



# **Performance Report**

**2009**

**Department of External Resources  
Ministry of Finance & Planning**



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## **Vision, Mission and What We Do**

### **Vision**

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

### **Mission**

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

### **What We Do**

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

Facilitate the effective and efficient utilization of external resources

Contribute to maintain long – term external debt sustainability of the country

Contribute to the human resource development in the public sector by effective utilization of foreign training opportunities

Continue to strengthen the capacity of the Department to fulfill the responsibilities in an effective and efficient manner

## **Our Values**

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

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

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

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

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

## 1 Overview

The Department of External Resources of the Ministry of Finance and Planning is responsible for mobilizing and coordinating foreign aid to Sri Lanka. It facilitates achieving the development objectives “Mahinda Chinthana” :A Ten Year Horizon development Framework 2006-2016” by mobilizing necessary foreign resources for the development financing needs of the country and utilizing external resources effectively and efficiently.

New foreign financing commitments and disbursements reached a new record level in 2009. The total new commitment made in 2009 amounted to US\$ 2,221.7 million, surpassing the previous highest level of US\$ 2,069 million recorded in 2008. Of the total commitment US\$ 1,942.1 million was in loans and the balance US\$ 279.6 million was in grants. Over 75 percent of the new commitments in 2009 were for the infrastructure development which reflects the government’s firm commitment on investing productive infrastructures such as power generation, port development, roads and bridges. The share of the infrastructure development has been consecutively increased during the last four years in order to provide strong impetus to achieve a higher economic growth of 7 to 9 percent in the medium-term.

Foreign financing to Sri Lanka comprised of concessionary loans, non-concessionary loans, grants and export credits. 12 multilateral agencies, 20 bilateral donors and number of export credit agencies closely worked with Sri Lanka as development partners. The Asian Development Bank, the World Bank, European Investment Bank and the United Nations Agencies were the main multilateral donors. The major bilateral donors were China, Korea, Japan, Hungary, the Netherlands, India and Australia.

The total disbursement reached US\$ 1,621.6 million in 2009 surpassing the previous highest level of US\$ 1,255 million reported in 2008. Of the total disbursement, loan accounted for US\$ 1,297.7 million and grants US\$ 323.9 million. The figures indicate a 7.4 percent increase in commitments and 29.2 percent increase in disbursements, compared to the previous year.

The second international 5-year sovereign bond of US\$ 500 million was issued in October 2009. The offer was over-subscribed by more than thirteen times, the highest over-subscriptions of any sovereign US dollar bond offering in 2009. Coupon rate was 7.4 percent compared to 8.25 percent in 2007.

In July 2009, the International Monetary Fund approved a 20-month SBA facility of US\$ 2.6 billion (SDR 1.65 billion). Of this USD 320 million was drawn under the first tranche in July and US\$ 331 million as the second tranche in November 2009.

### 1.1 Organizational Structure

The Department of External Resources (ERD) is headed by a Director General who is assisted by 3 Additional Director Generals and 6 Directors in charge of the following Divisions;

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

The cadre information of the Department of External Resources as at 31<sup>st</sup> December 2009 is given in the table 4.1 below;

**Table 3.1**  
**Cadre information as at 31<sup>st</sup> December 2009**

<b>Cadre</b>	<b>Approved Cadre</b>	<b>Actual Cadre</b>	<b>Vacancies</b>
Staff Officers	44	27	17
Supporting Staff	70	41	29
Miner Staff	29	26	03
<b>Total</b>	<b>143</b>	<b>94</b>	<b>49</b>

Administration and Finance Divisions provide required supporting services for the smooth and efficient functioning of the Department. The supporting services are concerned with the management and development of physical and human resources. The provision of physical resources pertaining to services, management and documentation of such resources are fulfilled by carrying out Board of survey.

Table 3.1 indicates that a percentage of 34 of the approved cadre had been vacant at the end of year 2009. It had been a challenge to the Department in reaching the targets set out in the Annual Work Plan 2009. In spite of such vacancies, the Department recorded a highest disbursement and commitments. It is imperative that the vacancies be filled so that the officers could fulfill functions efficiently with more attention towards policy and strategic related matters.



## 1.2 Staff Development and Training

In the year 2009, the department has performed a significant role in development of human resources through the provision of local and foreign training opportunities for staff for capacity development and to enhance their efficiency. Local and foreign training opportunities provided are as follows;

**Table 3.2**

<b>Training Program me</b>	<b>Number of Staff</b>
Development cooperation for Asian countries	01
Debt Management	03
Economic Development	04
Trade policy	02
Tamil Language	16
Other Areas	03

In order to carry out the administration of the department efficiently the officers of the management assistance service and supporting services have been provided with training during the year 2009. Areas on which they were trained are as follows;

**Table 3.3**

<b>Subject of Training</b>	<b>Number of Staff trained</b>
English Language	02
Information Technology	03
Other Areas	09



## 2 Foreign Financing

### 2.1 Foreign Financing Commitments

The total commitment made by donor agencies and lenders to Sri Lanka during the 2009 was US\$ 2,221.7 million which is the highest commitment recorded so far. Until 2009, the highest commitment of US\$ 2,069 reported in 2008. Of the total commitments, loans accounted for US\$ 1,942.1 million and grants accounted for US\$ 279.6 million.

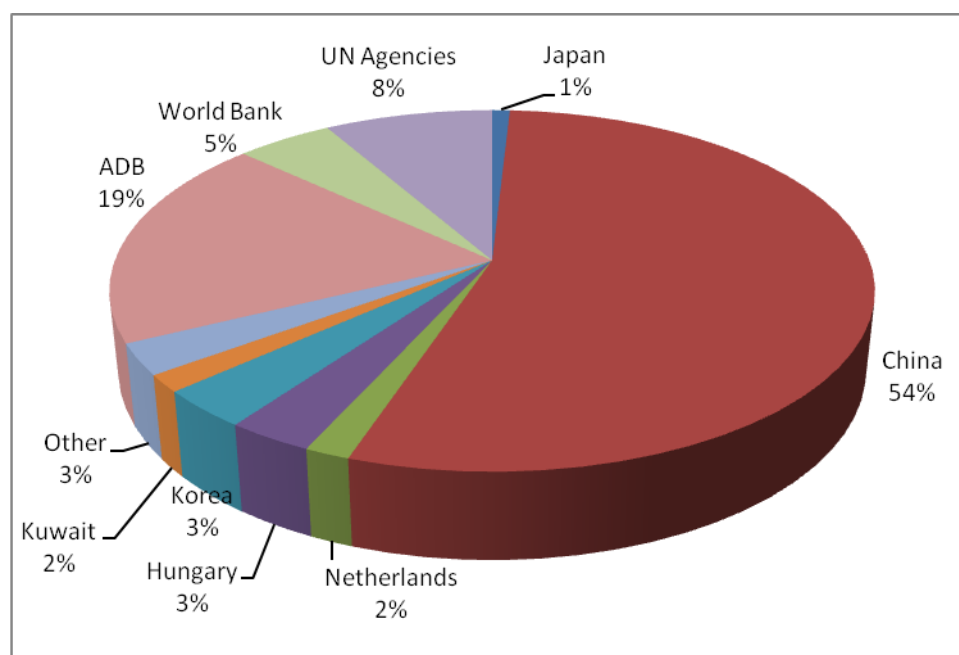
**Table 4.1**  
**Foreign Financing Commitments - 2009 (in US\$ million)**

Donor	2009			2008
	Loan	Grant	Total	
<b>Bilateral</b>	<b>1,440.7</b>	<b>64.8</b>	<b>1,505.5</b>	<b>1,572.1</b>
Australia		18.5	18.5	
India		20.1	20.1	209.2
China	1204.3	2.4	1,206.7	
Japan		19.5	19.5	356.7
Hungary	70.2		70.2	
Korea	76.3		76.3	67.8
Kuwait	34.1		34.1	
Netherlands	36.2		36.2	79.5
Sweden	19.6		19.6	
Denmark				155.2
Iran				450.0
Other Bilateral		4.3	4.3	253.7
<b>Multilateral</b>	<b>501.4</b>	<b>214.8</b>	<b>716.2</b>	<b>497.2</b>
Asian Development Bank	395.5	28.2	423.7	90.0
World Bank	105.9	1.0	106.9	277.1
UN Agencies		185.6	185.6	130.1
<b>Total</b>	<b>1,942.1</b>	<b>279.6</b>	<b>2,221.7</b>	<b>2,069.3</b>

Source: Department of External Resources

The Government of China, Asian Development Bank United Nations Agencies and the World Bank were the main donors who accounted for US\$ 1,922.9 million or 86.6 percent of the total commitment in 2009. Apart from the grant of US\$ 2.4 million, Chinese assistance was in the form of preferential buyer's credits and buyer's credits and it accounted for 54.3 percent of the total commitment. Details of Loan and Grant Agreements signed in 2009 are given in Annex 1.

**Chart 4.1**  
**Foreign Financing Commitments**



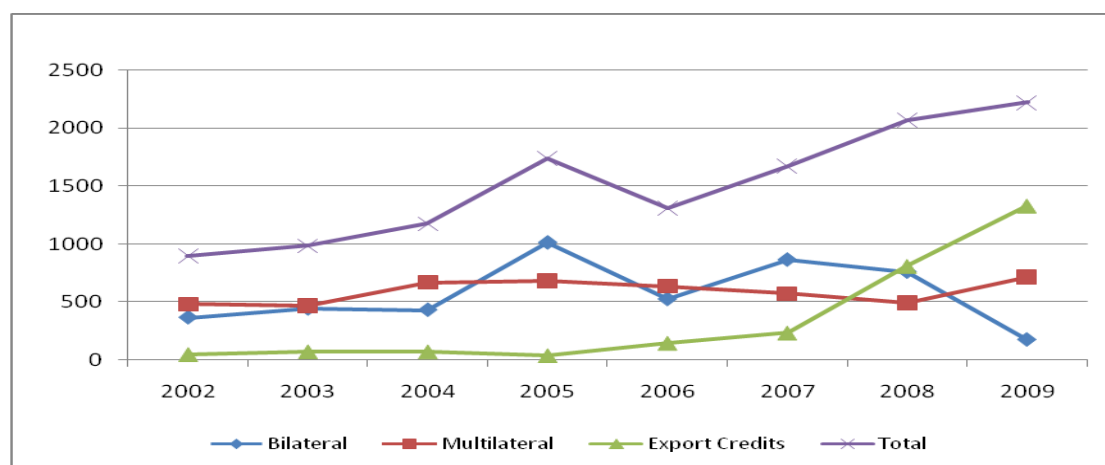
**Table - 4.2**  
**Foreign Financing Commitments 2002 - 2009 (in US\$ million)**

	2002	2003	2004	2005	2006	2007	2008	2009
Bilateral	367.2	443.9	432.6	1014.1	525.7	865.9	761.8	175.2
Multilateral	481.2	468.2	669.1	684.5	637.5	572.5	496.8	716.2
Export Credits	50.5	74.3	73.8	40.9	147.9	235.8	810.8	1330.3
<b>Total</b>	<b>898.9</b>	<b>986.4</b>	<b>1175.5</b>	<b>1739.5</b>	<b>1311.1</b>	<b>1674.2</b>	<b>2069.3</b>	<b>2221.7</b>

Source: Department of External Resources

In 2009, total foreign financing commitments increased by 7.4 percent. As depicted in the table 4.2, the landscape of the foreign financing commitment has rapidly changed during the last few years due to the growth of the export credit financings. As a percentage of total commitments, export credits increased from 6.3 percent in 2004 to 59.9 percent in 2009. With the emergence of Sri Lanka as a middle income country, the access to the export credit agencies has been increased and such financing became a major source for investing in infrastructure projects.

**Chart 4.2**  
**Foreign Financing Commitments 2002 - 2009 (in US\$ million)**



### 2.1.1 Committed Undisbursed Balance

The total Committed Un-disbursed Balance of foreign financing available for the Government development programmes as at 31<sup>st</sup> December 2009 was US\$ 6.4 billion. The project implementation duration for these commitments is in the range of 2 -5 years and hence the utilization will be on that basis. Table 4.3 indicates the sector-wise classification of the committed un-disbursed balance.

