



# Performance Report

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# 2015

Department of External Resources  
Ministry of National Policies and Economic Affairs

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# Vision

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

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# Mission

**Mobilize external financing at least possible cost with minimum conditionality in support of the economic and social development programme of Sri Lanka while maintaining long term debt sustainability of the country.**

# Objectives

- Mobilize external resources with minimum cost and low risk to finance development needs in priority sectors
  - Facilitate the effective and efficient utilization of external resources
  - Contribute to maintain long-term external debt sustainability of the country
  - Contribute to the human resource development in the public sector by effective utilization of foreign training opportunities
  - Continue to strengthen the capacity of the Department to fulfil the responsibilities in an effective and efficient manner
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# Our Values

- Complying with and abide by all laws and regulations, adhering to the highest standards of governance, transparency, disclosure and ethical conduct
- Maintaining the highest standards of personal integrity, putting the departments interest ahead of individuals
- Create an environment of mutual respect and trust where the staff can demonstrate its performance and achieve the full potential
- Promote long-term ethical relationships with the stakeholders through true and fair dealings
- Empower the staff at all levels, minimize interferences, and require them to be accountable



# Overview

Foreign financing plays an important role in public investment as domestic resources are grossly inadequate to bridge the revenue and expenditure gap. Therefore, mobilization of required foreign financing at least possible costs while maintaining debt sustainability of the county is one of the important objectives of the borrowing strategy of the Government. The new government has taken steps to rationalize the borrowing procedure relating to export credit arrangements improving the competition among contracting parties.

With reduction of grant financing generally available to low income countries, government has taken initiatives to fully utilize the concessional financing available from multilateral and bilateral lending agencies. When exploring various foreign financing sources, a diverse range of terms and conditions needs to be considered by the Government. Meantime, unpredictable global economic conditions such as financial crises, slowdown of the growth of world's major economies and fluctuation of exchange rates and floating interest rates such as LIBOR and EURIBOR have posed new challenges to recipient counties including increasing cost of borrowing, outstanding debt stock and debt service payments.

Considerable decline in commitments and disbursements in foreign loans and grants was recorded in 2015 compared to 2014. Almost a 70 percent decrease in foreign financing commitments through development project loans and grants was observed in 2015 against the commitments in 2014 while about 18 percent decrease was recorded in disbursements. One reason for the above slowdown was the transition of political administration through Presidential and General elections in the country occurred during 2015. The newly elected government took some time to study the existing loan agreements and paid attention to review the loan agreements under negotiation. Moreover, on-going projects were closely monitored and executed adopting more transparent procedures. All unsolicited proposals were gone under review process with the policy decision that government will not encourage unsolicited

proposals in future. Since LIBOR rates had an increasing trend coupled with unfavourable global conditions during 2015, loan agreements with floating interest rates which were being negotiated were required to be considered more cautiously. Those hurdles were intensified due to the depreciation of Rupee by almost 10 percent since January 2015 resulting increase of interest cost.

Slow down of economic growth of China, which has become one of the major lenders of the country, has also caused the decrease in their financing commitments and disbursements during 2015 in contrast to the favourable conditions enjoyed in 2014. This situation will have an adverse impact towards the growth of the global economy as well. However, since Sri Lanka has almost US\$ 8 billion of undisbursed foreign financing to be disbursed from the loans already signed with development partners, the country can look forward to un-interrupted implementation of development projects and programmes in next 3-5 years.



# Organizational Structure

The Department of External Resources (ERD) is headed by Director General assisted by an Additional Director General and 8 Directors in charge of the following Divisions;

- Asian Development Bank
- Japan, Korea Thailand, Vietnam, Malaysia & Singapore Division
- Capital Market, World Bank & IMF Division
- China Division
- Middle East & South Asia Division
- Russia, Australia & West Division
- United Nation Agencies, Technical Assistance & NGO Division
- Debt Management Division
- Policy Planning Division
- Administration & Finance Division

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

The approved cadre percentage of 30 which has been vacant in the year 2014 it was remained up to the end of 2015. It has been a challenge to the Department in reaching the targets set out in the Annual Work Plan 2015. In spite of such vacancies, the Department performed well in 2015.

## Staff Development and Training

In the year 2015, the Department has performed a significant role in development of human resources through the provision of local and foreign training opportunities for staff for capacity development and to enhance their efficiency. Foreign and local training opportunities provided are as follows;

## Foreign and Local Training Opportunities Provided to Staff Officers

Training Programme	Number of Staff
<b>Foreign</b>	
Seminar on Promotion & Development of Public Diplomacy for Developing Countries - China	1
Australian Awards Scholarships	2
Commonwealth Secretariat Debt Recording and Management System (CS-DRMS) v2 Training for Trainers Workshop - UK	1
Debt Management Performance Assessment (DeMPPA) training - Vietnam	1
Developing Human Resources Development Policy for Sustainable National Competitiveness - Korea	1
Economic Development Strategy - Korea	2
Evaluation Learning Event: Think Sustainable, Act Responsible - Philippines	1
Financial Market Analysis - Singapore	1
IDE - JETRO Scholarship Programme - 2014/2015 - Japan	1
Master Degree Program in Policy Economics for Public Sector Officials - USA	1
Master's Degree Programme in Economic Policy and Development - Korea	2
Medium - Term Debt Management Strategy (MTDS) Training in JVI Vienna, Austria	1
Modern Diplomacy for Small States - Malta	1
Seminar for Diplomats from Asian Countries - China	3
Seminar on China - ASEAN Economic & Trade Relations 2015 - China	1
Seminar on China's Economic and Social Development Experiences for Euro Asian Countries - China	1
Seminar on Economic Development for Developing Countries - China	1
Seminar on China's Economic and Social Development Experiences for Euro Asian Countries - China	1
Seminar on Economic Development for Developing Countries - China	1
Seminar on Economic Globalization & Made-in-China for Developing Countries - China	1
Seminar on Economic Growth Mode and Sustainable Development for Developing Countries - China	1
Seminar on Emergency Communication Network for Developing Countries - China	1
Seminar on Foreign Aid Agency for Developing Countries - China	7
Seminar on Indian Ocean Regional Political & Economic Cooperation & Development for South Asian Countries - China	1
Seminar on Infrastructure Construction & Planning for Sri Lanka - China	1
Seminar on Introducing Foreign Expertise & Social Economic Development for Developing Countries - China	1
Seminar on Introduction and Utilization of Foreign Capital of Inland Regions for Developing Countries - China	1
Training Program on Government Debt Management Seminar - Japan	1
World Bank - IMF Joint Debt Sustainability Framework for Low Income Countries (LIC DSF) - China	1
Young Leaders Program (YLP) - Master of Public Administration/ Public Policy - Japan	1
The Japanese Grant Aid for Human Resources Development Scholarships (JDS) for the Sri Lanka - Japan	1
<b>Local</b>	
Diploma in Diplomacy and Work Affairs - BIDT	2

Recognizing the need for upgrading skills of the Administrative and Supportive staff of the Department, the officers of the Management Assistance Service and Supporting Services have been provided with significant number of local training opportunities in 2015. The following table summarizes the areas on which they were trained;

**Local Training Opportunities Provided to Supportive Staff**

<b>Subject of Training</b>	<b>Number of Staff</b>
Leading the Employees for a Productive Process	1
Certificate Course On Storekeeping	1

# Foreign Financing

## Foreign Financing Commitments

The total financing commitments made by the foreign development partners and lending agencies during last decade was about US\$ 27.1 billion<sup>1</sup>. Average foreign financing commitments received annually for the implementation of development project and programmes through loan and grant agreements signed with the co-ordination of the Department of External Resources during the last decade amounted to US\$ 2,140 million. Of that, annual average commitment received as loans amounted to US\$ 1,950 million while about US\$ 190 million was indicated as annual grant commitments. Once an agreement for development project is signed, the implementation process is taken place for next 3-5 years.

During 2015, the total financing commitments received from foreign development partners and lending agencies for the implementation of development projects and programmes amounted to US\$ 1,333.6 million. Of which, US\$ 1,268.4 million was recorded as loans through 23 agreements and the balance US\$ 65.2 million through 10 grant agreements signed during 2015.

During 2015, loan commitments were received to implement flagship projects including National Transmission and Distribution Network Development and Efficiency Improvement Project (US\$ 200 million) funded by the Government of Japan, Improvement of Peradeneiya - Badulla - Chenkaladi Road (US\$ 60 million) funded by Saudi Fund, Establishment of Dairy Processing Plant at Badalgama (US\$ 74 million) funded by HSBC, Integrated Road Investment Program - Tranche 2 (US\$ 98 million), Integrated Road Investment Program - Tranche 3 (US\$ 175 million) and Mahaweli Water Security Investment Programme - Tranche 1 (US\$ 147.8 million) funded by ADB, Water Supply and Sanitation Improvement Project (US\$ 163.2 million) and Early Childhood Development Project (US\$ 50 million) funded by the International Development Association of the World Bank and Badulla-Chenkaladi Road Development Project (US\$ 60 million) funded by OPEC Fund. Annexure I show the list of loan agreements signed during 2015 with their financial terms and Annexure II indicated the grant agreements signed during 2015.

