right Bank Water Treatment Plant Project	Denmark	82.7	12.8
151	Oluvil Port Project	Denmark	72.5	15.7
	<b>Sub Total</b>		<b>265.0</b>	<b>108.5</b>
152	Conservation and Restoration of the old Dutch Naval Commissioner's House in Trincomalee	Netherlands	0.5	0.3
153	Sri Lanka - Netherlands Cultural Cooperation Programme	Netherlands	4.1	1.5
154	Augmentation and Rehabilitation of Negambo Water Supply Project	Netherlands	25.9	6.4
155	Construction of Dikkowita Fishery Harbour	Netherlands	25.8	28.4
156	Upgrading the Disaster Response Network in Western Province and Selected Urban Areas	Netherlands	13.4	0.0
157	Disaster Management Communication and Response Capacity	Netherlands	6.6	0.0
	<b>Sub Total</b>		<b>76.3</b>	<b>36.5</b>
158	Tsunami Affected Areas Rebuilding Project	EC	69.2	16.6
159	North East Housing Reconstruction Project	EC	21.9	7.6
	<b>Sub Total</b>		<b>91.1</b>	<b>24.2</b>
160	Post Tsunami Line of Credit - Contract A	EIB	68.2	61.4
161	Post Tsunami Line of Credit - Contract B	EIB	27.3	7.6
162	DFCC Global Loan II	EIB	68.2	28.9
	<b>Sub Total</b>		<b>163.7</b>	<b>97.9</b>

No	Project	Donor	Total Loan/Grant	Total Disbursement (upto 30.09.08)
163	Augmentation of Nawalapitiya, Ampara, and Koggala WS	Kfw - Germany	19.2	10.1
164	Galle WSP I and II	Kfw - Germany	20.5	14.8
165	DFCC V Credit Line to SME in North & East	Kfw - Germany	6.8	0.2
166	Transmission Line Jaffna - Killinochchi (220KV Protection)	Kfw - Germany	19.0	0.0
167	Education for Social Cohesion	Germany	3.4	1.3
168	Rehabilitation, Reconstruction and Modernization of Vocational Training Institute	Germany	13.6	12.2
169	Rehabilitation of the Social Technical and Productive Infrastructure - REPSI	Germany	13.6	15.3
170	North East Rehabilitation Fund (NERF)	Germany	1.6	1.4
171	Food Security and Reconciliation in Batticaloa District	Germany	7.2	4.0
172	Qualification of Executing Structure (CAP)	Germany	4.8	4.7
173	Facilitating Local Initiative for Conflict Transformation	Germany	3.8	3.3
174	Promotion of Micro Finance Sector	Germany	5.5	3.2
	<b>Sub Total</b>		<b>119.0</b>	<b>70.3</b>
175	Swedish Assisted Research Cooperation (SAREC) Project Ruhunu Univercity	Sweden	14.2	7.7
176	Research Activities on Regional Development Univercity of Kelaniya	Sweden	0.3	0.3
177	Establishment of National E Learning Centre at Univercity of Colombo	Sweden	2.2	0.8
178	Rehabilitation & Implementation of Education Reform in Plantation Sector	Sweden	6.7	3.3
179	Waste Water Disposal System to Moratuwa/Ratmalane & Jaela Ekala	Sweden	91.9	19.0
180	Consultancy Fund	Sweden	1.4	0.7
181	Rural Electrification Project 4	Sweden	20.0	0.2
	<b>Sub Total</b>		<b>136.8</b>	<b>31.9</b>
182	Regional Bridge Project	UK	101.8	23.4
	<b>Sub Total</b>		<b>101.8</b>	<b>23.4</b>
183	Peace Process Supported	USA	7.4	4.1
184	Tsunami Recovery & Reconstruction Support	USA	59.1	25.6
185	Increase Competitiveness in the Global market Place	USA	28.7	25.5
186	Improved Integration of Targeted Disadvantaged groups into the Community	USA	12.0	10.9
187	Peace, Good Governance & Citizens Rights	USA	25.6	18.4
	<b>Sub Total</b>		<b>132.9</b>	<b>84.4</b>
188	Greater Trincomalee Integrated Water Supply Project	France	13.6	0.6
189	Trincomalee Integrated Infrastructure Project (Roads)	France	87.3	7.8
190	Trincomalee Integrated Infrastructure Project (Electricity)	France		
191	Trincomalee Integrated Infrastructure Project (Com.Dev.)	France		