**Table 4.3**  
**Committed Undisbursed Balance by Sector as at 31 Dec 2009**

Sector	US\$ million	% of Total
Roads, and Transport	1,236.1	19.4
Ports	620.0	9.7
Water Supply & Sanitation	623.3	9.8
Tsunami Rehabilitation	231.4	3.6
Health, Education & Vocational Training	263.9	4.1
Power & Energy	1,589.5	24.9
Private Sector Development	93.6	1.5
Agriculture, Fisheries, Irrigation and Land	729.2	11.4
Rural Development	153.2	2.4
Environment & Natural Resources	139.9	2.2
IT, Science & Technology	38.2	0.6
Housing & Urban Development	49.7	0.8
Other	608.2	9.6
<b>Total</b>	<b>6,376.10</b>	

Source: Department of External Resources

**Table 4.4**  
**Committed Undisbursed Balance by Donor as at 31<sup>st</sup> Dec 2009**

Donor	US\$ million	%
<b>Bilateral</b>	<b>2,140.81</b>	<b>33.6</b>
Japan	1,246.12	19.5
China	191.92	3.0
France	88.22	1.4
Germany	55.70	0.9
India	198.88	3.1
Korea	166.35	2.6
Kuwait	48.98	0.8
Netherlands	38.79	0.6
Saudi Fund	22.41	0.4
USA	28.24	0.4
Other Bilateral	55.19	0.9
<b>Multilateral</b>	<b>1,989.68</b>	<b>31.2</b>
ADB	1,225.24	19.2
World Bank	409.06	6.4
European Investment Bank	42.94	0.7
European Union	18.08	0.3
UN Agencies	288.41	4.5
Other Multilateral	5.96	0.1
<b>Export Credit</b>	<b>2,245.61</b>	<b>35.2</b>
Austria	19.20	0.3
Denmark	97.77	1.5
France	55.26	0.9
Hungary	70.20	1.1
Netherlands	78.96	1.2
Iran	450.00	7.1
China	1,356.95	21.3
Sweden	77.77	1.2
United Kingdom	26.17	0.4
Japan	13.32	0.2
<b>Total</b>	<b>6,376.10</b>	

Source: Department of External Resources

## 2.2 Foreign Fund Disbursements

The total foreign fund disbursement up to end of December 2009 was US\$ 1,621.6 million which is the highest disbursement achieved so far. Until 2009, the highest

disbursement of US\$ 1,255 million was recorded in 2008. Of the total disbursement, project loans accounted for US\$ 1,297.7 million (80 percent) and grants US\$ 323.9 million (20 percent).

**Table 4.5**  
**Disbursement of Foreign Financing\* 2009 (in US\$ million)**

Donor	2009			2008
	Loan	Grant	Total	
<b>Bilateral</b>	<b>870.7</b>	<b>99.4</b>	<b>970.1</b>	<b>659.9</b>
Australia	3.9		3.9	9.0
Austria	15.7		15.7	30.9
China	295.4	2.4	297.8	61.4
Denmark	40.6		40.6	51.9
France	19.7		19.7	27.9
India	30.2	17.2	47.4	0.5
Japan	295.8	15.6	311.4	282.7
Korea	10.0	3.7	13.7	17.0
Kuwait	7.6	0.3	7.9	9.6
Netherlands	35.6	49.7	85.3	17.7
Spain	10.8		10.8	20.2
Saudi Fund	11.5		11.5	5.3
Sweden	21.7		21.7	4.3
USA		3.6	3.6	30.6
United Kingdom	70.0		70.0	49.4
Other Bilateral	2.2	6.9	9.1	41.5
<b>Multilateral</b>	<b>427.0</b>	<b>224.5</b>	<b>651.5</b>	<b>595.1</b>
Asian Development Bank	243.4	40.5	283.9	291.3
World Bank	147.6	54.5	202.1	145.2
European Investment Bank	21.2		21.2	28.7
European Commission		32.6	32.6	24.0
UN Agencies	14.1	96.7	110.8	104.0
Other Multilateral	0.7	0.2	0.9	1.9
<b>Total</b>	<b>1297.7</b>	<b>323.9</b>	<b>1621.6</b>	<b>1255.0</b>

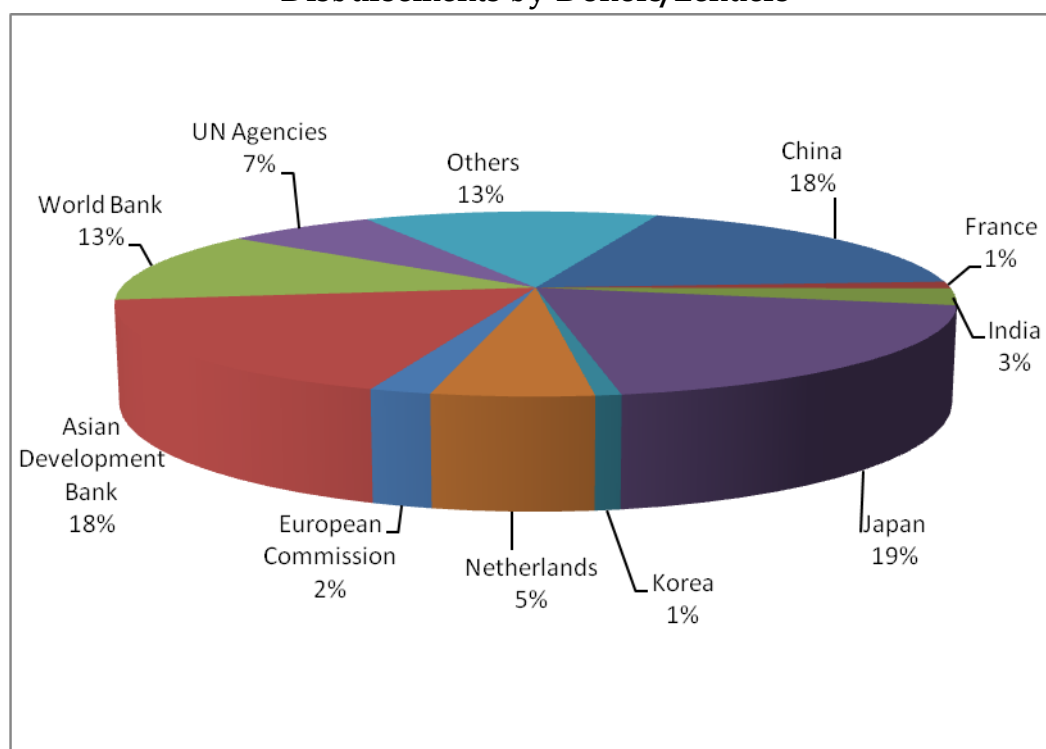
Source: Department of External Resources

\*Note: US\$ 500 million International Bonds issued in 2009 and US\$ 651 million disbursed under IMF Stand-by Arrangements are not included

The Government of Japan (19.2%), China, (18.4%) Asian Development Bank, (17.5%) the World Bank (12.5%) and United Nations Agencies (6.8%) recorded US\$ 1,206 million or 74.4 percent of the total disbursement. Bilateral donors accounted for 39 percent of the total disbursement and multilateral agencies accounted for 40.2 percent. The balance 20.8 percent was from export credit agencies. The total

disbursement in 2009 has increased by US\$ 366.6 million or 29.2 percent compared to 2008.

**Chart 4.3**  
**Disbursements by Donors/Lenders**



**Table 4.6**  
**Projects with Disbursement over US\$ 10 million in 2009**

Project Name	Donor	US\$ million
Southern Expressway Development Project	Japan	103.8
Upper Kotmale Hydro Power		45.2
Provincial Road Improvement Project		10.5
Pro-poor Economic Advancement and Community Enhancement Project		11.7
Pro-Poor Eastern Infrastructure Development Project		11.2
Lunawa Environment Improvement and Community Development Project		20.7
Greater Colombo Transport Development Project		24.1
Pro-Poor Rural Development Project		11.9
Colombo City Electricity Distribution Development Project		12.8
Colombo Port Expansion Project		ADB
Secondary Towns and Rural Community Water/Sanitation	15.5	
Southern Expressway Development Project	14.9	



Tsunami Affected Areas Rebuilding Project		30.8
Power Sector Development Project		17.4
Distance Education Modernization Project		11.2
National Highway Sector Development Project		28.6
Road Sector Assistance Project	World Bank	79.6
Second North -East irrigated Agriculture Project		10.5
Health Sector Development Project		10.1
Education Sector Development Project		22.3
Puttalam Coal Power Project	China	129.6
Hambantota Port Development Project		154.1
Upgrading Railway Line Colombo - Matara	India	27.4
Humanitarian Assistance for North and East Provinces		17.2
North East Housing Reconstruction Project	European Union	11.0
Tsunami Affected Areas Rebuilding Project		21.6
Towns South of Kandy Water Supply Project	Denmark	11.5
Kelani Right Bank Water Treatment Plant		11.4
Oluwil Port Development Project		13.4
Upgrading of the Disaster Response in the Western Province and Selected Urban Areas	Netherlands	14.1
Constriction of Dickowita Fishery Harbour		17.6
Development of Dickowita Fishery Harbour		22.9
Post-Tsunami Credit Line	European Inv. Bank	14.1
Trincomalee integrated Infrastructure Development Project	France	17.1
Regional Bridge Project	United Kingdom	70.0
Ratmalana & Ja-Ela Water Treatment Facilities	Sweden	10.5
Fourth rural Electrification Project		11.2
Food Assistance for Conflict Affected	World Food Programme	76.4
<b>Total</b>		<b>1192.6</b>

Source: Department of External Resources

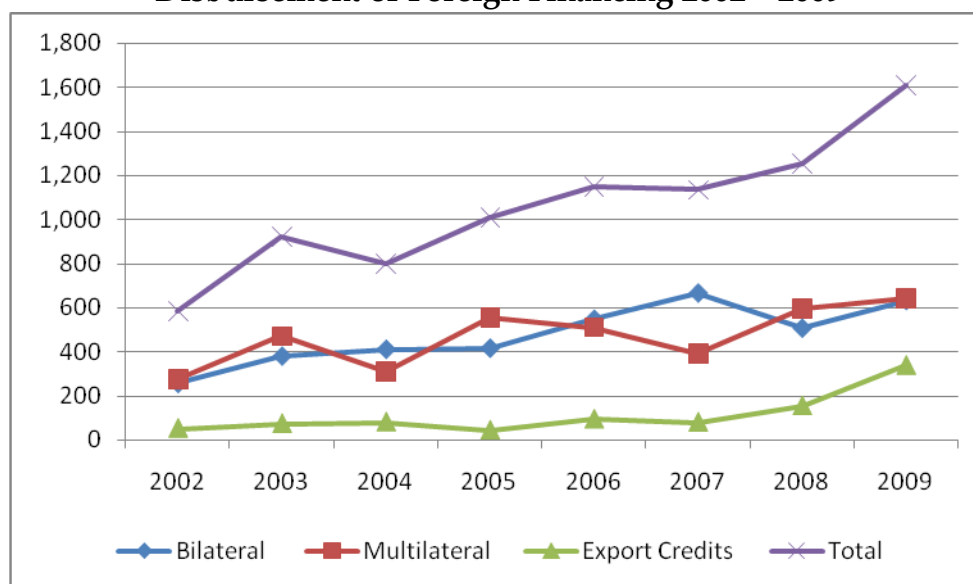
**Table 4.7**  
**Disbursement of Foreign Financing 2002 - 2009 (in US\$ million)**

	2002	2003	2004	2005	2006	2007	2008	2009
Bilateral	256.0	379.2	409.9	415.0	545.3	663.5	505.5	632.8
Multilateral	275.8	470.9	310.2	552.3	510.5	392.3	595.1	651.5
Export Credits	52.2	73.9	80.5	43.7	93.2	79.6	154.4	337.3
<b>Total</b>	<b>584.1</b>	<b>924.0</b>	<b>800.6</b>	<b>1,011.0</b>	<b>1,149.1</b>	<b>1,135.4</b>	<b>1,255.0</b>	<b>1,621.6</b>

Source: Department of External Resources

Similar to the foreign financing commitments, the share of the export credits in the total disbursements has increased significantly during the past few years. In 2009, disbursement from export agencies have accounted for 21 percent of the total disbursement, which was 10 percent in 2004. Disbursements from both multilateral and bilateral sources have increased gradually over the period 2002 to 2009.

**Chart 4.4**  
**Disbursement of Foreign Financing 2002 - 2009**



### 2.2.1 Foreign Aid Utilization Rate

Foreign aid utilization rate (or foreign aid disbursement ratio) indicates the efficiency of utilization of foreign aid committed by donor agencies and lenders. The utilization ratio (total disbursement to total committed undisbursed balance), depends on the average project loan portfolio life. The average project period of the aid portfolio is between 4 - 5 years and hence, the satisfactory level of the overall utilization ratio should be between 20 percent and 25 percent. In 2009, the overall utilization rate reached 26 percent which is very satisfactory.