Total commitments made are graphically represented in below charts, whereas the list of projects and their financial terms are depicted in the Annexure I and II.

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<sup>1</sup> This includes International Sovereign Bond issuances worth of US\$ 7,650 million. Foreign investments in Treasury Bills/Bonds are not included. Financing commitments made by development partners and lending agencies to State Owned Enterprises (SOEs) are also not included.

## Foreign Financing Commitments by Development Partners in 2015 (US\$ million)

Development Partner	Amount Committed		
	Loan	Grant	Total
<b>Bilateral</b>	<b>504.9</b>	<b>23.4</b>	<b>528.3</b>
Japan	199.9	4.1	204.0
France	58.2		58.2
Korea	17.3	3.2	20.5
Spain	58.9		58.9
India		7.6	7.6
United Kingdom	74.2		74.2
United States of America		2.1	2.1
Germany		6.4	6.4
Australia	21.3		21.3
Sweden	3.1		3.1
Saudi Fund	72		72
<b>Multilateral</b>	<b>763.5</b>	<b>41.8</b>	<b>805.3</b>
Asian Development Bank	453.7		453.7
World Bank (International Development Association)	232.8		232.8
UN Agencies		41.8	41.8
OPEC Fund for International Development	77.0		77.0
<b>Total</b>	<b>1,268.4</b>	<b>65.2</b>	<b>1,333.6</b>

*Note:* The conversion rates used for the report were the exchange rates prevailed for different currencies at the date where each Agreement was signed

## Foreign Financing Disbursements &amp; Utilization

Total disbursements in terms of loans and grants received from foreign development partners and lending agencies through development projects and programmes in 2015 amounted to US\$ 1,515 million. Of which, loan disbursements were US\$ 1,440.7 million and the balance of US\$ 74.5 million was disbursed as outright grants. Disbursements made during the period under review by each development partner are depicted in Table below.

Development Partner/ Lending Agency	Loan	Grant	Total Amount
	US\$ million	US\$ million	US\$ million
<b>Bilateral</b>	<b>914.4</b>	<b>43.8</b>	<b>961.2</b>
China	407.8		407.8
Japan	167.9	7.2	175.1
India	73.1	31.9	104.9
Netherland	72.6		72.6
South Korea	20.9	2.2	23.1
Sweden	4.3		4.3
Spain	9.8		9.8
Australia	9.8		9.8
Austria	6.8		6.8
Hungary	7.7		7.7
France	6.9		6.9
Belgium	9.8		9.8

Development Partner/ Lending Agency	Loan	Grant	Total Amount
	US\$ million	US\$ million	US\$ million
Denmark	24.7		24.7
Germany	7.4	2.6	10.0
Saudi Fund	15.0		15.0
Kuwait	9.2		9.2
United Kingdom	56.7		56.7
USA	7.1		7.1
<b>Multilateral</b>	<b>523.3</b>	<b>30.7</b>	<b>553.9</b>
Asian Development Bank	288.0	1.6	289.6
World Bank	132.9	22.0	154.9
International Fund for Agricultural Development	5.0	1.0	6.0
OPEC Fund for International Development	16.5		16.5
UNDP		0.2	0.2
UNICEF		4.6	4.6
FAO		0.3	0.3
UNFPA		1.0	1.0
European Investment Bank	80.8		80.8
<b>Total</b>	<b>1,440.7</b>	<b>74.5</b>	<b>1,515.2</b>

*Note: The conversion rates used for the report were the exchange rates prevailed for different currencies at the date where the disbursement was made.*

## Committed Undisbursed Balance (CUB) and Utilization Rates

The total undisbursed balance of foreign financing available to utilize in development projects as at end of 2015 was US\$ 7,867.5 million. 40.2 percent of total CUB is to be utilized in Road and Bridges sector whereas, 11.4 percent each for Water Supply and Power and Energy sectors.

### Development Partner - wise Committed Financing yet to be utilized as at the end of December 2015

Development Partner	US\$ million	%
<b>Bilateral</b>	<b>5,262.0</b>	<b>66.9</b>
China	2,254.6	28.7
Japan	1,273.3	16.2
India	326.7	4.2
United Kingdom	100.1	1.3
Netherlands	72.8	0.9
South Korea	85.0	1.1
Hungary	17.7	0.2

Development Partner	US\$ million	%
Sweden	5.2	0.1
Spain	58.7	0.7
France	164.2	2.1
Austria	7.0	0.1
Belgium	6.9	0.1
Germany	34.3	0.4
Denmark	49.7	0.6
Kuwait	61.9	0.8
Australia	14.1	0.2
USA	44.8	0.6
Saudi Fund	136.0	1.7
Iran	399.4	5.1
Pakistan	14.9	0.2
Russia	134.7	1.7
<b>Multilateral</b>	<b>2,605.5</b>	<b>33.1</b>
Asian Development Bank	1,453.3	18.5
World Bank - International Development Association	727.9	9.3
World Bank - International Bank for Reconstruction and Development	242.9	3.1
International Fund for Agricultural Development	34.1	0.4
OPEC Fund for International Development (OFID)	145.4	1.8
Nordic Development Fund	1.9	0.0
<b>Total</b>	<b>7,867.5</b>	<b>100.0</b>

## Sector - wise Commitment Undisbursed Balance as at end of December 2015

	US\$ million	%
<b>Agriculture</b>	<b>746.0</b>	<b>9.5</b>
Agriculture	22.5	0.3
Livestock Development	54.3	0.7
Land & Irrigation	669.2	8.5
<b>Economic Infrastructure</b>	<b>5,477.1</b>	<b>69.6</b>
Transport	380.8	4.8
Ports & Shipping	116.5	1.5
Power & Energy	901.9	11.5
Water Supply and Sewerage	895.9	11.4
Road and Bridges	3,182.0	40.4
<b>Social Infrastructure</b>	<b>942.6</b>	<b>12.0</b>
Education & Vocational Training	299.7	3.8
Health & Social Welfare	181.1	2.3
Housing & Urban Development	263.7	3.4
Rehabilitation & Disaster Management	198.1	2.5
<b>Regional &amp; Rural Development</b>	<b>2.9</b>	<b>0.0</b>
<b>Finance &amp; Banking</b>	<b>11.6</b>	<b>0.1</b>
<b>Institutional &amp; Industrial Development</b>	<b>43.7</b>	<b>0.6</b>
<b>Environment</b>	<b>61.2</b>	<b>0.8</b>
Other	582.4	7.4
<b>Total</b>	<b>7,867.5</b>	<b>100.0</b>

## Outstanding External Debt & Debt Service Payments

At the end of 2015, the total outstanding external debt of the Government was US\$ 22.5 billion<sup>2</sup>. Total debt service payment<sup>3</sup> in 2015 amounted to US\$ 1,821.1 million. Of this, US\$ 1,270.1 million was for principal payments and the balance US\$ 550.9 million was for the interest payments.

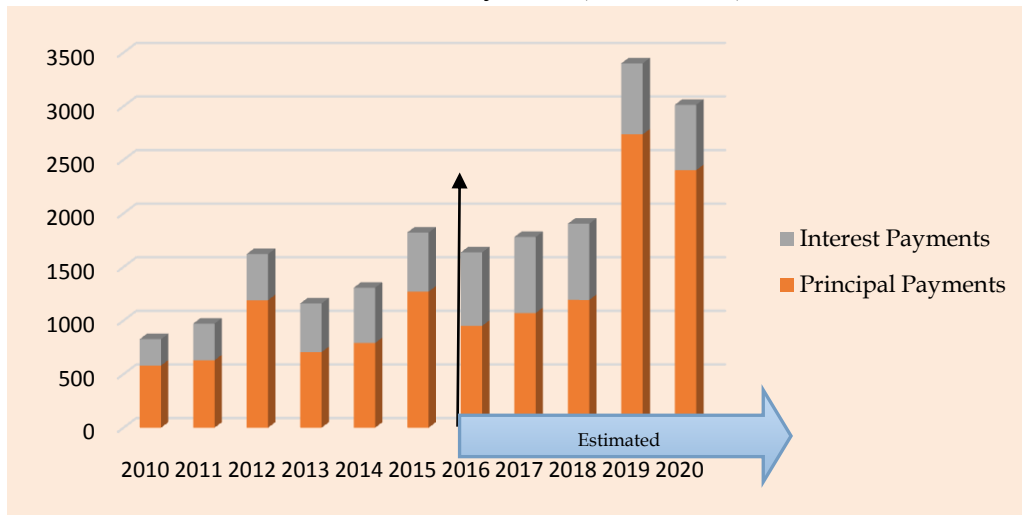
The debt service payments from 2010 to 2015 and the estimated debt service payments up to 2020 is depicted in Chart.