No	Project	Donor	Total Loan/Grant	Total Disbursement (upto 30.09.08)
192	Trincomalee Integrated Infrastructure Project (Water)	France		
193	Costruction Sector Support Project	France	13.5	7.3
194	Spatial Information Infrastructure Monitoring Project	France	8.9	5.1
	<b>Sub Total</b>		<b>123.3</b>	<b>20.7</b>
195	Railway Bridges to Extend Rail tracks	Austria	20.8	22.1
196	Rehabilitation & Augmentation of Kirindioya water Supply	Austria	14.8	3.2
197	Rehabilitation & Upgrading of Southern Catchments of GC Sewerage	Austria	13.1	6.8
198	Hambantota / Ambalantota / weligama /Kataragama Implementation Project & Badulla, Bandarawella Integrated Feasibility Studies	Austria	13.2	12.1
199	Construction of Steel Bridges	Austria	14.4	12.9
200	Kurunegala Teaching Hospital and Other Hospiltals	Austria	11.5	5.0
	<b>Sub Total</b>		<b>87.8</b>	<b>62.1</b>
201	Water Treatment Facilities Moratuwa / Panadura, Ambatale and in Negambo	Spanish	17.7	13.5
202	Construction of Bridges	Spanish	29.5	5.3
	<b>Sub Total</b>		<b>47.2</b>	<b>18.8</b>
203	Delimitation of Continental Margin of Sri Lanka	Norway	4.1	0.5
204	Employment Oreinted Training for Yourth	Norway	1.4	0.0
	<b>Sub Total</b>		<b>5.5</b>	<b>0.5</b>
	<b>GRAND TOTAL</b>		<b>8191.9</b>	<b>2896.7</b>

## Annex 3

## Project Pipeline for Foreign Aid 2008 (Oct-Dec) - 2011

Sector	Donor	Project Name	Grant	Loan	USD mn			
					Year			
					2008	2009	2010	2011
Water & Sanitation	Japan	Water Sector Development Project - Phase IV		100.0			100.0	
	World Bank	Community Water Supply		40.0				40.0
	ADB	Dry zone Urban Water & Sanitation Project	25.2	59.8		85.0		
	Denmark	Greater Kurunegala Water Supply & Sanitation		30.0	30.0			
	Hungary	Labuagama Kalatuwawe Water Supply		50.0		50.0		
	Canada	Dankotuwa Water Supply Project		40.0		40.0		
	Australia	Ampara Water Supply Phase - III		93.0		93.0		
	Belgium	Rehabilitation of Sewers in Northern and Southern Catchment of Colombo		70.0		70.0		
	Korea	Ruhunupura Water Supply		76.3		76.3		
		<b>Sub Total</b>	<b>25.2</b>	<b>559.1</b>	<b>30.0</b>	<b>414.3</b>	<b>100.0</b>	<b>40.0</b>
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	
	Iran	Weerawila International Airport		175.0		175.0		
	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		
		<b>Sub Total</b>	<b>23.0</b>	<b>670.0</b>	<b>0.0</b>	<b>423.0</b>	<b>270.0</b>	<b>0.0</b>
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		140.0		140.0		
	Japan	Provincial Road Development Project		100.0		100.0		
	ADB	Supplementary loan for Southern Transport Development Project		90.0		90.0		
	ADB	Provincial & National Road Network Improvement Project		70.0		70.0		150.0
	World Bank	Provincial Roads		150.0		150.0		
	World Bank	National Roads		115.0			115.0	
	World Bank	National & Provincial Roads		100.0				100.0
	UK	Construction of Flyovers		150.0		150.0		
	China	Colombo Katunayake Expressway		313.0		313.0		
	Korea	Improvement of Anuradapura-Padeniya Road		55.0	55.0			
	Korea	Feasibility Study for Katunayaka Padeniya Road	3.0			3.0		
	Korea	Padeniya-Katunayake Road Project		145.0		145.0		
		<b>Sub Total</b>	<b>3.0</b>	<b>1428.0</b>	<b>55.0</b>	<b>1161.0</b>	<b>115.0</b>	<b>250.0</b>