**Table 4.8**  
**Utilization Rates**

Donor	2009	2008
<b>Bilateral</b>	<b>22.4</b>	<b>22.6</b>
Japan	19.2	22.6
China	38.3	22.9
Germany	15.4	33.5
France	18.4	13.6
India	20.6	0.4
Netherlands	59.3	0.3

Korea	6.7	31.0
Kuwait	13.7	23.7
Denmark	45.1	32.0
Saudi Fund	31.2	10.0
U.S.A.	11.6	58.9
Other Bilateral	29.5	6.5
<b>Multilateral</b>	<b>30.4</b>	<b>24.9</b>
Asian Development Bank	21.2	21.1
World Bank	40.9	29.0
European Investment Bank	29.4	30.5
UN Agencies	67.6	32.5
Other Multilateral	13.3	20.9
<b>Export Credit</b>	<b>26.0</b>	<b>11.7</b>
<b>Overall</b>	<b>25.9</b>	<b>21.1</b>

*Source: Department of External Resources*

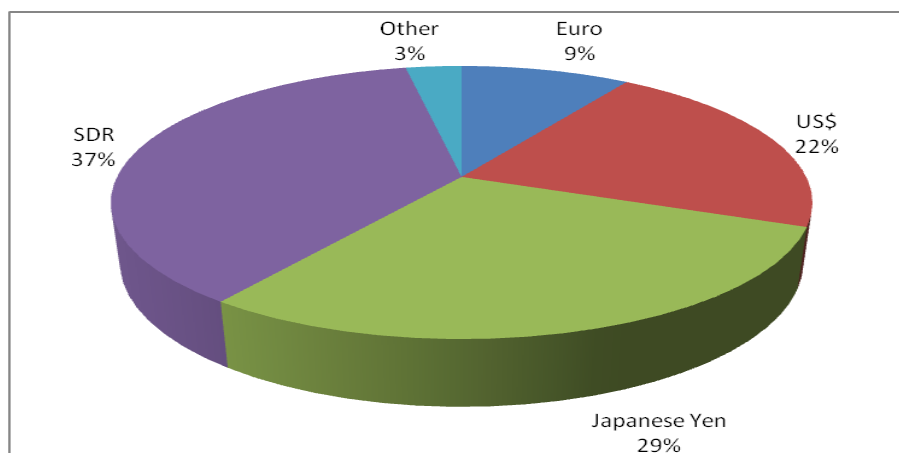
## 2.3 External Debt Stock and Service Payments

### 2.3.1 External Debt Stock

The Government external debt stock as of 31<sup>st</sup> December 2009 stood at US\$ 13.5 billion (Rs. 1,541.9 billion). This was an increase of 8 percent or US\$ 1 billion compared to the debt stock at 31<sup>st</sup> December 2008. However, the rupee value of the debt stock has increased by 9.3 percent or Rs. 131.4 billion during the same period. The higher rate of increase in rupee terms was due to the depreciation of Sri Lankan Rupee against the other major currencies.

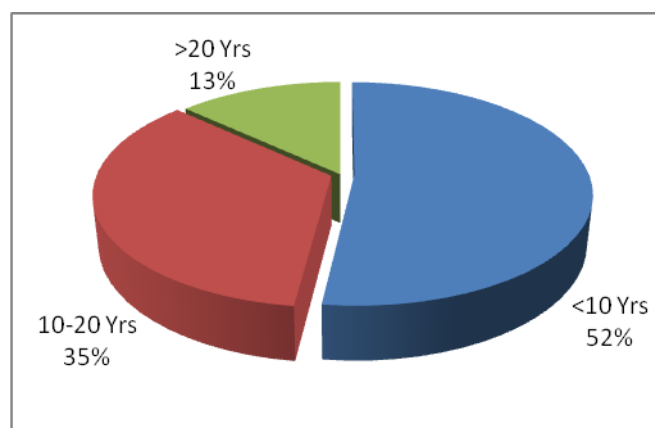
Of the total debt stock, 42.6 percent was owed to the bilateral donors, 43.1 percent to the multilateral donor agencies, and 7.9 percent to capital market institutions. The balance 6.3 percent was owed to the export credit agencies. The currency composition of the debt stock is given in Chart 4.5.

**Chart 4.5**  
**Currency Composition of the Debt Stock**



The maturity profile of the current debt stock is given in the chart 4.6 below. Out of the total debt stock, 52 percent will mature during the 10 year period commencing from 2010 and 35 percent will mature during next 10 years commencing from 2020. The balance 13 percent will mature after 20 years.

**Chart 4.6**  
**Maturity Profile of Debt Stock as at 31<sup>st</sup> Dec 2009**



### 2.3.2 External Debt Service Payments

The total external debt service payments made in 2009 amounted to US\$ 1,043.2 million. Of this US\$ 815.3 million was for principal payments and the balance US\$ 227.9 million for the interest payments. The debt service forecast based on the existing portfolio is given in table 4.9.

**Table 4.9**  
**The debt service forecast from 2009 – 2015 (in US\$ million)**

Item	2009 Actual	Forecast					
		2010	2011	2012	2013	2014	2015
Principal	815.3	544.3	652.3	1,224.1	830.3	855.7	1448.9
Interest	227.9	266.3	302.2	315.3	275.1	269.5	247.4
<b>Total</b>	<b>1,043.2</b>	<b>810.6</b>	<b>954.5</b>	<b>1,539.4</b>	<b>1,105.4</b>	<b>1,125.2</b>	<b>1,696.3</b>

Source: Department of External Resources

\*Note: 1. The higher debt service forecasts for 2012 and 2015 are due to the maturing of US\$ 500 million each international bonds issued in 2007 and 2009 respectively.

2. Debt services related to the funds disbursed under the IMF Stand-by Arrangement are not included.



### 3 Performance by Divisions

#### 3.1 Asian Development Bank Division

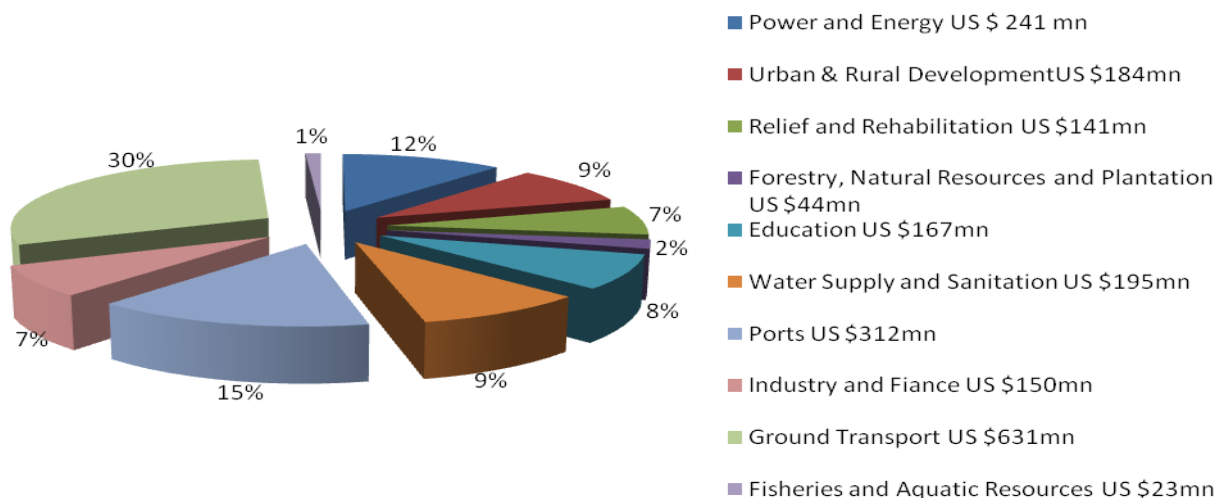
Country partnership strategy (CPS) 2009-2011 of the Asian Development Bank is aligned with the Government of Sri Lanka's 10-year development framework and focuses on two pillars. (i) Strengthening the investment climate, and (ii) achieving socially inclusive development.

As of end 2009 the ADB project portfolio consisted of 28 projects with a total value US \$ 2.3 billion. It includes US \$ 1212 million concessional loans, US \$ 891 million semi concessional loans and US \$ 202.2 million grants. During the last five years ADB has provided around US 1127 million of loans for the implementation of development projects in Sri Lanka.

##### 3.1.1 Sectoral Analysis of the Portfolio as of 31st Dec 2009

The main sectors funded by the ADB are Road, Port, Power and Energy, Water Supply and Sanitation and Urban and Rural Development.

Chart 5.1



In the year 2009, the Asian Development Bank was the main multilateral donor who accounted for US \$ 423.7 million recording the second highest foreign financing commitment in the year. It includes 160 million for the Energy Sector, US \$ 70million for the Road Sector, US \$ 100 million for the Water Supply & Sanitation Sector and US \$ 21.65 million for the multi sectoral activities. All the projects in the Program were concluded in addition to the Dry Zone Urban Water and Sanitation Project which had been scheduled for the year 2008. During the period 2005- 2009, the average annual commitment made by the Asian Development Bank was US \$ 291 million.

### 3.1.2 The Flagship Projects included in the ADB Portfolio

i) Colombo Port Expansion Project	US \$ 300 million
ii) Southern Transport Development Project	US \$ 180 million
iii) Clean Energy and Access Improvement Project	US \$ 160 million
iv) National Highway Sector Development Project	US \$ 150 million
v) Secondary Towns Rural Community Based Water Supply and Sanitation Project	US \$ 120 million
vi) Greater Colombo Wastewater Management Project	US \$ 100 million

During the period 2005- 2009, the average annual disbursement made by the Government from the ADB was US \$ 233 million. However, in the year 2009, Sri Lanka was able to disburse US \$ 287 million. This was an achievement of 82% compared with the annual target. The total contract awards were about US \$ 158 million.

**Table 5.1**

### 3.1.3 Key Projects being implemented in 2009

<b>Project</b>	<b>Cost</b> US\$ million
Colombo Port Expansion Project	300
Southern Transport Development Project	180
Clean Energy and Access Improvement Project	160
National Highway Sector Development Project	150
Secondary Towns Rural Community Based Water Supply and Sanitation Project	120
Greater Colombo Wastewater Management Project	100
Eastern and North Central Provincial Road Project	70
North East Community Restoration and Development Project II	25
Local Government Infrastructure Improvement Project	50
Aquatic Resource Development and Quality Improvement Project	27
North East Community Restoration and Development Project II	25

*Source: Department of External Resources*

#### 3.1.3.1 North East Community Restoration and Development Project II - US \$ 25 million

These funds are being utilized to restore medical facilities through hospital reconstruction and refurbishment, rehabilitation of village health clinics, provision of sanitation facilities, capacity building and provision of tools and training, reconstruction and rehabilitation of teaching facilities and school buildings,



construction of cluster housing units for teachers and provision of English language training and income generation capacity building and social cohesion.

### **3.1.3.2 Aquatic Resource Development and Quality Improvement Project (ARDQIP) - US \$ 27 million**

Main objective of the Project is to ensure food security and alleviate poverty among rural communities through the development of market oriented inland fisheries and aquaculture. Project consists of five main components; (i) Inland fisheries and aquaculture development (ii) Fish quality improvement and marketing (iii) Credit (iv) Institutional strengthening (v) Project management. Most of the activities under the project have been completed by now. Establishment of the Central Fish Market Complex at Peliyagoda in place of existing St. John's Fish Market at Pettah was an important activity under the ARDQIP.

This new facility consists of a wholesale market building with 148 stalls; retail market building with 128 stalls; 3 cold rooms; flake ice plant with a capacity of 25 tons; water treatment plant; facilities for banks, cafeteria, shops, post office, police post etc.

### **3.1.4 Projects completed in 2009**

- I. Protected Area Management and Wildlife Conservation Project
- II. TA for Financial Markets Program for Private Sector Development
- III. Forest Resources Management Sector Project
- IV. Plantation Development Project
- V. Southern Province Rural Economic Advancement Project
- VI. Power Sector Development Program (Project Loan)
- VII. North East Community Restoration & Development- Extension Project
- VIII. Coastal Resources Management Project

#### **3.1.4.1 Power Sector Development Project: Total loan amount - US\$ 80 million.**

The funds have been utilized for the expansion, modernisation and rehabilitation of the transmission & distribution system in the country. Existing 135 kms long 33kv express lines and 385 kms long normal 33kv lines will be strengthened. Under the rural electrification component, 820 villages and 150,000 electricity consumers will be benefited.

#### **3.1.4.2 Southern Province Rural Economic Advancement Project (SPREAP) & Tsunami Affected Area Re-building Project (TAARP) - Component E**

The total project cost is US \$ 42.7 million of which \$25 million is expected from the Asian Development Bank under its Special Fund resources to finance about 70% of the total project. Other funding sources are OPEC, Government of Sri Lanka,

participating financing institutions (PFIs) and beneficiaries of the project. The total project period is seven (7) years, starting from 2002.