<sup>2</sup> Contains outstanding debt of loans obtained to finance development projects and outstanding debt of International Sovereign Bonds. Outstanding debts of loans obtained for SOEs are not included.

<sup>3</sup> Debt Service Payments = Principal Payments + Interest Payments, Debt Service of loans obtained for SOEs are not included.



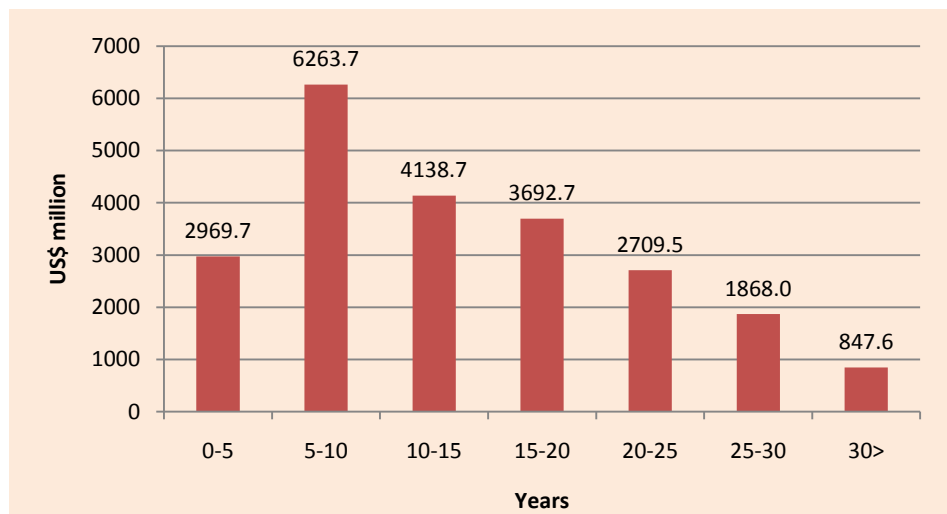
Debt Service Payments (US\$ million)



Maturity Structure of the External Debt

Out of the total outstanding foreign debt of US\$ 22.5 billion obtained to finance development projects, approximately 13 percent will mature during next five years. Majority (28 percent) will mature during in 5-10 years and another 35 percent will mature in 10-20 years. The remaining 24 percent will mature after 20 years.

Maturity Structure of the Portfolio - Remaining Maturity



*Note: Figures are based on the existing portfolio*



# Performance by Divisions



# Asian Development Bank

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

Asian Development Bank (ADB) is one of the major multilateral development partners of Sri Lanka with over 49 years of productive partnership. Since its establishment in 1966, the bank has approved a total of 190 sovereign and non sovereign loans, with cumulative lending of around US\$ 7.23 billion to Sri Lanka. In addition, ADB has provided US\$ 358 million grant assistance (including ADB administered co-financed grants) for projects and US\$ 129.54 million through technical assistance grants. The annual borrowing from ADB currently stood around US\$ 400-500 million or 0.5 - 0.6 percent of the GDP.

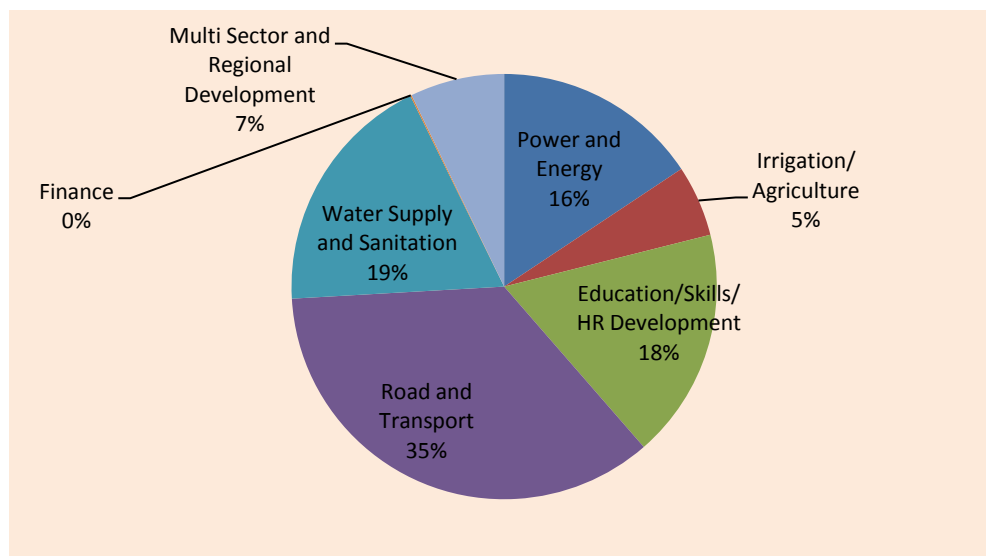
### Country Partnership Strategy (CPS) 2016-2018

**The Country Partnership Strategy developed jointly by the Government of Sri Lanka and ADB in 2015 for 2016-2018 focuses on three main objectives namely, (i) promoting inclusive and sustainable economic growth, (ii) catalyzing private investment and enhancing the effectiveness of public investment, (iii) human resource and knowledge development. The CPS addresses evolving development needs for inclusiveness of economic growth, which is consistent with the policy of the new Government started in January 2015, and includes the Agriculture, Natural Resources, and Rural Development sector into ADB's priority sectors for operation in Sri Lanka. Accordingly, Sri Lanka will receive around US\$ 800 - 1000 million per year under concessional and non-concessional rates and out of the total around US\$ 3 billion earmarked for the period 2016-2018, a substantial portion will be utilized for Transport, Water Supply & Sanitation and Wastewater Management, Irrigation and Water Resource Management, Power and Energy and the Skills Development sectors.**

## Commitments and Disbursements in 2015

In the year 2015, the total commitment made by the Asian Development Bank was US\$ 478 million. It includes US\$ 150 million for the Irrigation and Water Resources Management sector, and US\$ 200 million for Roads and Transport sector and US\$ 128 million for Water Supply and Sanitation. The current ADB portfolio contains 39 loans and 3 grants. The total disbursement in 2015 under these loans was US\$ 293 million.

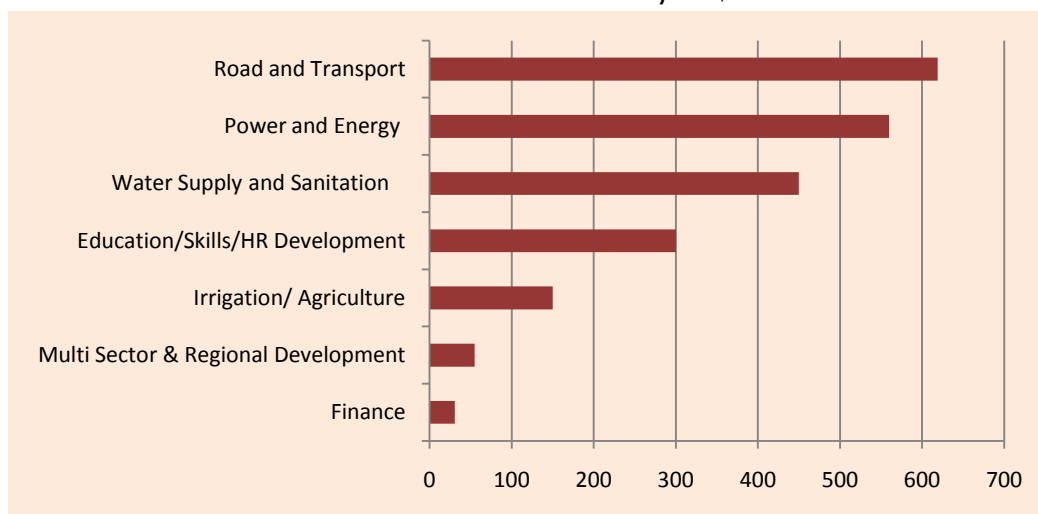
**Sectoral Distribution of Disbursement 2015**



## ADB Portfolio in 2015

ADB portfolio is spread across 7 sectors with Roads & Transport as the largest sector followed by Power and Energy, Water Supply and Sanitation, Education/Skills/HR Development, Irrigation, Multi Sector including Regional Development & Finance and Fiscal Management. Below figure illustrates the ADB sectoral portfolio as of 31<sup>st</sup> December 2015.