Sector	Donor	Project Name	Grant	Loan	Year			
					2008	2009	2010	2011
Power & Energy	Japan	Construction of LNG Based Power Generation Facilities		300.0			300.0	
	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			
	Iran	Oil Refinery Project		800.0		800.0		
	Germany	Rehabilitation of Old Laxapana		33.0	33.0			
	France	Wimalasurendra Hydro Power Plants		54.0	54.0			
	ADB	Clean Energy Improvement Project	2.0	126.0		126.0		
	ADB	Power Support II		100.0				100.0
	Canada	Broadland Hydro Power Project		100.0		100.0		
		<b>Sub Total</b>	<b>12.0</b>	<b>2023.0</b>	<b>105.0</b>	<b>1088.0</b>	<b>740.0</b>	<b>100.0</b>
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		
	Austria	Improvement of Beliatte Hospital		15.0		15.0		
	World Bank	Health Sector Development (Additional Financing)		15.0		15.0		
	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			
		<b>Sub Total</b>	<b>88.9</b>	<b>96.0</b>	<b>29.9</b>	<b>140.0</b>	<b>15.0</b>	<b>0.0</b>
Fisheries	Netherlands	Dikowita Fishery Harbour		67.7	67.7			
		<b>Sub Total</b>	<b>0.0</b>	<b>67.7</b>	<b>67.7</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Agriculture Irrigation, & Environment	Japan	Moragahakanda & Kaluganga Development Project		250.0		150.0	100.0	
	India	Development of Dairy Farming in Plantation Estate Sector	0.9		0.9			
	Kuwait	Moragahakanda & Kaluganga Development Project		214.0		214.0		
	IFAD	Agri-business Project		25.0		25.0		