The project comprises of two distinct but interrelated parts; Part I aims at promoting higher level of economic growth in Southern Province. The main component is the Enterprise Development Service (EDS) and a credit line aimed at promoting medium, small and micro enterprises (MSME). The National Development Bank (NDB) serves, as the apex body for the provision of credit line and the credit is channelled to the borrowers through 10 Participatory Financial Institutions (PFIs). Implementation of MSME credit scheme under DASUNA Revolving Fund is now in progress.

**Table 5.2**

### 3.1.5 Key projects to be implemented in 2010

<b>Project</b>	<b>Loan Amount US\$ million</b>
Jaffna Water Supply & Sanitation Project	90.0
Fiscal Management Efficiency Project	50.0
Northern Road Connectivity Project	154.4
Conflict Affected Region Emergency Project	150.0
Supplementary Loan for NECORD II	12.7

*Source: Department of External Resources*

#### 3.1.5.1 Northern Road Connectivity Project US \$ 154.4 million

The project helps to restore accessibility to essential social services for rural people in Northern Province and to improve its connectivity to the rest of the country which facilitate economic growth and contribute to reducing disparities in Sri Lanka. Under this project, about 108 km of national highways and about 140 km of provincial roads are to be rehabilitated.

#### 3.1.5.2 Conflict Affected Region Emergency Project US \$ 150 million

The project supports reconstruction and rehabilitation of infrastructure damaged in the Northern Province. National and Provincial roads, two essential utilities such as power and water supply, basic social services which includes restoring medium and small irrigation schemes, rebuilding administrative offices and related facilities, reconstructing district vocational training centers and rehabilitating court infrastructure in the Northern Province and in the North Central Province are included.

### 3.1.5.3 Jaffna Water Supply & Sanitation Project US \$ 101.1 million

The project will support to increase standard of living and improve water supply and sanitation and water resource management in Jaffna Peninsula and Poneryn in Killinochchi District.

### 3.1.6 Special events took place during the year 2009

- I. March -High Level Quarterly Portfolio Review( HLQPR) Meeting  
As a follow up to the SL Results Based Country Portfolio Review Mission (RB-CPRM) in Dec. 2008, HLQPR was held in March 2009.
- II. May - Annual Meeting:  
42<sup>nd</sup> Annual meeting of the Asian Development Bank was held in Bali Indonesia on 3<sup>rd</sup> May 2009. Dr Sarath Amunugama, Deputy Finance and Planning Minister participated at this event as the Governor along with the MOF officials; ST, DG/ER and ADG/ER
- III. June - Loan signing: Clean Energy and Access Improvement Project
- IV. June - Quarterly Portfolio Review Meeting
- V. June - ADB Vice President's visit
- VI. June - Loan signing: Dry Zone Project
- VII. September - Quarterly Portfolio Review Meeting
- VIII. October - Loan Signing : Eastern and North Central Provincial Road Project
- IX. November - Dr. P.B. Jayasundera, Secretary to the Treasury Visited ADB Head Quarters to review the Sri Lanka's current aid portfolio.
- X. December - Loan Signing : Greater Colombo Wastewater Management Project
- XI. December - Quarterly Portfolio Review Meeting
- XII. 49 ADB Missions visited in 2009.

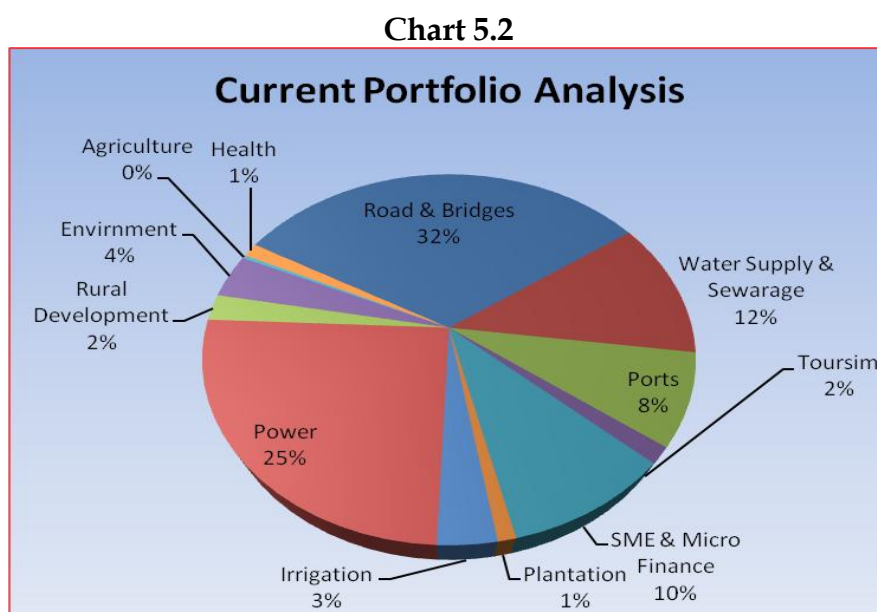
## 3.2 Japan Division

The Japan Division is responsible for the mobilization of development assistance from the Government of Japan.

As of December 2009, The Japan Division's portfolio consists of 29 projects funded by the Government of Japan amounting to US \$ 2,100 million. Of the total portfolio, 22 are loan projects amounting to US\$ 1,950 million and 7 are grant projects amounting to US \$ 150 million.

About 80% - 90 % of the Japanese assistance is provided in the form of soft loans, covering a wide spectrum of sectors such as ground transport, power, water supply, SME development.

### 3.2.1 Current Portfolio Analysis



During the period of 2005 - 2009 Japan has provided US \$ 960.2 million as soft loans, US \$ 180.7 million as grants and US\$ 11.4 million as export credit loans. There was no loan aid received from Japan in year 2009.

During the period from 2005 to 2009, the annual average disbursement was about US \$ 272 million. The highest ever disbursement in the recent past amounting to US \$ 311 million was achieved in 2009 which accounted for 20 percent of the total aid disbursement to Sri Lanka.

### 3.2.2 Agreements signed in 2009

There were three grants agreements signed in year 2009

- I. Improvement of curative healthcare services at Anuradhapura Teaching Hospital - Phase II (US \$ 4.3 million)

- |      |                                                                                     |                     |
|------|-------------------------------------------------------------------------------------|---------------------|
| II.  | 2KR Food Production Grant                                                           | (US \$ 5.7 million) |
| III. | Establishment of a 400 kW grid connected solar power generation plant at Hambantota | (US \$ 9.5 million) |

### 3.2.3 Ongoing Projects

Japan plays a major role in building the economic infrastructure in the country. Some of the key projects currently being implemented are listed below;

- |      |                                                                               |                                            |
|------|-------------------------------------------------------------------------------|--------------------------------------------|
| I.   | Southern Highway Construction Project (Kottawa - Kurudugahahatekkma)          | (US \$ 370 million)                        |
| II.  | Outer Circular Highway Project (Kottawa - Kaduwela)<br>(Kaduwela - Kadawatha) | (US \$ 223 million)<br>(US \$ 260 million) |
| III. | Upper Kotmale Hydropower Project -                                            | (US \$ 410 million)                        |
| IV.  | Water Sector Development Project I-                                           | (US \$ 135 million)                        |
| V.   | Water Sector Development Project II-                                          | (US \$ 85 million)                         |
| VI.  | Construction of Mannar Bridge and Causeway                                    | (US \$ 18 million)                         |
| VII. | Development of Anuradhapura Teaching Hospital                                 | (US \$ 22 million)                         |

### 3.2.4 Completed Project

The following projects were completed during the year;

- |      |                                                       |                     |
|------|-------------------------------------------------------|---------------------|
| I.   | Kerawalapitiya - Kotugoda Transmission Line Project - | (US \$ 32 million)  |
| II.  | Pro-poor Rural Development Project -                  | (US \$ 45 million)  |
| III. | 2KR Food Production Grant -                           | (US \$ 5.7 million) |

### 3.2.5 Future Projects

#### 3.2.5.1 Loans

In order to achieve a high economic development, the following key projects have been finalized for funding under 40<sup>th</sup> Yen Loan Package of the Government of Japan.

- |      |                                                                          |                     |
|------|--------------------------------------------------------------------------|---------------------|
| I.   | Rural Road Development Project in Eastern Province                       | (US \$ 44 million)  |
| II.  | Eastern Province Water Supply Development Project                        | (US \$ 54 million)  |
| III. | Provincial Road Development Project (Central and Sabaragamuwa Provinces) | (US \$ 104 million) |
| IV.  | Kandy City Wastewater Management Project                                 | (US \$ 150 million) |
| V.   | Upper Kotmale Hydropower Project II                                      | (US \$ 50 million)  |

### 3.2.5.2 Grants

- Improvement of Central Functions of Jaffna Teaching Hospital (US \$ 25 million)

### 3.2.6 Missions

#### 3.2.6.1 Japanese Missions

There were several project related missions dispatched by the Government of Japan during the year. In December 2009, a JICA mission was dispatched to conduct the appraisal for the projects considered for financing under 40<sup>th</sup> Yen Loan Package.

#### 3.2.6.2 Visit of the Secretary to the Treasury to Japan

Dr. P.B. Jayasundera, Secretary to the Treasury and Secretary, Ministry of Finance and Planning accompanied by the Director General of External Resources visited Japan in December 2009 to hold bi-lateral discussions with the Japanese Government, JICA and JBIC.

### 3.3 Bilateral West Division

The Bilateral West Division is responsible for the mobilization of development assistance from countries in the western hemisphere. The major donors handled by the division are; Germany, The Netherlands, Sweden, European Union, USA, France, Spain, Austria, Denmark, Belgium, Russia, Canada, Switzerland, United Kingdom, Hungary Nordic Investment Bank Nordea Bank and European Investment Bank.

The total amount committed by the Bilateral West Donors in 2009 was US\$ 136.89 million. Of this US\$ 10.82 million was in grants and US\$ 126.07 million was in concessionary loans and export credit. Bilateral West Division has disbursed US\$ 328 million for development projects in 2009.

#### 3.3.1 Agreements Signed in 2009

Donor	Project Name	US \$ million
<b>Grants</b>		
Netherlands	Conservation and Restoration of the Ancient Dutch Fort in Jaffna	0.54
Germany	Reconstruction of Water Supply Scheme in Gall District, Phase ii	2.79
United States of	Increased Competitiveness in the Global	2.87

America	Market Place	
	Improved Integration of Targeted Disadvantaged Groups into the Community	1.02
	Peace, Good Governance & Citizens Rights	2.37
	Peace Process Supported	1.23
<b>Sub total</b>		<b>10.82</b>
<b>Concessionary Loans / Export Credit</b>		
AB Svensk Export Credit , Sweden	Fourth Rural Electrification Project - Euro Potion	19.59
Co-op Centrale Raiffeisen-Boerenleenbank	Extension of a Disaster Management and Emergency Response System	36.27
Export Import bank of Hungary	Rehabilitation of Labugama Water Treatment Plant	23.57
	Rehabilitation of Kalatuwawa Water Treatment Plant	24.52
	Supply of one Dredger and related equipment for Sea Sand Mining	22.12
<b>Sub total</b>		<b>126.07</b>
<b>Grand total</b>		<b>136.89</b>

### 3.3.2 Key Projects Being Implemented in 2009

Donor	Project Name	US \$ million
UK (Export Credit)	Regional Bridge Project	101.80
Austria	Construction of Steel Bridges	14.40
	Kirindi Oya Water Supply Project	14.80
Spain	Construction of Brides	29.50
Netherlands	Negombo Water Supply Project	56.90
	Dikkowita Fishery Harbour	70.00
Denmark	Kelani Right Bank Water Treatment Plant	82.70
	Oluwil Port Development Project	72.50
	Colombo Sewerage Rehabilitation Project	30.29
	Towns South of Kandy Water Supply Project	53.67
France	Rehabilitation of Wimalasurendra and New Laxapana	55.20
	Greater Trincomalee Integrated Water Supply Project	13.64
	Trincomalee Integrated Infrastructure Project	87.32
<b>Grand Total</b>		<b>682.72</b>

### **3.3.2.1 Oluvil Port Project**

The Government of Denmark has provided an interest free loan under the Mixed Credit Facility of Danida to finance the implementation of the Oluvil Port Project. Total Project cost is Euro 46 million and Port will form the southeastern link in the developing chain of coastal harbours in the country and will provide more convenient and cost effective access to and from the southeastern region for goods and cargo originating on the west coast.