**Sectoral Distribution of ADB Loans / US\$ millions**



## Key Projects being Implemented in 2015

Project	Amount US\$ million
<b>Road &amp; Transport Sector</b>	
Road Project Preparatory Facility TA	15
Northern Road Connectivity Project	154
National Highway Sector Development Project- 1 <sup>st</sup> Additional Financing	85
Northern Road Connectivity Project - Additional Financing	98
Southern Road Connectivity Project	75
I-Road - Tranche 1	100
I-Road - Tranche 2	107
<b>Water Supply &amp; Sanitation Sector</b>	
Greater Colombo Wastewater Management Project	88
Dry Zone Urban Water & Sanitation Project	60
Jaffna - Kilinochchi Water Supply & Sanitation Project	90
Dry Zone Urban Water & Sanitation Project - Additional Financing	40
Greater Colombo Water & Wastewater Management Improvement Investment Program- Project 1	84
Greater Colombo Water & Wastewater Management Improvement Investment Program- Project 2	88
<b>Power &amp; Energy Sector</b>	
Clean Energy & Access Improvement Project	160
Sustainable Power Sector Support Project	120
Clean Energy and Network Efficiency Improvement Project	130
Green Power Development and Energy Efficiency Improvement Investment Program	150
<b>Financial Sector</b>	
Fiscal Management Efficiency Project	30.8
<b>Regional Development</b>	
Local Government Enhancement Sector Project	55
<b>Education Sector</b>	
Skills Sector Enhancement Program	100
Education Sector Development Programme	200
<b>Irrigation/ Agriculture</b>	
Mahaweli Water Security Investment Program - Tranche 1	150
<b>Total</b>	<b>2,179.8</b>

## Loans Negotiated and Made Effective in 2015

Four projects totalling US\$ 578 million were negotiated and 4 projects for US\$ 507 million were declared effective during 2015. 35 percent of the negotiated projects were for the Roads and Transport sector, 26 percent for the Irrigation/Agriculture sector, 22 percent for the Water Supply and Sanitation sector and 17 percent for the Finance sector.

### List of Loans Approved and Made Effective During 2015

Loan	Amount US\$ million
<b>Negotiated</b>	
Mahaweli Water Security Investment Program	150
Integrated Road Investment Program -Tranche 3	200
Greater Colombo Water & Wastewater Management Improvement Investment Program - Project 3	128
Small and Medium size Enterprises - Credit Line	100
<b>Total</b>	<b>578</b>
<b>Made Effective</b>	
Green Power Development and Energy Efficiency Improvement Investment Program – Tranche 1	150
Integrated Road Investment Program -Tranche 1	100
Integrated Road Investment Program -Tranche 2	107
Mahaweli Water Security Investment Program – Tranche 1	150
<b>Total</b>	<b>507</b>

## Loan Processing in 2016

Below table shows the list of key projects for which loans are being processed from ADB in 2016.

### Key Projects to be Implemented in 2016

Project	Amount US\$ million
Green Power Development and Energy Efficiency Improvement Investment Program – Tranche 2	150
Supporting Electricity Supply Reliability Improvement Project	115
Local Government Enhancement Sector Project (Additional Financing)	60
Small and Medium Size Enterprises Credit Line	100
Transport Project Preparatory Facility	20
Greater Colombo Water & Wastewater Management Improvement Investment Program- Project 3	128
Capital Market Development Program	250
<b>Total</b>	<b>823</b>



## ADB Assisted Projects Completed in 2015

Project Details	
<b>Road Project Preparatory Facility</b>	The objective of the proposed TA loan was to support the Government in developing the road network efficiently.
<b>Loan Amount:</b> US\$ 15.634 million	Focusing on road project preparation activities, (i) facilitated pre-construction activities of road projects and (ii) ensured readiness of the follow-on project implementation and also contributed to enhancing road agencies' capacity of implementing road projects.
<b>Total Disbursement:</b> US\$ 15.489 million	
<b>Implementation Period:</b> 2004 - 2015	
	The loan funds; US\$ 15.489 million had been disbursed for 11 years. There was a savings of US\$ 0.145 million which was cancelled in 2015.

## Special Events in 2015

- May – 47<sup>th</sup> ADB Annual Meeting was held in **Baku, Azerbaijan**
- **Loan Signing:**
  - May – Integrated Road Investment Program -Tranche 2 (US\$ 107 million)
  - September – Mahaweli Water Security Investment Program – Tranche 1 (US\$ 150 million)
  - December – Integrated Road Investment Program -Tranche 3 (US\$ 200 million)
- **High Level Consultation Missions:**
  - January – Mr. Maurizio Ghirga, ADB Executive Director (Belgium /France /Italy /Portugal /Spain /Switzerland)
  - March – Mr. Zhongjing Wang, ADB Executive Director (China)
  - March – Mr. Hun Kim, Director General, South Asia Regional Department
  - September – Mr. Wencai Zhang, Vice President (Operation 1), ADB
  - October – Mr. Hans-Joachim Fuchtel, German Governor for ADB
  - December – Mr. Gaudencio Santillan Hernandez Jr. Executive Director, ADB
- Including above High Level Missions, 92 ADB Missions visited Sri Lanka in 2015.

# Japan, Korea, Thailand, Vietnam, Malaysia & Singapore Division

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## Japan

### Japan Development Assistance

Japan's Official Development Assistance (ODA) has been playing a significant role in social and economic development of Sri Lanka for over 60 years. Since 1965, Japanese ODA has extended through Japanese Yen Loan Packages on annual basis. Initially, ODA Yen Loans were available only for the importation of commodities and fertilizer from Japan and further expanded in 1978 covering wide range of sectors including Power and Energy, Water Supply and Drainage, Ports, Roads, Transport, Aviation, Health, Agriculture & Irrigation, Disaster Management, Telecommunication and Rural Development etc.

Since 1965, the Government has obtained ODA from Japan amounting US\$ 7,994 million for 113 development projects and 15 commodity loans at very concessionary rates along with US\$ 1326 million of grant assistance.

Japanese assistance is provided through Japan International Cooperation Agency (JICA) under the various schemes such as Yen Loans Packages, Grant Aid, Development/Feasibility Studies and Technical Cooperation Programs. Japanese Technical Cooperation are highly reorganized for being result-oriented with the opportunity of sharing Japanese knowledge, experience and skills for the economic development of the country.

### Japanese Development Cooperation in 2015

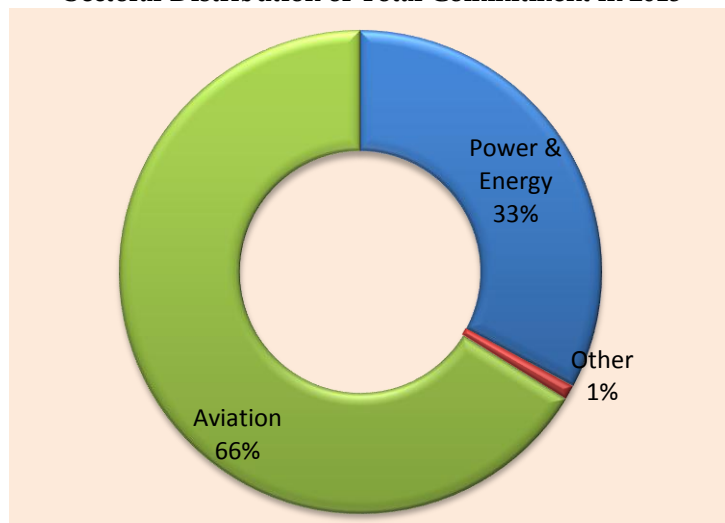
The existing portfolio of Japanese financial assistance was significantly increased from the range of US\$ 350 - 400 million to over US\$ 500 million. Accordingly, the existing portfolio of Japanese financial assistance was improved in 2015 by signing two concessionary loans amounting to US\$ 565 million and one grant amounted to US\$ 4.1 million.

45 <sup>th</sup> Yen Loan Package	
<p><b>National Transmission and Distribution Network Development and Efficiency Improvement Project Phase I</b>  <b>US\$ 200 million</b></p> <p>Expected to enhance capacity of national transmission and distribution network located in Greater Colombo area and its surroundings and to reduce transmission and distribution losses by constructing and upgrading transmission lines, substations and distribution lines thereby contributing to the improvement of energy reliability and energy efficiency in the country.</p>	<p><b>Bandaranaike International Airport Development Project - Phase 2 (II)</b>  <b>US\$ 365 million</b></p> <p>The project aims to increase the passenger handling capacity of the Bandaranaike International Airport (BIA) and to improve passenger convenience with the expansion of the airport infrastructure facilities, and thereby contributing to the enhancement of the connectivity with overseas countries and promoting economic growth including tourism industry.</p>

## Commitment in 2015

The total commitment of Japanese ODA in 2015 was spread across the development priorities identified in Aviation, Power & Energy, Education & Training, Roads & Bridges, Health & Social Welfare and Digital Media Broadcasting sectors.