Sector	Donor	Project Name	Grant	Loan	Year			
					2008	2009	2010	2011
	FAO	Immediate Assistance to Conflict Affected Internally Displaced People and Households	0.5		0.5			
	World Bank	Environment Resource Management		20.0			20	
	World Bank	Agriculture Research and Productivity Improvement		35.0				35
	Saudi Fund	Moragahakanda Development Project		20.0		20.0		
	ADB	Greater Colombo Waste Water Management		100.0			100.0	
		<b>Sub Total</b>	<b>1.4</b>	<b>664.0</b>	<b>1.4</b>	<b>409.0</b>	<b>220.0</b>	<b>35.0</b>
<b>Finance</b>	ADB	Fiscal Management Reform II		40.0		40.0		
	Pakistan	Line of Credit		31.5		31.5		
		<b>Sub Total</b>	<b>0.0</b>	<b>71.5</b>	<b>0.0</b>	<b>71.5</b>	<b>0.0</b>	<b>0.0</b>
<b>Education &amp; Vocational Training</b>	World Bank	Higher Education		40.0			40.0	
	Netherlands	Sri Lanka institute of Advanced Technology (ORET)	4.9	9.1	14.0			
	Austria	Sri Lanka institute of Advanced Technology		14.0	14.0			
	Norway	Puttalam Tec. College Development Project		2.8	2.8			
		<b>Sub Total</b>	<b>4.9</b>	<b>65.9</b>	<b>30.8</b>	<b>0.0</b>	<b>40.0</b>	<b>0.0</b>
<b>Railway</b>	UK	Rehabilitation of M7 Locomotives		8.0	8.0			
	Rumania	Rehabilitation of Railway Carriages		95.0		95.0		
	Austria	Rehabilitation of Railway Track Valachchanai-Batticaloa	6.5	19.5	26.0			
		<b>Sub Total</b>	<b>6.5</b>	<b>122.5</b>	<b>34.0</b>	<b>95.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Other</b>	Netherlands	Disaster Response Network II		60.0		60.0		
	Korea	Lanka government Network Stage II Project		6.6	6.6			
	Australia	Importation of Diary Animal Phase I		13.0		13.0		
	Australia	Importation of Diary Animal Phase II						15.6
	IFAD	Post Tsunami Livelihood Project		16.0	16.0			
	World Bank	Public Sector Capacity Building		22.0	22.0			
	World Bank	Private Sector Development in Toursim Resources		15.0			15.0	
	World Bank	Gama Neguma		75.0		75.0		
	Japan	Eastern Infrastructure Development Project		75.0		75.0		
		<b>Sub Total</b>	<b>0.0</b>	<b>282.6</b>	<b>44.6</b>	<b>223.0</b>	<b>15.0</b>	<b>15.6</b>
		<b>Grand Total</b>	<b>164.9</b>	<b>6050.3</b>	<b>398.4</b>	<b>4024.8</b>	<b>1515.0</b>	<b>440.6</b>

**Training Opportunities offered to the Ministries during 01st January to 30th September 2008.**

<b>No</b>	<b>Ministry</b>	<b>No. of Selections</b>
1	Agricultural Development and Agrarian Services	22
2	Auditor Generals Department	7
3	Child Development and Womens Empowerment	13
4	Community Developemnt and Social Inequity Eradication	2
5	Construction and Engineering Services	4
6	Defence, Public Security, Law and Order	4
7	Disaster Management & Human Rights	13
8	Education	20
9	Enterprise Development and Investment Promotion	12
10	Environment and Natural Resources	20
11	Export Development and International Trade	9
12	Finance & Planning	67
13	Finance Commission	1
14	Fisheries and Aquatic Resources	14
15	Foreign Affairs	4
16	Foreign Employment Promotion & Welfare	3
17	Healthcare and Nutrition	27
18	Higher Education	29
19	Highways	2
20	Highways and Road Development	7
21	Housing and Common Amentities	3
22	Human Right Commission	1
23	Indigenous Medicine	6
24	Industrial Development	9
25	Internal Administration	4
26	Irrigation & Water Management	14
27	Justice and Law Reforms	10
28	Labour Relations and Manpower	2
29	Land and Land Development	3
30	Livestock Development	12
31	Local Government and Provincial Councils	81
32	Mass Media and Information	8
33	Nation Building and Estate Infrastructure Development	17
34	Petroleum and Petroleum Resources Development	1
35	Plan Implementation	4
36	Plantation Industries	7
37	Ports and Aviation	8
38	Posts & Telecommunications	3
39	Power & Energy	8
40	Presidential Secretariat	6

No	Ministry	No. of Selections
41	Prime Ministers Office	3
42	Public Adiministration and Home Affairs	27
43	Resettlement and Disaster Relief Services	6
44	Rural Industries and Self-Employment Promotion	19
45	Science and Technology	8
46	Social Services and Social Welfare	5
47	Sports and Public Recreation	4
48	The Parliament	2
49	Tourism	4
50	Trade, Marketing Development, Co-operative and Consumer Services	9
51	Transport	9
52	Urban Development and Sacred Area Development	10
53	Vocational and Technical Training	19
54	Water Supply and Drainage	11
55	Youth Affairs	2
	<b>Total</b>	<b>625</b>