The proposed project comprises the construction of a Commercial harbour and a basin for the fishing crafts and it covers a land area of 60ha in the first stage and 105ha in the second stage. The harbor basin would cover an area of 16ha of the sea and would spread 1.2km along the coast line. Project was commenced on July 01, 2008 and scheduled to be completed on September 30, 2010.

### **3.3.2.2 Kelani Right Bank Water Supply Project**

The Government of Denmark provided an interest free loan of US\$ 82.7 million for the construction of the Kelani Right Bank Water Treatment Plant under the Danish Mixed Credit programme. The objective of the project is to improve the water supply to Colombo City and the towns north of the Colombo City. Furthermore, it is envisaged to develop head works of the 40 MGD Water Treatment Plant in Gampaha District and serve 350,000 population with existing connections presently experiencing inadequate water supply.

Further an additional population of 100,000 awaits water supply under the Water Distribution Project which was completed in 2006 will be connected to the proposed Treatment Plant under the project. The total number of beneficiaries in year 2020 is estimated to be around 1,000,000. Construction work of the Project was commenced in October 2008 and expected to be completed in October 2010.

### **3.3.2.3 Negombo Water Supply Project**

The total cost of this project is US\$ 56.9 million. Of this US\$ 31.0 million was in grants under the ORET Programme of the Netherlands Government and US\$ 25.9 million was in an export credit facility. The project objective is to improve water supply in Negombo Municipal Council area, Kochchikade and Duwapitipana area. Construction work of the project was commenced in 2008 and expected to be completed in December 2011.

The project is expected to construct a 12,000 cubic meter per day water treatment plant, two ground reservoirs with capacity of 3,000 and 1,500 cubic meter, laying of



15.5 km long transmission mains, new distribution system to Kochchikade and Duwapitipana and to improve existing distribution system, with supply and installation of pumps and equipment.

#### **3.3.2.4 Dikkowita Fishery Harbour**

For The rapid development of the fishing industry it is proposed to develop deep sea fishing by introducing large fishing boats equipped with modern technology. The proposed harbour at Dikkowita with ultra-modern facilities is the largest fisheries harbour that is being constructed in Sri Lanka at present. The project would contribute to the expansion in the fish production and fisheries export of the country and in the long term many fishing families will be benefited from the port.

The total financing of the Dikkowita Fishery Harbour project is US \$ 70 million and of which US \$ 26.7 million is given as grant under the ORET Programme of the Netherlands. It is expected that the construction of work of Fishery harbour will be completed within 2 years (2009-2011). With the construction of this harbour the obstacle for accommodation of large fishing vessels due to security reasons and limited capacity of the Modara Fishery Harbour will be eased in future. This is important as there are no large harbor from North of Modara up to Chilaw and South of Modara up to Beruwala, at present.

The Dikkowita Fishery Harbour will have a 13 ha of harbour area enclosed by 1,100 meters of rubble mound breakwaters with berthing facility for 490 fishing boats of different sizes with maximum draft of 2.3 meters and 1,150 meters of berthing length for parking of boats. It will also have the facilities such as buildings for catch receiving, fish cleaning and auctioning, cold stores, freezing facilities and ice plants, other buildings related to fishery activities, slipways for ship repairs and utilities.

#### **3.3.2.5 USAID - Economic Growth Programme (With Private Sector participation in the Eastern Province)**

After thirty years of war, east was cleared and made free from terrorism. In the first instance, Government initiated accelerated massive infrastructure development programme in the east which includes rehabilitation of trunk roads, major bridges, electricity, water supply and irrigation schemes etc in the area.

A conducive environment has been made after 30 years to take off much needed economic growth in the east. The economic growth programmes of USAID has taken initiatives for private sector led growth in the east covering some areas of the border districts of the east.

The objectives of the Growth programmes are to revitalize economy and foster stability in the east, while creating sustainable employment and enhancing skills development. The Growth Programmes are

- i) Connecting Regional Economies (CORE)
- ii) Partnership for Eastern Economic Revitalization (PEER)
- iii) Apparel Sector Training Partnership (ASTP)

The purpose of CORE program is to link the economic activities of the east to main economic stream of the country by promoting competitiveness of agri products value chain, work force development, introduction of IT in to day to day business and promotion of business enabling environment.

In partnership with Hayleys Agro Farms CORE implements sustainable Agriculture through commercialization program in Ampara, Batticaloa and in Monaragala districts with 3,600 farmers. The USAID contribution is US \$ 1 million and Heyleys partnership is US \$ 2.86 million. The program has established a network of outgrowers system with Heyleys nucleus farm. Through the program farmers in the east are linked local and global market. Further program helped for farmers to switch from subsistence farming to in demand crops by increasing income by 50 percent.

For the development of dairy industry in the east PEER established a partnership with Land O' Lakes a US base company and with CIC Agribusiness. The USAID contribution is US \$ 3.75 million while Land O' Lakes committed US \$ 6.31 million for the program. This program provides critical financial grants, technical assistance and training for to dairy farmers improve productivity. Further it assists farmers to establish milk producers groups and connect them to milk collecting centers to operate the system collectively own by them. As partners Land O' Lake and CIC Agribusiness committed to establish dairy processing facilities in the region for production of pasteurized milk, ice cream, yoghurt, cheese and butter in the region.

Under the CORE programme 4,500 small scale entrepreneurs are being trained in farming techniques and good business practices while introducing business transaction process with Dialog E-2 Pay system and inclusion of local banks are also in to E-2 Pay network.

The apparel sector partnership with Brandix Lanka Ltd trained 600 workers with USAID contribution US \$ 100,000 and contribution of US \$ 500,000 from the Brandix. At present these young workers employed at Brandix factory at Punani.

### 3.3.3 Future Projects

Project Name	US \$ Million
i) Development of District General Hospital – Hambantota	55.74
ii) Development of Nuwara Eliya Base Hospital	47.00
iii) Development of Beliatta Hospital as a Specialized Maternal & Children Hospital	30.50
iv) Construction and Upgrading of Peripheral Blood Banks	18.00
v) Construction of a Hospital Complex for Sri Lanka Air Force	40.80
vi) Ambatale Water Treatment Plant and Pumping Stations	36.20
vii) Implementation of Water Supply Projects for Kolonna and Balangoda	19.80
viii) Rehabilitation of Production Capacity at State Pharmaceuticals Manufacturing Corporation (SPMC)	14.50
ix) Supply, Installation, Testing, and Commissioning of Clinical Waste Disposal Systems for Sri Lankan Hospitals	12.00

### 3.4 Bilateral East Division

The Bilateral East Division is responsible for the mobilization of development assistance from Asian and Middle Eastern countries (other than Japan) such as China, India, Pakistan, Australia, Korea, Malaysia, Thailand, Iran, Kuwait, Saudi Arabia, and OPEC Fund. Development assistances from these bilateral donors are obtained in the form of grants, concessionary loans and buyer's credits. The total commitment from these countries was USD 1,355 million in 2009 of which USD 1,207 million was from China. The total commitment increased by 5.9 percent compared to the year 2008. The disbursement during 2009 was USD 373 million. This is an increase of disbursement by 2.9% compared to the previous year.

#### 3.4.1 Projects being implemented in the year 2009

Donor	Name of the Project	Loan / Grant in US \$ million
China	Hambantota Port Development	306.73
	Bunkering Facility & Tank Farm at Hambantota	65.09
	Colombo-Katunayake Expressway Project	248.20
	Puttalam Coal Power Project – Phase II	891.00

	Puttalam Coal Power Project- Phase I	455.00
	National Performing Arts Theatre	17.00
	Construction of Few Selected Roads	10.00
	Maintenance Requirements at BMICH	7.20
	Supply of 15 Nos. Diesel Multiple Units	37.00
	<b>Sub total</b>	<b>2037.22</b>
<b>Iran</b>	Uma Oya Hydro Electric and Irrigation Project	450.00
<b>India</b>	Indian Line of Credit	25.00
	India Dollar Credit Line Agreement	100.00
	Upgrading of Railway Line Colombo - Matara	100.00
	Establishment of 150 - Bedded District Hospital (G)	8.300
	Humanitarian Assistance for Northern and Eastern Provinces (G)	9.70
	Demining Assistance (G)	2.34
	<b>Sub total</b>	<b>245.34</b>
<b>Korea</b>	Administrative Complex in Hambantota Project	20.07
	Establishment of the Korea Sri Lanka Friendship Hospital	6.70
	Construction of Storm Water Drainage	3.90
	The Construction of the International Convention Centre	6.00
	Upgrading of Niyagama National Vocational Centre	10.33
	Lanka Government Net-work Stage II Project	5.59
	Improvement of Padeniya - Anuradhapura Road	51.19
	Establishment of the Emergency Response System	1.85
	Integrated Waste Management System in High-level road	4.31
	Ruhunupura Water Supply Development Project	76.33
	Upgrading Jaffna Technical College	2.73
	Establishment of Emergency Response Systems	2.00
	<b>Sub total</b>	<b>191.00</b>

<b>Kuwait</b>	Bridges Reconstruction & Rehabilitation Project	11.13
	Strengthening of Tertiary Education & Administrative	20.54
	Moragolla Hydropower Project -Feasibility Study	0.85
	South Eastern University of Sri Lanka Development	6.92
	Kalu Ganga Development Project	34.09
	<b>Sub total</b>	<b>73.53</b>
<b>Saudi Fund</b>	Mahaweli Ganga Development Project System B L.Bank	24.70
	Development Health Facilities Colombo Hospital	12.00
	Development Health Facilities Colombo Hospital - Additional loan	2.93
	Bataloa - Trincomalee Road Project	10.70
	Epilepsy Hospital & Health Centers Project	20.02
	<b>Sub total</b>	<b>70.35</b>
<b>Australia</b>	North East Community Restoration (G)	7.15
	Emergency Northern Reconstruction (G)	10.73
	Supply & Installation of 5000 Solar Units	16.1
	<b>Sub total</b>	<b>33.98</b>
<b>Grand Total</b>		<b>3101.42</b>

Source: Department of External Resources

### 3.4.2 Projects Committed during the year 2009

#### 3.4.2.1 Puttalam Coal Power Project - Phase II

The objective of the project is to generate 900MW and provide it to the National Grid. The project was originally planned for 3 Phases. Under Phase I of the Project a 300MW Power Plant together with jetty for coal handling, transmission line from Norochcholai to Veyangoda and substation at Veyangoda will be constructed. The Phase I is being implemented under a Preferential Buyer's Credit Facility of US \$ 300 million and a Buyer's Credit Facility of US \$ 155 million of the Export - Import (Exim) Bank of China. The Phase I is scheduled to be completed at the end of 2010.

In view of the urgency of developing low cost power, Phase II & III will be implemented together as Phase II. Under the Phase II of the project two power plants with a capacity of 300MW each will be established. In addition, a transmission line

from Norochcholai to Anuradhapura, new substations at Chilaw and Anuradhapura, coal handling port facilities and employees' housing will be constructed. The Government of China has extended a loan of US \$ 891 million under the Preferential Buyer's Credit Facility of the Exim Bank of China to cover the full cost of the Phase II. The Phase II is expected to be completed in 2013. The Government of China has extended a preferential buyer's credit of US \$ 891 million for the project.

#### ***3.4.2.2 Colombo - Katunayake Expressway Project***

The objective of the project is to construct the Colombo -Katunayake Expressway linking the Bandaranaike International Airport and the city of Colombo. This is a 25.8 km long 6/4 lane Expressway with three interchanges at Peliyagoda, Ja-ela and Katunayake. The Colombo-Katunayake Expressway will provide efficient means of transport between the Bandaranaike International Airport and the city of Colombo while substantially reducing the travel time with enhanced safety and reducing the prevailing traffic congestion on existing Peliyagoda - Puttalam (A3) road.

The Government of China has extended a Buyer's Credit Facility of US \$ 248.2 million through the Export Import (Exim) Bank of China for the construction of Colombo-Katunayake Expressway. The total cost of the project is US \$ 292 million, of which 85% is financed by the Exim Bank of China.

#### ***3.4.2.3 Bunkering Facility and Tank Farm Project at Hambantota***

A loan of US \$ 65,094,507.90 was extended by the Government of China under the Buyer's Credit Facility of the Exim Bank of China for the implementation of the project. The objective of the project is to supply and store marine fuel, aviation fuel and L.P gas and provide bunkering services for the vessels passing by Sri Lanka. The main components of the project are, construction of a bulk storage Tank Farm with a capacity of 82,000 cubic meters with mixing facilities of fuel oil, connection of pipe lines from tank farm to the oil terminal, loading/unloading facilities and other service connections.