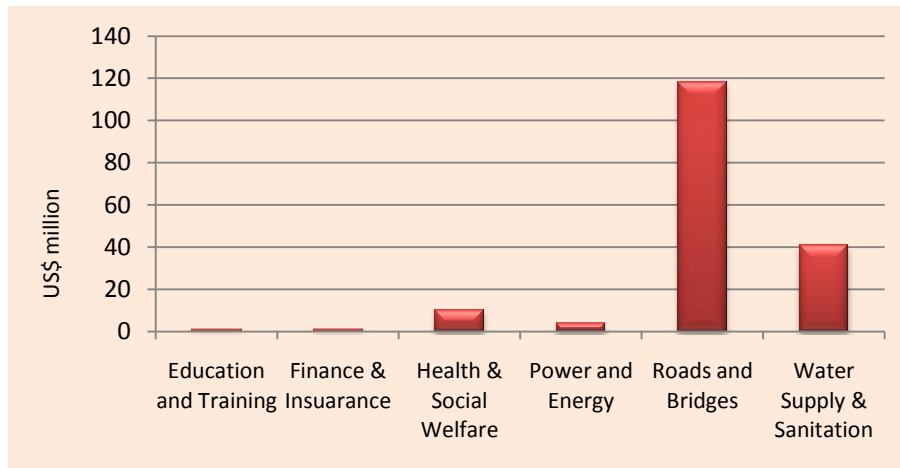
**Sectoral Distribution of Total Commitment in 2015**



## Disbursement in 2015

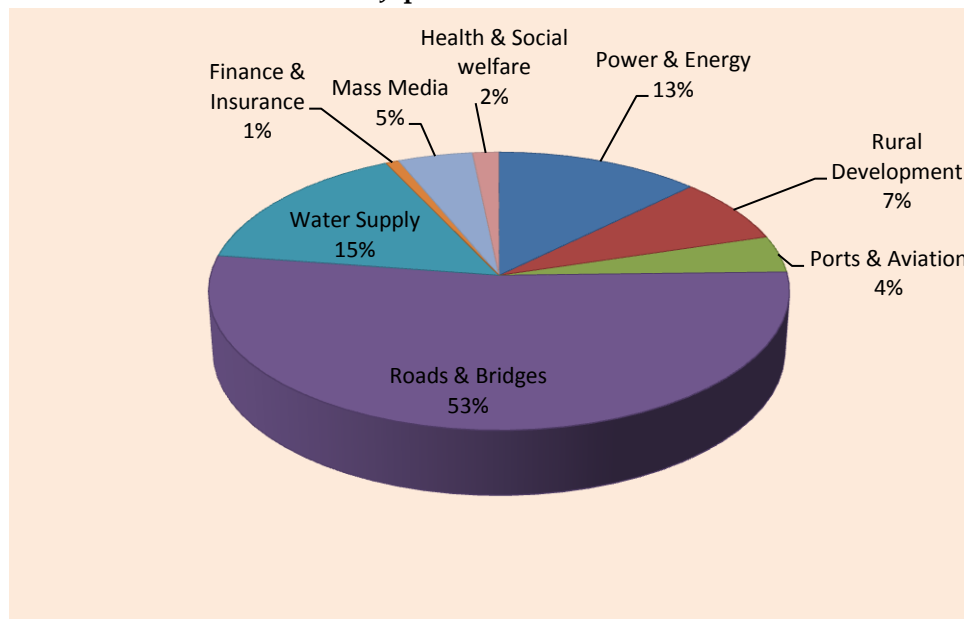
The total disbursement of Japanese ODA in 2015 was US\$ 175.06 million.

**Total Disbursements made in 2015**



Above total disbursement was consisted of US\$ 118.08 million for Roads & Bridges, US\$ 40.84 million for Water Supply & Sanitation, US\$ 10.18 million for Health & Social Welfare, US\$ 4.07 million for Power & Energy, US\$ 1.04 million for Finance & Insurance and US\$ 0.86 million for Education & Training sector.

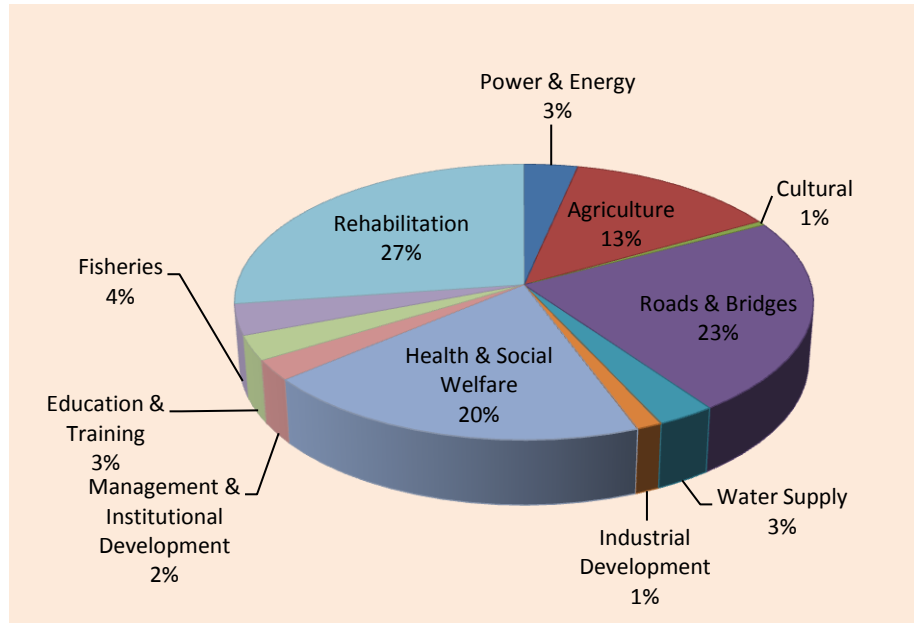
**Sectoral Distribution of Japanese Loan Assistance from 2005 - 2015**



## Japanese Grant Assistance in 2015

The Japanese grant aid committed in 2015 includes the Japan's Non Project Grant AID for Provision of Japanese Local Product for Sri Lanka Railways (US\$ 4.1 million).

**Sectoral Distribution of Japanese Grant Assistance from 2005-2015**



## Japanese Assistance under 45<sup>th</sup> Yen Loan Package

### Bandaranaike International Airport Development Project – Phase 2 (II)

The official pledge has been made by the Japanese Government in order to provide a loan of Japanese Yen 45,428 million (Approximately Rs. 48,969 million) through Japan International Cooperation Agency (JICA) for the implementation of Bandaranaike International Airport Development Project – Phase 2(II).

The main objective of this project is to increase the passenger handling capacity of the Bandaranaike International Airport (BIA) and to improve passenger convenience with the expansion of the airport infrastructure facilities. The enhanced connectivity with overseas countries will promote economic growth with the contribution of the development of tourism industry.

The expected growth of number of tourists' arrivals in the country will contribute for the economic growth and creating employment opportunities. In fact, approximately 99 percent of

tourists who visit Sri Lanka use BIA as the gateway to the country. The development of BIA according to international standard will be immensely contributed towards the promotion of tourism as well as to the economic development in Sri Lanka.

A recently reviewed demand forecast shows that the number of passenger movement would reach 14.5 million by 2020. Thus, the project of Bandaranaike International Airport Development Project Phase 2(II) will cater the necessity and urgent need to expand BIA to enhance the existing passenger handling capacity from 7.4 million to 15 million per annum by developing the infrastructure facilities.

### National Transmission and Distribution Network Development and Efficiency Improvement Project

Demand for the electricity in Sri Lanka has been grown at an average rate of 5 percent–7 percent annually during last decade and this growth is expected to be further continued with the economic development of the country. Further, it is estimated that the electricity demand will increase by 6.67 percent per annum in the next 20 years and in order to fulfill this demand, an additional capacity of approximately 1,143 MW is required to be installed by 2020, based on the Long Term Generation Plan (2013-2032) of Ceylon Electricity Board. Accordingly, it is important to develop existing transmission and distribution network in parallel with the strategies to increase the electricity generation while mitigating the system losses.

The official pledge has been made by the Government of Japan in order to provide a loan amounting to Japanese Yen 24,930 million (Approximately Rs. 26,873 million) through Japan International Cooperation Agency (JICA) for the implementation of National Transmission and Distribution Network Development and Efficiency Improvement Project.

This project is expected to enhance capacity of national transmission and distribution network located in Greater Colombo area and its surroundings to reduce transmission and distribution losses.

By implementing the project for constructing and upgrading transmission lines, substations and distribution lines, it is expected to improve the reliability and efficiency in the power distribution network of the country.

## Projects Agreed to be Funded Under 46<sup>th</sup> Yen Loan Package 2015/2016

### National Transmission and Distribution Network Development and Efficiency Improvement Project Phase II - US\$ 121.58 million

The objective of the project is to strengthen transmission capacity and to reduce transmission losses, by constructing a high voltage transmission lines between New Habarana and Sampoor – Kappalthurai. The project will enhance the reliability and efficiency of the power supply network of the country.

### Kalu Ganga Water Supply Expansion Project (I) - US\$ 285.15 million

The project will provide a safe, continuous and equitable water distribution and reduce Non Revenue Water by expanding pipe borne water supply system, establishing district metered areas with improved distribution network. The project will help to improve the living condition of the residents of Colombo and Kalutara districts in Sri Lanka.

### Anuradhapura North Water Supply Project (Phase 2) - US\$ 181.75 million

The objective of the project is to provide safe drinking water and increase water supply coverage by constructing a water supply scheme in Anuradhapura North where the people depend on unsafe ground water which causes Chronic Kidney Disease (CKD) and dental and skeletal fluorosis. By the completion of the project, it is expected to minimize the health hazard associated with water and to improve the hygienic conditions of the people living in the area.

### Competitiveness - Development Policy Loan

Objective of the DPL is to improve macroeconomic sustainability, governance and private sector competitiveness of Sri Lanka by facilitating implementation of relevant policy actions, thereby enhancing economic competitiveness of Sri Lanka.

### Projects Completed in 2015

Project	Loan Amount JPY million
Water Sector Development Project	13,231
Kalu Ganga Water Supply Project - Phase I Stage II	8,388
Greater Colombo Urban Transport Development Project - Phase I	21,917
Provincial /Rural Road Development Project (Central, Sabaragamuwa)	9,156
Poverty Alleviation Micro-finance Project (PAMP II)	2,575

## Key Projects Implemented in 2015

Project	Amount JPY million
<b>Loans</b>	
Kandy City Wastewater Management Project	14,087
Greater Colombo Urban Transport Development Project - Phase II	31,688
Vavuniya - Kilinochchi Transmission Line Project - II	1,422
Habarana - Veyangoda Transmission Line Project	9,573
Greater Colombo Transmission & Distribution Loss Reduction Project	15,941
Major Bridges Construction Project of National Road Network	12,381
Landslide Disaster Protection Project of National Road Network	7,619
Anuradhapura North Water Supply Project - Phase I	5,166
Bandaranaike International Airport Development Project - Phase II Stage I	28,969
New Bridge Construction Project over the Kelani River	35,020
Digitalization of Terrestrial Television Broadcasting Project	13,717
Galle Port Development Project	14,495
National Transmission and Distribution Network Development and Efficiency Improvement Project - Phase I	24,930
<b>Grants</b>	
Rehabilitation of Kilinochchi Water Supply Scheme	8.3
Non-Project Grant Aid for Provision of Medical Equipment	11.0
Project for Construction of Dredger	10.4
Provision of Industrial Products	3.7
Non-Project Grant Aid for Provision of Japanese SME's Product	2.1
Development of Intelligent Transport Information System for Expressways in Sri Lanka	9.9
Japan Non Project Grant Aid for Provision of Japanese Local Products	500



## Korea

Government of Republic of Korea provides concessional loans through Economics Development Cooperation Fund (EDCF) of the Export Import Bank of Korea (KEximbank) and the grant assistance is extended through the Korea International Cooperation Agency (KOICA).

Since 1990 the EDCF of KEximbank has provided concessional loans amounting to approx. US\$ 600 million through 27 loan projects in Sri Lanka. Recently, EDCF has introduced the compact loan scheme (US\$ 5 million) to provide necessary equipments support for the development projects.

As per the Country Partnership Strategy for the period of 2012-2016 Economic and Social Infrastructure, Education in areas of technical, vocational education, training and secondary education and Good Governance are identified as priority sectors in the next framework arrangement of EDCF.

Considering the need of rapid infrastructure development and the proposed urban development initiatives of the country, KEximbank has indicated to increase the amount of next Framework Arrangement 2016-2018 to US\$ 300-500 million.

**Current Terms and Conditions of EDCF Loan Assistance**

Terms & Conditions	Normal Conditions	Korean Consultant is hired	Bio-energy Sector
Interest rate	0.20%	0.15%	Free of Interest
Repayment	30 years	40 years	
Grace period		10 years	10 - 15 years
Loan amount	Up to 100% of total project cost		
Currency	Korean won		
Feasibility study	Support by grant basis for potential projects		

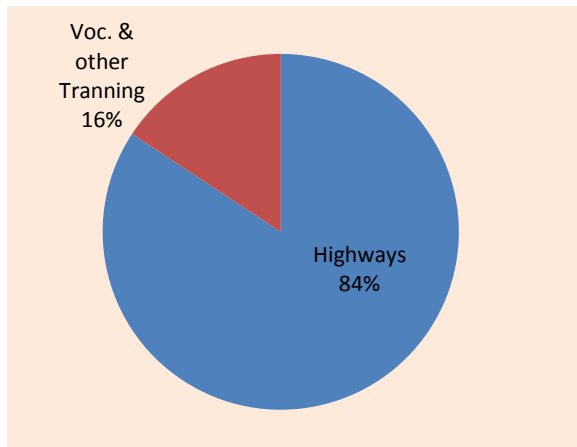
## Committed Projects in 2015

Project Name	Objective	Development Partner Agency	Amount US\$ million
Hatton-NuwaraEliya Road Improvement Project	Eliminating traffic congestion and enhance road safety	EDCF-Loan	17.1
Capacity Building Project for Sri Lanka's Forensic Science Agencies and Officials	Strengthening GAD through improving digital & DNA forensics capacity and CID's digital evidence collection capacity	KOICA-Grant	3.2

## Negotiated Projects during 2015

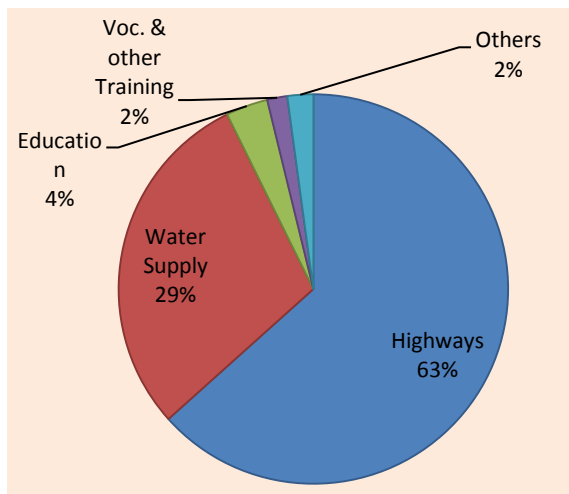
Project	Facility Type	Loan/Gant Amount* US\$ million	Current Status
Construction of Kandy City Traffic Diversion Tunnel to connect Colombo Kandy and Kandy Mahiyangana Roads	EDCF Loan	150	Feasibility Study is being conducted by EDCF
Setting up National e-learning Platform	EDCF Loan	50	Feasibility Study to be conducted by EDCF
Installation of Geographic Information System with Topographic Mapping in Sri Lanka	EDCF Loan	50	Proposal has been appraised by NPD
Establishment of Ocean University	EDCF & KOICA	50	Preliminary Study is being conducted by KOICA.
Installation of e-tariff System in Sri Lanka	EDCF Loan	40	EDCF has shown their interest and proposal should be developed
Construction of Northern Provincial Council Complex	EDCF Loan	34	UDA is preparing Master Plan on Mankulam development.
Construction of Small-sized Water Treatment Facility (02 Units for Manampitiya and Somawathiya areas)	EDCF Compact Loan	5	Korean consultant is preparing the Feasibility Study report
Supply of Waste Collection Vehicle (151 units for Local Authorities)	EDCF Compact Loan	5	Korean consultant is preparing the Feasibility Study report
Policy Consultation to Improve Kandy City Transport Network (Elevated Road)	EDCF Grant	TBD	Technical assistance will be conducted by EDCF
Establishment of National College of Education and Technology Teacher Training System for Technology Stream	KOICA Grant	13	Action plan completed. Preparations are ongoing for Record of Discussion (RoD) signing
Establishment of Small Scale Incinerator Plant-Kotikawatta - Mulleriyawa	KOICA Grant	9.5	Preparations are ongoing for RoD signing
Construction of Korea-Sri Lanka Friendship Hospital in Matara-Phase 2	KOICA Grant	9.0	Preparations are ongoing for RoD signing

## Commitments in 2015



Sri Lanka mobilized US\$ 20.3 million from the Government of Korea by ways of loans and grants in 2015. Among those commitments, US\$ 17.143 million was loan obtained through EDCF to finance Hatton-NuwaraEliya Road Improvement Project (Supplementary) and the balance US\$ 3.2 million was committed by KOICA as a grant to finance Capacity Building Project for Sri Lanka’s Forensic Science Agencies and Officials

## Disbursement in 2015



The total disbursement of the 2015 was US\$ 23 million. Disbursement was mainly reported for the sectors of Highways (63 percent) and Water Supply (29 percent).