#### ***3.4.2.4 Ruhunupura Water Supply Development Project***

The Economic Development Cooperation Fund (EDCF) of the Export Import (Exim) Bank of Korea has provided a concessional loan in Korean Won equivalent to US \$ 76.3 million to finance the Ruhunupura Water Supply Development Project. The total cost of the project is US \$ 115.7 million. The balance US \$ 39.4 million will be borne by the Government of Sri Lanka.

The objective of the project is to provide sufficient and reliable water supply to the Ruhunupura Development area in the Hambantota District. The project includes source improvement and construction of an intake at Ridiyagama Tank, Construction of a 17,500m<sup>3</sup>/day treatment plant at Koggalla, Supply and laying of 45 km of DI treated water transmission system, construction of 4 ground reservoirs and 4 elevated towers, supply and installation of all mechanical and electrical equipment and supply and laying of 400 km long distribution pipe network.

### **3.4.2.5 Kaluganga Development Project**

The Kalu Ganga Development project is part of the Mahaweli Development program and is interlinked with the implementation of Moragahakanda Development Project. The main objectives of the project are to increase food production, the availability of irrigation and drinking water, expand the existing irrigable areas in Kalu Ganga basin and thereby improve the standard of living of people in Matale, Anuradhapura, Pollonnaruwa and Trincomalee districts.

The total estimated cost of the project is US \$ 260.3 million. The project includes three Phases. The total estimated cost of Phase I of the project is US \$ 167 million. The main construction component of the Phase I of the project is the construction of Kalu Ganga Dam at Pallegama with a height of 67 meters and length of 546 meters. The estimated cost for the Kalu Ganga Dam and two saddle dams is US \$ 102.2 million. Of the funding requirement of this component, US \$ 37 million has been provided by the Kuwait fund for Arab Economic Development and US \$ 16 million by the OPEC Fund for International Development. Of the balance funding requirement US \$ 46 million is provided by the Saudi Fund for Development. Accordingly, almost total funding requirement for the construction of Kalu Ganga dam has been secured.

### **3.4.3 Completed Projects**

The following projects were completed during 2009.

- i) Supply of 100 Passenger Coaches to Sri Lanka Railways
- ii) Supply of 15 Nos. Diesel Multiple Units to Sri Lanka Railways

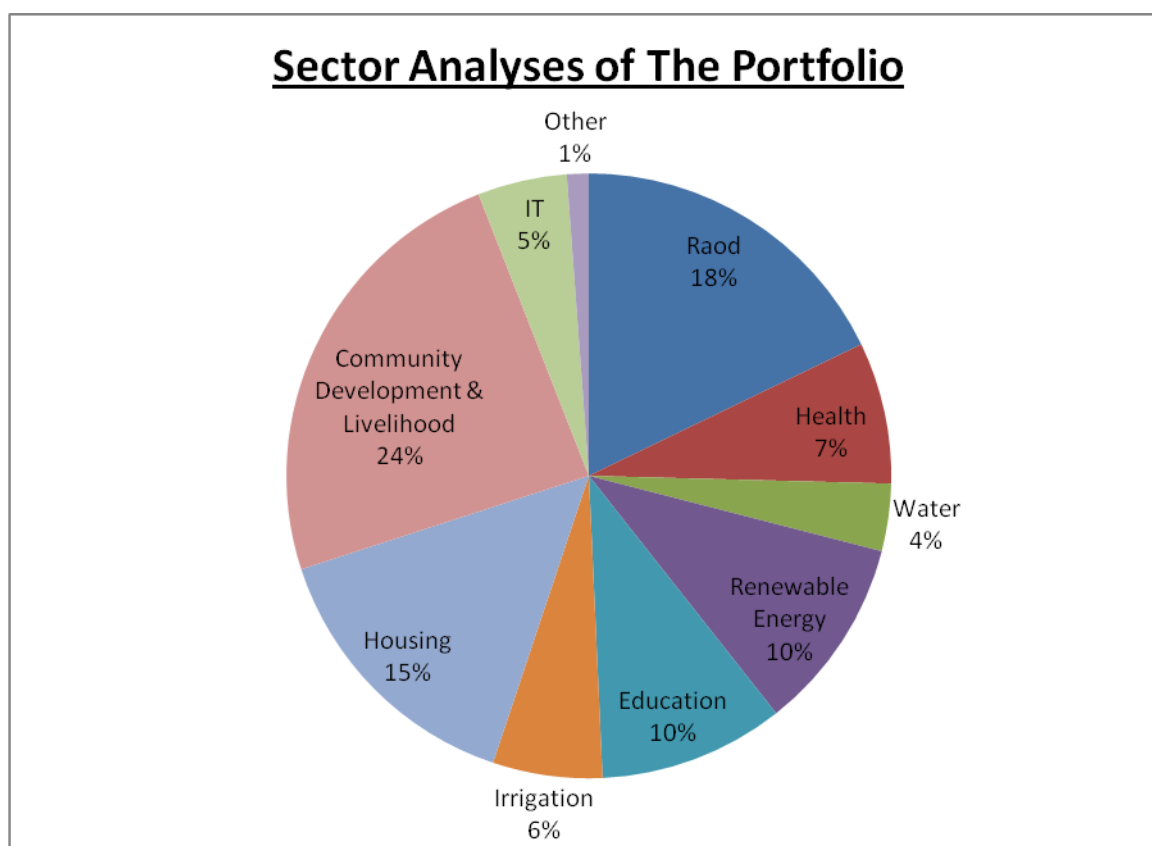
## **3.5 World Bank Assistance to Sri Lanka**

The World Bank Division is responsible for mobilization of development assistance from the World Bank for the implementation of the development projects.

At the end of 2009 the World Bank portfolio was US \$ 1,200 million of which about US \$ 230 million in the form of grants and it was comprised of 20 projects with an average project implementation period of four years. These projects aim to provide infrastructure, public services in particular health and education, community development and livelihood at the national and the local level. In line with the government priorities, the projects have particular emphasis in the improving connectivity and market access through rehabilitation and enhancement of the national and rural roads. Further, the World Bank has allocated funds for the rehabilitation of Northern and Eastern Provinces. Sri Lanka graduated to "IDA Gap Country" category in year 2006 as GNI per capita of Sri Lanka was exceeded the cut

off for IDA eligibility, i.e US \$ 1,025. Accordingly now Sri Lanka is not eligible for grant assistance from the World Bank.

**Chart 5.3**



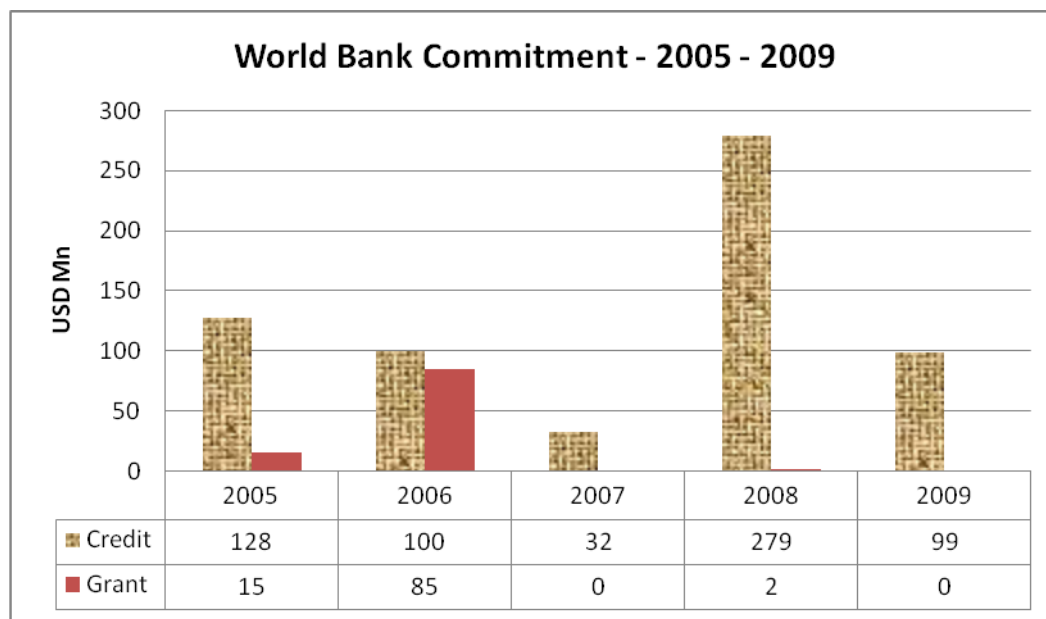
### 3.5.1 The Planned Commitment for 2009

- |                                                              |                   |
|--------------------------------------------------------------|-------------------|
| i. Health Sector Development Project ( Additional Financing) | US \$ 24 million  |
| ii. Integrated Community Development Project/ Gamanagama     | US \$ 75 million  |
| iii. Provincial Roads Project ( Uva / Eastern / Northern)    | US \$ 105 million |
| iv. Sustainable Tourism Development Project                  | US \$ 18 million  |
| v. North East Local Services Improvement Project             | US \$ 70 million  |
| vi. Northern Emergency Recovery Project                      | US \$ 65 million  |
| vii. Additional Financing for Reawakening Project            | US \$ 12 million  |

The following chart gives the total commitment by the World Bank from 2005 to 2009.



Chart 5.4



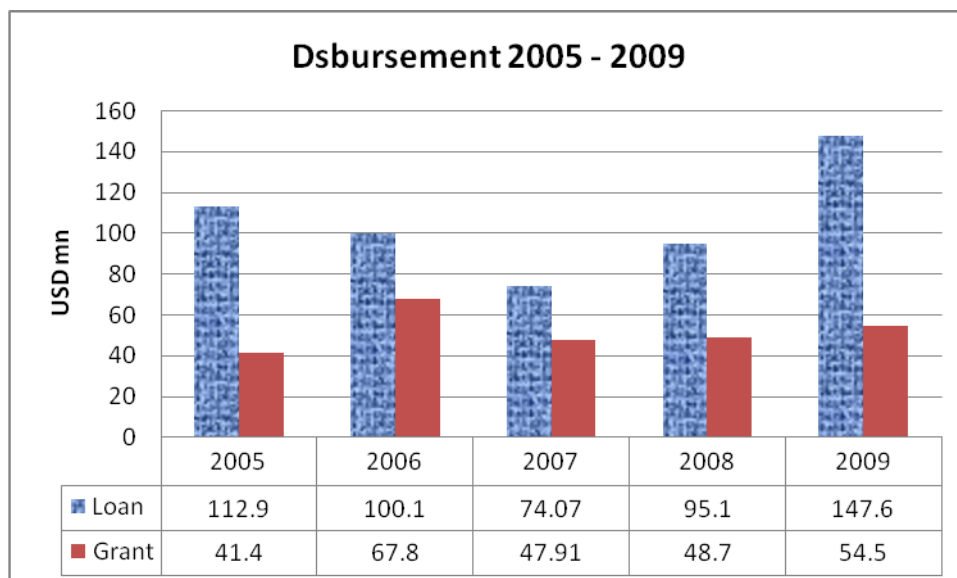
However, due to prolonged approval process, agreements were signed only for two projects with a value of US \$ 99 million out of the planned committed amount of US \$ 369 million in 2009. Of the two agreements, one is for the Health Sector Development project (Additional Financing) and the other one is for the Integrated Community Development Project / Gamanaguma. The remaining projects of the CAS for year 2009 were shifted for year 2010.

### 3.5.2 Disbursement in 2009

During the year 2009, the Government was able to disburse an amount of US \$ 202.1 million which was the highest amount disbursed recently by the World Bank. Of this amount loans accounted for US \$ 147.6 million and grants accounted for US \$ 54.5 million.

The following chart shows disbursement from the World Bank funded projects from year 2005 to 2009.

Chart 5.5



### 3.5.3 Agreements signed in 2009

Two credit agreements were signed between the Government of Sri Lanka and the World Bank in 2009

1. Health Sector Development Project (Additional Financing) – US \$ 24 million
2. Integrated Community Development Project/ Gamanaguma –US \$ 75 million

#### 3.5.3.1 Health Sector Development Project (Additional Financing)

The IDA has provided a grant of US \$ 60 million for the implementation of Health Sector Development Project (HSDP) in 2004. The objective of the project was to improve efficiency, equity and quality of healthcare by strengthening planning, management of monitoring capacity at the District, Provincial and Central levels with a specific focus on supporting preventive care services at the District and Divisional levels. The project covered all nine Provinces and 25 Districts. The project is scheduled to be completed by 31<sup>st</sup> December, 2010.

The proposed additional credit will help to finance the costs associated with originally planned project activities, facing a financing gap due to reallocation of US \$ 19 million of the original IDA grant to Tsunami relief efforts and US \$ 3.5 million to Avian Influenza prevention. The proposed additional credit will help further support to the Government of Sri Lanka's health service delivery programme, with particular emphasis on the special health needs in the North and East.

### 3.5.3.2 Second Community Development and Livelihood Improvement Project "Gamaneguma"

The Financing Agreement was signed to receive USD 75 million for the Second Community Development and Livelihood Improvement Project "Gamanaguma" on 22<sup>nd</sup> October, 2009. The project period is nearly five years and is expected to complete at the end of 2014. It is implementing in Badulla, Monaragala, Hambanthota, Rathnapura, Kegalle, Nuwara Eliya and Pollonnaruwa Districts, covering 514 Grama Niladari divisions among 875 villages.

The objective of the project is to support the Government's strategy for enhancing income and the quality of life of poor households in the poorest divisions. It will attain through five components. The first and the second components are intra-village development and inter-village connectivity development and the others are public - people - private partnerships and project management & monitoring.

"Gamanaguma" aims to utilize its funds to root out poverty through various strategies. The 80% of funds will be invested on improvement of roads, supply electricity, construction of marketing centers, drinking water projects, bridges and minor irrigation schemes and IT sector development. The balance funds is to earmark for public-private partnership programs. The anticipated best achievements are to develop 1,400 kms roads connecting villages and markets to exchange productions, to construct approximately 320 safe drinking water supply projects, benefiting 80,000 people in difficult areas and to furnish IT facilities for 75 villages.

#### 3.5.4 Future Projects

- |                                                          |                   |
|----------------------------------------------------------|-------------------|
| 1. Provincial Roads Project ( Uva /Northern/ Eastern )   | US \$ 105 million |
| 2. Sustainable Tourism Development Project               | US \$ 18 million  |
| 3. North East Local Services Improvement Project         | US \$ 50 million  |
| 4. Northern Emergency Recovery Project                   | US \$ 65 million  |
| 5. Additional Financing for Reawakening Project          | US \$ 12 million  |
| 6. Higher Education for 21 <sup>st</sup> Century Project | US \$ 40 million  |
| 7. Environment Resources Management Project              | US \$ 20 million  |
| 8. National and Provincial Road Project                  | US \$ 115 million |
| 9. Small and Medium Enterprises Facility Project         | US \$ 58 million  |

#### 3.5.5 World Bank Missions

The World Bank division has facilitated more than 60 missions visited to the Country and these missions have given the support to the project staff to maintain

the smooth implementation of the projects. Most of the missions were Supervision and Implementation support missions and they have reviewed the progress of the current portfolio and has finalized the future projects.

### 3.5.6 GOSL communication with the World Bank and the IMF

The World Bank division has facilitated to send various votes on behalf of the government of Sri Lanka for the resolutions of the World Bank, International Bank for Reconstruction and Development (IBRD), International Development Association (IDA) and International Centre for Settlement of Investment Disputes (ICSID) with regard to policy decisions as well as amendments of the Articles. Some of the decisions on resolutions were made after obtaining the approval of the Cabinet of Ministers.

#### 3.5.6.1 Votes made in year 2009

Organization	Resolution	Government's opinion
IBRD	Enhancing Voice and Participation of Developing and Transition Countries - Amendments of the Articles of Agreement - IBRD	Accepted
MIGA	Enhancing Voice and Participation of Developing and Transition Countries - MIGA	Approved
ICSID	Election of Secretary General - International Centre for Settlement of Investment Disputes (ICSID)	Approved
WB	Amendments to the Statute of the World Bank Administrative Tribunal	Approved
WB	Transfer from Surplus to Replenish the Trust Fund for Gaza and West Bank	Approved
IDA	Notice for Eligible members in the Voice trust Fund	Authorized
WB	Forthcoming Annual Meetings 2010,2011,2012	Approved

With regard to the International Monetary Fund, the necessary authorization for the voting was communicated to the Central Bank of Sri Lanka as indicated below enabling them to inform the IMF.

#### 3.5.6.2 Authorization for voting -IMF

Resolution	Government's opinion
Amendments to the Statute of the IMF	Approved

Administrative Tribunal	
International Monetary Fund Membership for the Republic of Kosovo	Abstain from voting
Forthcoming Annual Meetings 2010,2011,2012	Approved

### 3.5.7 Centre for Non-Governmental Sector (CNGS)

The Centre for Non-Governmental Sector (CNGS) was set up in February 2005 to facilitate and streamline the activities of NGOs and maintain better coordination of Non Governmental Organization (NGO) activities to provide a platform for NGOs to become a development partners. After assessing the proposals of INGOs/NGOs that are funded by foreign countries and Agencies by the CNGS, they are recommended to the NGO Secretariat for registration. Upon the receipt of clearances of the Defense and Foreign Ministry the NGO Secretariat will proceed with the registration process.

During the year 2009, 2 INGOs were recommended for registration by the CNGS to the Ministry of Social Services and Social Welfare. 17 organizations showed interest to register as INGOs, but they have not come up with the necessary documentation for this registration.

### 3.6 United Nations Division

The UN Division mobilizes development assistance from UN agencies such as United Nations Development Programme (UNDP), United Nations Population Fund (UNFPA), World Food Programme (WFP), United Nations Children's Fund (UNICEF), Food and Agriculture Organization (FAO), and International Fund for Agricultural Development (IFAD).

The United Nations Development Assistance Framework (UNDAF) was signed between UN Agencies and the Government of Sri Lanka for 2008 - 2012 providing assistance to development priorities of the Government in September 2007. Under this Agreement, the UN will raise US \$ 365 million over five year period starting from 2008 in support of Sri Lanka's development priorities.

In line with the UNDAF, the following Country Programme Action Plans (CPAP) were signed between the Government and UN agencies for the period 2008 - 2012.

- I. UNDP - GOSL CPAP ( September 2007)
- II. UNICEF \_ GOSL CPAP ( March 2008)

### III. UNFPA – GOSL CPAP ( October 2008)

#### 3.6.1 Current Portfolio

##### 3.6.1.1 United Nations Development Programme (UNDP)

UNDP has agreed to provide grant assistance of US \$ 13.1 million from its regular resources and raise US \$ 56.9 million from other resources for the execution of the CPAP. There are several new projects to be implemented during the period from 2008 – 2012. They are; Support to National Action Plan for Plantation Community (Joint UN Programme), Support to Implement the Official Language Policy and MDG Policy Project.

The following projects were completed during the year 2009.

- i) Pilot Distance Learning Programme for Ministry of Finance and Planning.
- ii) MDG Country Support Programme
- iii) Human Rights (Action 2 ) Project
- iv) Enhanced Women’s Political Representation and Participation in Decision Making
- v) Technical Assistance to the Government of Sri Lanka to Formulate a National Policy on the Return, Resettlement, Relocation, Integration and Reintegration of Internally Displaced Persons (IDPs).
- vi) Conservation of Biodiversity in the Southern Rainforest.

The following project agreements were signed with UNDP in 2009;

- |      |                                                                             |                   |
|------|-----------------------------------------------------------------------------|-------------------|
| i)   | Equal Access to Justice Project (Phase 2)                                   | US \$ 3.6 million |
| ii)  | Strategic Support to “Operationalized the Road Map Towards Safer Sri Lanka” | US \$ 2.1 million |
| iii) | Local Governance Project                                                    | US \$ 5.8 million |
| iv)  | Human Rights Joints Programme                                               | US \$ 0.9 million |
| v)   | Strengthening Plan Implementation Capability (Phase 2)                      | US \$ 0.3 million |

UNDP has disbursed US \$ 4.8 million for the year 2009.

##### 3.6.1.2 United Nations Children’s Fund (UNICEF)

UNICEF has agreed to provide grant assistance of US \$ 45 million to implement the education, Health and Nutrition, Water and Sanitation and Child Protection Programmes under CPAP for the year 2009. UNICEF has disbursed US \$ 33.1 million for the year 2009.

### **3.6.1.3 United Nations Population Fund (UNFPA)**

UNFPA has agreed to provide grant assistance of US \$ 3.8 million to implement the Health, Gender, and Population related programmes under the CPAP for the year 2009. UNFPA has disbursed US \$ 1.6 million for the year 2009.

### **3.6.1.4 International Fund for Agricultural Development (IFAD)**

Currently four projects with a total portfolio value of US \$ 88 million are implemented with IFAD funding. They are ; the Dry Zone Livelihood Support and Participatory Programme ( US \$ 22.5 million), the Post Tsunami Coastal Rehabilitation and Resource Management Programme ( US \$ 30 million), the Post Tsunami Dry Zone Livelihood Support and Partnership Programme (US \$ 4.9 million), and the Small Holder Plantation Entrepreneurship Development Programme ( US \$ 22.5 million). Two Loan Agreements were signed with GEF and CIDA on 10<sup>th</sup> September 2009 to obtain additional funding of US \$ 7.8 million for the Post Tsunami Coastal Rehabilitation and Resource Management Programme. In addition, loan negotiations were concluded with the IFAD to obtain a Loan amounting US \$ 25 million for financing the National Agri-business Development Project.

### **3.6.1.5 World Food Programme (WFP)**

The Letter of Understanding (LOU) was signed on 30<sup>th</sup> December 2009 between GOSL and WFP providing food aid assistance of US \$ 135 million to implement WFP food aid programme in Sri Lanka for 2009 and 2010. This is a sequel to the WFP food assistance of US \$ 92 million covering the period of 2005 - 2008 to ensure food security of the displaced people in the North and East. The project activities are as follows;

- i) Food distribution for people displaced or recently affected by the conflict
- ii) Mother - child health and nutrition
- iii) Food for education for all primary students in selected schools
- iv) Food for work and food for training
- v) Strengthening the capacity of the government counterpart to manage food assistance programme

US \$ 76 million has been disbursed under the World Food Programme.

### **3.6.1.6 United Nations High Commissioner for Refugees (UNHCR)**

UNHCR has agreed to provide grant assistance of Rs 229 million to implement the two sub projects (Jungle Clearing and Land Preparation Project and Grants to Returnee Families Project) by the Ministry of Resettlement and Relief Services. Agreement was signed between the UNHCR and the Ministry of Finance and Planning on 30<sup>th</sup> December 2009 in this regard.

### 3.6.1.7 Food and Agriculture Organization (FAO)

FAO has provided grant assistance to implement several programmes related to the agriculture and fisheries sector as follows:

- i) Regional Fisheries Livelihoods Programme for South and Southeast Asia - US \$ 3.2 million
- ii) Sustainable Management of the Bay of Bengal Large Marine Eco System - US \$ 3.8million
- iii) Aquaculture Development in the Southern Province - US \$ 0.3million
- iv) Enhancing Food Security and Nutrition among the Most Vulnerable Farm Families in Eastern Sri Lanka - US \$ 7.2 million
- v) Emergency Agriculture and Food Security Assistance in Support of Returnees, IDPs, Host Families and other Vulnerable Families in the Districts of Vavunia, Mannar and Jaffna in Northern Sri Lanka. - US \$ 0.64 million

FAO has disbursed US \$ 2.2 million for the year 2009.

## 3.7 Technical Assistance Division

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

The Government of Sri Lanka received 717 foreign training opportunities under the Technical Assistance Programs for the year 2009. These include both long-term and short-term training programs. The main areas of training include development administration, public policies, development policies, agriculture, livestock, information technology, governance, environment, irrigation, human resource development, disaster management, housing, waste management and climate changes.

The Government of Japan is the main provider of training opportunities with the duration of one week to six months. Most of these programs are offered by the Government of Japan through the Japan International Cooperation Agency (JICA). And also the Government of Korea through Korea International Cooperation Agency (KOICA), India through Colombo Plan, Indian Technical & Economic Cooperation (ITEC) & Bangladesh-India-Myanmar-Sri Lanka- Thailand Economic Cooperation (BIMSTEC), Sweden through Swedish International Development Cooperation Agency (SIDA), Thailand through Thailand International Development



Cooperation Agency (TICA), Malaysia through Malaysian Technical Cooperation Program (MTCP), Australia through Australian Aid (AUSAID) provide technical assistance to Sri Lanka.

In addition, Asian Development Bank, The Netherlands, Singapore, Germany, China and other agencies such as Commonwealth Fund for Technical Cooperation (CFTC), United Nations Agencies and Colombo Plan are among other funding agencies foreign training provided to the Government of Sri Lanka. The following table shows the number of training opportunities received in the period from 1<sup>st</sup> January to 31<sup>st</sup> December 2009.