### Capacity Building Project for Sri Lanka’s Forensic Science Agencies and Officials

KOICA has agreed to support for strengthening Government Analysts Department (GAD) and Criminal Investigations Department (CID) by providing a grant aid of US\$ 3.2 million.

The objective of the project was to strengthen GAD as the official forensic agency through improving digital & DNA forensics capacity and CID’s digital evidence collection capacity. Accordingly, digital analytical lab in GAD and training centre for digital evidence handling in CID will be established with relevant equipments, materials. The Korean development

experience and know-how in forensic science will also be shared with Korean experts and relevant authorities.

The implementing agencies will be the GAD under the Ministry of Justice and CID under the Ministry of Law & Order and Southern Development. The project will be implemented over a period of three years 2015-2017.

Record of Discussion (RoD) of the project was signed between Ministry of Justice, Ministry of Law & Order and Southern Development, Department of External Resources and KOICA on 10<sup>th</sup> December 2015.

# Capital Market, World Bank & IMF

## Division

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### Capital Market

Capital Market Division is responsible for mobilizing domestic financing from local banks for the implementation of development projects and facilitating foreign currency loans from International Markets.

#### Mobilizing Domestic Financing from Domestic Banks

Road Development Authority was granted Cabinet approval to access the local banks up to Rs.151.7 billion to finance 64 priority road development projects. Up to 31<sup>st</sup> December 2015 Road Development Authority has disbursed Rs. 126.6 million and has completed 30 road rehabilitation and improvement projects.

Other than these priority roads development projects, it has also facilitated Road Development Authority to access local bank financing for part financing of three foreign funded projects named implementing variations to the scope of works of construction of Colombo - Katunayake Expressway Project (CKE). Outer Circular Highway Project (OCH) - Phase III Kadawatha to Kerawalapitiya (financing of consultancy services for construction supervision).

The National Water Supply and Drainage Board (NWS&DB) was also granted approval in 2013 to access the domestic banks for water projects amounting to Rs. 29.1 billion and in June 2014, granted approval for additional 04 water supply projects amounting to Rs. 10 billion. As the new Government is very keen about increasing the provision of safe drinking water facility of the country it was expedite the arranging local bank financing for implementation of water supply projects through local contractors. Accordingly, during the year 2015, NWS&DB was granted approval of the Cabinet of Ministers to enter into loan agreements with local banks for 09 water supply projects amounting to Rs. 34.1 billion.

## Water Supply Projects Funded by the Local Banks

(Rs. million)

Water Supply Project (WSP)	Contractor	Bank	Cost
Implementation of Colombo City Water Supply Improvement Project - Phase 1	V.V. Karunaratne & Company	Bank of Ceylon	2,792.07
Town's East of Colombo- Package I (Diyagama & Padukka Balance Area)	Access Engineering PLC	Bank of Ceylon	4,700.00 (plus contingencies of 470)
Bentota WSP	K.D.A. Weerasinghe & Co (Pvt) Ltd	National Savings Bank	1,000.00 (plus overlaying cost of 239.47)
Ruhunupura Distribution WSP	K.D.A. Weerasinghe & Company (Pvt) Ltd	Commercial Bank	1,929.61
Ampara Distribution Network WSP	Sunpower Construction (Pvt) Ltd	National Development Bank, Bank of Ceylon & DFCC	6,848.06
Implementation of 22 Water Supply Projects for the Enhancement of Piped Water Supply Service Coverage by the NWS&DB	National Water Supply & Drainage Board	Bank of Ceylon	3,499.00
Laggala Water Supply Project	Hovael, CML-MTD Joint Venture	Hatton National Bank	3,670.97 (plus provisional sum of 824.90)
Wilgamuwa Water Supply Project	Hovael, CML-MTD Joint Venture	Hatton National Bank, National Development Bank	3,113.41 (plus 10% contingencies of 311.34 plus 5% price escalation of 155.67)
Town's East of Colombo- Package III - Supply & Laying of HDPE/DI Pipes for Distribution Network in Homagama, Padukka and Seethawaka DS Areas	Sierra Construction (Pvt) Ltd	Bank of Ceylon	8,716.97 (plus provisional sum of 460.75 plus 10% contingencies of 871.69)
Uragasmanhandiya, Gonapinuwala, Dikkumbura, Weligama WSP	Squire Mech Engineering (Pvt) Ltd	Bank of Ceylon, People's Bank	1,595.26 (plus 10% contingencies of . 159.52)
Town East of Colombo District WSP Package II	Maga Engineering Ltd	Bank of Ceylon	3,663.61 (plus provisional sum of 793.00 plus 10% contingencies of 366.36)
Galagedara/ Mawathagama WSP	Maga Engineering (Pvt) Ltd	DFCC	2,564.12 (plus provisional sum of 220.58 plus contingencies of 278.47 plus customs duty of 63.06 )
Kosgama, Avissawella Integrated WSP	International Construction Consortium (Pvt) Ltd	Bank of Ceylon	1,062.39 (plus provisional sum of 213.80 plus 10% contingencies of 106.23)
Medirigiriya Water Supply Project	Sanken Construction (Pvt) Ltd	Bank of Ceylon	1,363.66 (plus 10% contingencies of 136.37)

Majority of these water supply projects have been financed by local banks with an interest of Average Weighted Prime Lending Rate (AWPLR) plus 2.25 percent margin with tenure of 14½ years with a 2½ years grace period. Some of these projects covered is vulnerable to Chronic Kidney Diseases (CKD).

#### Domestic Borrowings by SOEs for Infrastructure Development Projects

Name of SOE/Project	Bank	(Rs. billion)	
		Commitment as at 31.12.2015	Total Disbursement as at 31.12.2015
Road Development Authority (RDA)- Priority Road Development Projects	Bank of Ceylon	36.70	29.80
	People's Bank	14.60	13.96
	National Savings Bank	55.40	54.33
	Hatton National Bank	28.26	15.41
	Commercial Bank	7.20	6.04
	DFCC	1.30	1.04
	National Development Bank	8.35	5.98
RDA- Colombo Katunayake Expressway Project	People's Bank	US\$ 44.7 million	US\$ 43.56 million
RDA- Outer Circular Highway Project (financing of consultancy services for construction supervision)	Bank of Ceylon	1.80	Rs. 297.02 million
Sri Lanka Land Reclamation and Development Corporation- Weras Ganga Storm Water Drainage and Environment Project	National Savings Bank	14.20	2.79
National Water Supply & Drainage Board	National Savings Bank, Bank of Ceylon, People's Bank, Hatton National Bank, National Development Bank, Commercial Bank	52.13	9.38
National School of Business Management(NSBM)- Construction of Proposed University Complex of National School of Business Management Limited (NSBM) at Homagama	Bank of Ceylon	8.60	4.9
Kotalawala Defence University (KDU)	National Savings Bank	US\$ 201.6 million	Rs. 3.16 billion US\$ 104.43 million
Ceylon Shipping Corporation Ltd- Purchase of 2 Ships (02 Panamax Bulkers)	People's Bank	US\$ 80.0 million	US\$ 51.81 million
Ministry of Higher Education -Relocate and Develop the Institute of Technology at University of Moratuwa	Commercial Bank, Hatton National Bank	10.30	3.71

## Foreign Currency Term Loan Facilities from International Markets

In May 2015, Cabinet Subcommittee on Economic Affairs initially approved to approach major international banks to obtain Foreign Currency Term Loan Facility. Responses received for Request for Proposals published were shortlisted and negotiations are ongoing awaiting finalization during the 2<sup>nd</sup> half of 2016.

## Monitoring Domestic Debt Capital Market and Facilitating SL Sovereign Bond Issuances

Sri Lanka accessed the international debt capital market through the issuance of an International Sovereign Bond in 2007, where the country was able to raise US\$ 500 million at 8.75 percent with tenure of 5 years. Subsequently, the country also tapped the international bond market in 2009, 2010, 2011, 2012 and 2014.