### 3.7.1 Training Opportunities and Programmes

#### 3.7.1.1 Training Opportunities

Training opportunities received during the year 2009 are listed in the following table;

**Table 5.4**

<b>Donor</b>	<b>Number of Awards</b>
Japan International Cooperation Agency (JICA)	169
Government of India (ITEC - Colombo Plan )	100
Government of Thailand	84
Colombo Plan including DAP	57
Government of China	51
Government of Singapore	51
Commonwealth Fund for Technical Cooperation (CFTC)	47
Government of the Republic of Korea	42
Government of Malaysia	31
Government of Netherlands	24
Government of Sweden	16
Asian Development Bank (ADB)	13
Government of Australia	10
SAARC Secretariat	7
Government of Egypt	5
Government of Indonesia	3
Government of Republic of Germany	2
Government of Pakistan	2
UNESCAP	1
UNDP	1
Government of Norway	1
<b>Total</b>	<b>717</b>

Technical Assistance Division performs as the National Point of Contact of the Technical Cooperation for coordinating the donors and line ministries / agencies in identifying suitable candidates for foreign training opportunities. For that purpose it

is maintaining a database to improve the efficiency and ensure transparency and accountability of the foreign training management process.

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

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

### ***3.7.1.2 Training Programmes***

Apart from this General Training Opportunities, JICA and KOICA provided the following foreign training programmes for the year 2009.

#### ***3.7.1.2.1 JICA Training Programme***

- i) JICA Young Leaders 2009 (27 Participants).

#### ***3.7.1.2.2 KOICA Training Programmes***

- i) Crime Prevention & Criminal Justice (12 participants).
- ii) Training Program on Economic Development Policy for SL Officials 12 participants.

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 80 volunteers and 15 experts from Japan and Korea in the year 2009 in the sector of Health, Social, Community Development, Sports, Education, Language, Textile, IT, Automobile, HRD.

Generally, assignments of these volunteers in Sri Lanka for a period of two years and are done based on the requests made by the line ministries and agencies. Recipient agencies are requested to ensure that the volunteer will meet the terms of 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 grassroots level with communities, they are able to impart their expertise effectively contributing to enhance the living standards of the community.

### **3.8 Information Systems and Debt Management Division**

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

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

- i) Servicing of 614 live loans in respect of US\$ 13.5 billion debt stock.
- ii) Recording disbursements from 160 ongoing loans and 148 grants
- iii) Updating records in CS-DRMS and generate reports for ERD and other agencies including, the World Bank.
- iv) Maintaining and updating the departmental intranet and internet to disseminate information on external debt, donor-funded projects and highlights of the department activities.
- v) Recording of debt moratorium
- vi) Maintaining hardware and software services and providing user support.



## 4 Financial Review

### 4.1 Financial Information on Expenditure

This Department is not collecting revenue to the government and therefore, it is not identified as a revenue collecting agency. Financial information on expenditure against provision on Personnel Emoluments, Other Recurrent Expenditure, Capital Expenditure of the Department under Budget Head No. 239 in the year 2009 are given in Table 6.1, 6.2, and 6.3 as follows;

**Table 6.1 Personnel Emoluments**

	RS.
Original Provision	32,800,000
<b>Add:</b>	
Transfers under FR.66 and Supplementary Provision	2,400,000
<b>Less:</b>	
Transfers under FR.66 and Supplementary Provision	462,000
<b>Total Provision</b>	<b>34,728,000</b>
Expenditure during the year	32,488,704

**Table 6.2 Other Recurrent Expenditure**

	RS.
Original Provision	301,705,000
<b>Add:</b>	
Transfers under FR.66 and Supplementary Provision	200,555,446
<b>Less:</b>	
Transfers under FR.66 and Provision Frozen	1,511,000
<b>Total Provision</b>	<b>500,748,946</b>
Expenditure during the year	499,194,928

**Table 6.3 Capital Expenditure**

Object Code	Object title	Provision Rs.	Expenditure Rs
2001	Rehabilitation and improvement of buildings	3,000,000	38,155
2002	Improvements to plant, machinery & equipment	50,000	14,989
2003	Improvements to vehicles	400,000	384,780
2101	Acquisition of vehicle	2,268,000	2,268,000
2102	Acquisition of furniture and office equipment	1,000,000	577,688
2202	Capital Transfers - Sweden Consultancy Assistance	3,000,000	2,786,436
2401	Training and capacity building	6,262,500	4,695,190
2502	Reimbursement of taxes of residence missions	5,676,000	5,673,247

## 4.2 Advance Accounts

Advance Accounts Operations of the Department under Budget Head No. 239 in the year 2009 is given in the Table 6.4. This Department has one Advance Account for granting loans to public officers. During the year we have complied with the stipulated limits of the Advance Account and operations of this Account are as follows.

**Table 6.4 Advance Account**

Maximum limit of expenditure	Rs. 10,326,000
Actual expenditure	Rs. 5,017,513
Minimum limit of receipts	Rs. 2,800,000
Actual receipt	Rs. 3,725,310
Maximum limit of debit balance	Rs. 30,000,000
Actual balance	Rs. 20,648,439

## 4.3 Auditor General's Queries

During the year, 3 audit queries were received and all the queries were answered. Queries were raised on utilization of foreign aids, Appropriation Account and Public Officers Advance Account of 2008.

## 4.4 Appropriation Account 2009

The Appropriation Account for the year 2009 was submitted to the Auditor General on 30<sup>th</sup> March 2010.

### Annex I

#### Foreign Financing Commitments - 2009 (in US \$ million)

Sector	Donor	Project Name	In Loan/Grant Currency (million)	Grant US\$ million	Loan US\$ million	Total US\$ million
Power & Energy	ADB	Clean Energy and Access Improvement Project	US\$ 137.2	2.2	135.0	137.2
	ADB	Clean Energy and Access Improvement Project	XDR 16.8		26.1	26.1
	China	Puttalam Coal Power Project - Phase II	US\$ 891		891.0	891.0
	Japan	Introduction of Clean Energy by Solar Electricity Generation System	JPY 860	9.8		9.8
	Sweden	Forth Rural Electrification Project	EUR 14.6		19.6	19.6
<b>Sub Total</b>				<b>12.0</b>	<b>1,071.7</b>	<b>1,083.7</b>

Roads, Bridges and Transport	ADB	Eastern and North Central Provincial Road Project	XDR 45.3		71.8	71.8
	China	Colombo - Katunayake Expressway	US\$ 248.2		248.2	248.2
<b>Sub Total</b>				-	<b>320.0</b>	<b>320.0</b>
Water Supply and Sanitation	ADB	Dry Zone Urban Water & Sanitation Project	XDR 40.05		62.0	62.0
	ADB	Dry Zone Urban Water & Sanitation Project	US\$ 25.2	25.2		25.2
	Germany	Reconstruction of Water Supply Galle District - Phase II	EUR 1.96	2.8		2.8
	Hungary	Labugama Water Treatment Plant	EUR 16.71		23.6	23.6
	Hungary	Kalatuwawa Water Treatment Plant	EUR 17.4		24.5	24.5
	Korea	Ruhunupura Water Supply	US\$ 76.3		76.3	76.3
<b>Sub Total</b>				<b>28.0</b>	<b>186.4</b>	<b>214.4</b>
Conflict Affected Area Rehabilitation	Australia	North-East Community Restoration and Development Project	AUD 8	7.4		7.4
	Australia	Emergency Northern Reconstruction Project	AUD 12	11.1		11.1
	China	Donation of machine and Equipment	CNY16.5	2.4		2.4
	India	Humanitarian Assistance for North and East Provinces	US\$ 20.1	20.1		20.1
	Food and Agriculture Organization	Emergency Agricultural Support for IDPs	US\$ 0.4	0.4		0.4
	UNDP	Transition Recovery Programme	US\$ 16.8	16.8		16.8
	UNHCR	Jungle Cleaning & Land Preparation Grants to Returnees Families	US\$ 2.0	2.0		2.0
	World Food Programme	Protracted Relief and Recovery Operation	US\$ 134.9	134.9		134.9
<b>Sub Total</b>				<b>195.1</b>		<b>195.1</b>
Rural Development	UNDP	Social Development in the Plantation Community	US\$ 0.1	0.1		0.1
	World Bank	Second Community Development and Livelihood Improvement Project	XDR 50.4		79.6	79.6
	World Bank	Project Preparatory Assistance for Proposed Local Services Improvement Project	US\$ 1		1.0	1.0
<b>Sub Total</b>				<b>0.1</b>	<b>80.6</b>	<b>80.7</b>
Port & Shipping	China	Bunkering Facility & Tank-Farm Project at Hambantota	US\$ 65.1		65.1	65.1
<b>Sub Total</b>				-	<b>65.1</b>	<b>65.1</b>
Agriculture, Fisheries and Irrigation	Food and Agriculture Organization	Regional Fisheries Livelihood Programme for South and South - East Asia	US\$ 1.9	1.9		1.9
	Food and Agriculture Organization	Enhancing Food Security among Farm Families in Eastern Sri Lanka	EUR 5.1	7.5		7.5

	Food and Agriculture Organization	Aquaculture Development in Southern Province	US\$ 0.4	0.4		0.4
	Food and Agriculture Organization	Emergency Agricultural and Food Assistance	US\$ 0.6	0.6		0.6
	Kuwait	Kaluganga Development Project	KWD 10		34.1	34.1
<b>Sub Total</b>				<b>10.4</b>	<b>34.1</b>	<b>44.5</b>
Culture	Netherlands	Conservation and Restoration of the Ancient Dutch Fort in Jaffna	LKR 62.1	0.5		0.5
<b>Sub Total</b>				<b>0.5</b>	<b>-</b>	<b>0.5</b>
Environment and Natural Resources	ADB	Greater Colombo Wastewater Management Project	US\$ 80		80.0	80.0
	ADB	Greater Colombo Wastewater Management Project	XDR 12.76		20.6	20.6
	Food and Agriculture Organization	Sustainable Management of the Bay of Bengal Large Marine Ecosystem	US\$ 4	4.0		4.0
	UNDP	Conservation of Biodiversity in the South-West Rainforest	US\$ 0.3	0.3		0.3
	UNDP	Control of Alien Invasive Species	US\$ 0.2	0.2		0.2
<b>Sub Total</b>				<b>4.5</b>	<b>100.6</b>	<b>105.1</b>
Health and Social Welfare	Japan	Improvement of Anuradhapura Teaching Hospital (Phase II)	JPY 390	4.3		4.3
	Japan	2KR Food Security Project for Underprivileged Farmers	JPY 520	5.4		5.4
	USA	Improved Integration of Targeted Disadvantaged Groups in to the Community - Additional Financing	US\$ 1	1.0		1.0
	World Bank	Additional Financing for Health Sector Development Project	XDR 16.3		25.3	25.3
<b>Sub Total</b>				<b>10.7</b>	<b>25.3</b>	<b>36.0</b>
Justice	UNDP	Support Efforts and Action Against Corruption	US\$ 0.3	0.3		0.3
	UNDP	Equal Access to Justice - Phase II	US\$ 7.8	7.8		7.8
	UNDP	Human Rights Joint Programme	US\$ 0.3	0.3		0.3
<b>Sub Total</b>				<b>8.4</b>	<b>-</b>	<b>8.4</b>
Management and Institutional Development	ADB	Technical Assistance for Capacity Development of the Provincial Road Agencies	US\$ 0.8	0.8		0.8
	Netherlands	Extension of a Disaster Management and Emergency Response System	EUR 3.74		5.4	5.4
	Netherlands	Extension of a Disaster Management and Emergency Response System	EUR 21.2		30.8	30.8
	UNDP	Capacity Building through South-South Cooperation	US\$ 0.1	0.1		0.1
	UNDP	Local Governance Project	US\$ 0.1	0.1		0.1
	World Bank	Information and Communications Technology Regulatory Capacity Building Project	US\$ 0.5	0.5		0.5



	World Bank	Improving Monitoring and Evaluation of Samurdhi Safety Net Programme	US\$ 0.5	0.5		0.5
<b>Sub Total</b>				<b>2.0</b>	<b>36.2</b>	<b>38.2</b>
Tsunami Rehabilitation	Hungary	Supply of one Dredger and related Equipment	EUR 15.8		22.1	22.1
	International Fund for Agriculture Development	Post-tsunami Coastal Rehabilitation & Resources Management Project	US\$ 6.9	6.9		6.9
	International Fund for Agriculture Development	Post-tsunami Resources Management and Coastal Rehabilitation Project	US\$ 1	1.0		1.0
<b>Sub Total</b>				<b>7.9</b>	<b>22.1</b>	<b>30.0</b>
<b>Grand Total</b>				<b>279.6</b>	<b>1,942.1</b>	<b>2,221.7</b>