During the year 2015 International Sovereign Bonds (ISBs) worth of US\$ 650 million in May 2015 and US\$ 1,500 million in October 2015 were issued. The two bonds were priced as at 6.125 percent and 6.850 percent respectively with tenure of 10 years.

Details of Sri Lanka Sovereign Bond Issuances

Name	Date of Issuance	Ratings (Moody's /S&P/Fitch)	Amount (US\$ million)	Coupon Rate (%)	Tenure (Years)	Maturity Date	Price as at 31.12.2015	Yield as at 31.12.2015 (%)
SL'12	17/10/2007	--/B+/BB-	500	8.250	5	17/10/12	Retired	Retired
SL'15	22/01/2009	--/B+/BB-	500	7.400	6	22/01/15	Retired*	Retired*
SL'19	06/01/2014	B1/B+/BB-	1,000	6.000	5	14/01/19	98.07	6.712
SL'19	07/04/2014	B1/B+/BB-	500	5.125	5	07/04/19	95.25	6.758
SL'20	30/10/2010	B1/B+/BB-	1,000	6.250	10	30/10/20	96.76	7.059
SL'21	27/07/2011	B1/B+/BB-	1,000	6.250	10	27/07/21	95.29	7.291
SL'22	25/07/2012	B1/B+/BB-	1,000	5.875	10	25/07/22	91.31	7.577
SL'25	28/05/2015	B1/B+/BB-	650	6.125	10	28/05/25	88.98	7.797
SL'25	27/10/2015	B1/B+/BB-	1,500	6.850	10	27/10/25	-	-

Source: Barclays Bank, HSBC and Citi Bank (Joint Lead Managers for the issuances)

\*Retired in January 2015

Details of Sri Lankan Corporates' International Bond Issuances

Name	Date of Issuance	Ratings*	Amount (US\$ million)	Coupon Rate (%)	Tenure (years)	Maturity Date	Price as at 31.12.2015	Yield as at 31.12.2015 (%)
BoC'17	03/05/2012	--/--/BB-	500	6.875	05	03/05/17	100.63	6.373
BoC'18	16/04/2013	--/--/BB-	500	5.325	05	16/04/18	96.88	6.811
NSB'18	18/09/2013	--/B+/BB-	750	8.875	05	18/09/18	102.25	7.930
DFCC'18	31/10/2013	--/B/B+	100	9.625	05	31/10/18	N/A	N/A
NSB'19	10/09/2014	--/B+/BB-	250	5.150	05	10/09/19	92.50	7.507
Airlines	23/06/2014	--/B+/BB-	175	5.300	05	23/06/19	93.50	7.445

Source: Barclays Bank



# World Bank & IMF

## Development Partnership with the World Bank Group

Sri Lanka has a long partnership with the World Bank in mobilizing external resources for the support of the country's socio economic development. These assistances are channeled either through the International Development Association (IDA) or the International Bank for Reconstruction and Development (IBRD) of the World Bank under the working arrangement named; Country Assistance Strategy. The current strategy is in force during the period of 2013-2016. Though the IBRD financings are blend of concessional and non-concessional terms, the Government has taken all efforts to utilize the World Bank funding under the concessionary financing terms or as grants in year 2015. The active portfolio of US\$ 1,819.5 million under the current Country Assistance Strategy.

### World Bank Active Loan Portfolio in 2015

(US\$ million)

Program/Project	Amount
Skills Development Project	101.5
Dam Safety and Water Resources Planning Project	65.3
Strategic Cities Development Project	147.0
Catastrophe Deferred Drawdown Option	102.0
Improving Climate Resilience Project	110.0
Support to Mainstream Disaster Risk Management Project	0.4
Transforming the School Education as Foundation of a Knowledge Hub Project	128.3
North East Local Service Improvement Project	70.8
Second Health Sector Development Project	196.0
Metro Colombo Urban Development Project	213.9
GPOBA - Sri Lanka Access to Sanitation Project	5.1
Higher Education for Twenty-first Century Project	40.0
Provincial Roads Project	105.0
Small and Medium Enterprise Development Facility Project	57.4
Warehouse Receipt Financing Project	6.9
Second Additional Financing for Road Sector Assistance Project	100.0
Diri Saviya	2.5
Transforming the School Education Project - Grant	28.0
Dam Safety and Water Resources Planning Project - Additional Financing	83.0
North East Local Service Improvement Project - Grant	20.5
Metro Colombo Urban Development Project - Grant	0.9

Program/Project	Amount
Early Childhood Development Project	50.0
Water Supply and Sanitation Improvement Project	165.0
North East Local Service Improvement Project - Additional Financing	20.0
<b>Total</b>	<b>1,819.5</b>

## Commitments

Sri Lanka was able to mobilize US\$ 235 million from the World Bank by ways of loans and grants in 2015. However, these commitments stand as a major contributor to the entire water sector as a sum of US\$ 165 million injected to increase piped water services and improved sanitation in selected 7 districts. These commitments are in otherwise well reflect the Government's aim to utilize non-commercial financing sources of the World Bank in investment sectors such as Water and Early Childhood Development where it takes considerable time to give returns.

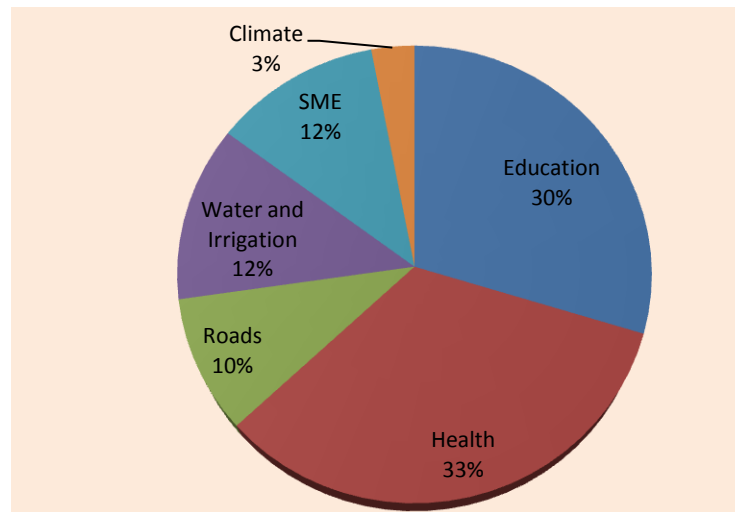
### Financing Agreements Signed with the World Bank in 2015

Project	Loan Amount US\$ million	Objectives
Water Supply and Sanitation Improvement Project	165.0	"Water Supply and Sanitation Improvement Project" is to increase piped water services and improved sanitation in selected 7 districts and to strengthen the capacity of the Department of National Community Water Supply (DNCWS) under World Bank financing. Selected districts are Mullaitivu, Kilinochchi, Nuwara-Eliya, Badulla, Kegalle, Moneragala and Rathnapura districts
Early Childhood Development Project	50.0	To ensure a safe and protective environment for children between year 0-5 by improving their quality of health, sanitation and nutrition.
Additional Financing - North East Local Service Improvement Project	20.0	This is an ongoing project, being implemented to support the local authorities in the North and East provinces to improve their services and local infrastructure in a responsive manner. The existing project covers 65 pradesiya sabha, 12 urban councils and 3 municipal councils. Additional Financing will be used to finance the shortfall in the Government's original counterpart financing (US\$ 20 million out of US\$ 34 million)

## Disbursements in 2015

Sri Lanka was able to disburse a sum of US\$ 155 million during the period of 2014. Out of which the highest disbursement was reported for the Health sector.

**Sectoral Distribution of Disbursement in 2015**



## Way Forward

- The Government was able to initiate the discussions of obtaining the Development Policy Loan (DPL) which will be targeted for sector reforms. In this regard series of discussions and consultations were carried out with relevant stakeholders.
- Systematic Country Diagnostic (SCD) - The World Bank conducted SCD by consulting relevant Ministries and other concerned stakeholders to prepare the SCD for Sri Lanka. Next Country Partnership Strategy (2017-2020) will be formulated based on the findings of the SCD.
- The GOSL conducted extensive discussions on the following which will be matterlized in 2016.
  - Eco-systems Conservation and Management Project - US\$ 45 million
  - Additional Financing for Strategic Cities Development Project (Enhancing original scope up to Jaffna District) - US\$ 55 million
  - Agriculture Sector Modernization Project - US\$ 125 million
  - Financial Sector Assessment Project - US\$ 100 million
  - Transport Connectivity and Asset Management Project - US\$ 125 million
  - Social Safety Nets Project - US\$ 75 million

# China Division

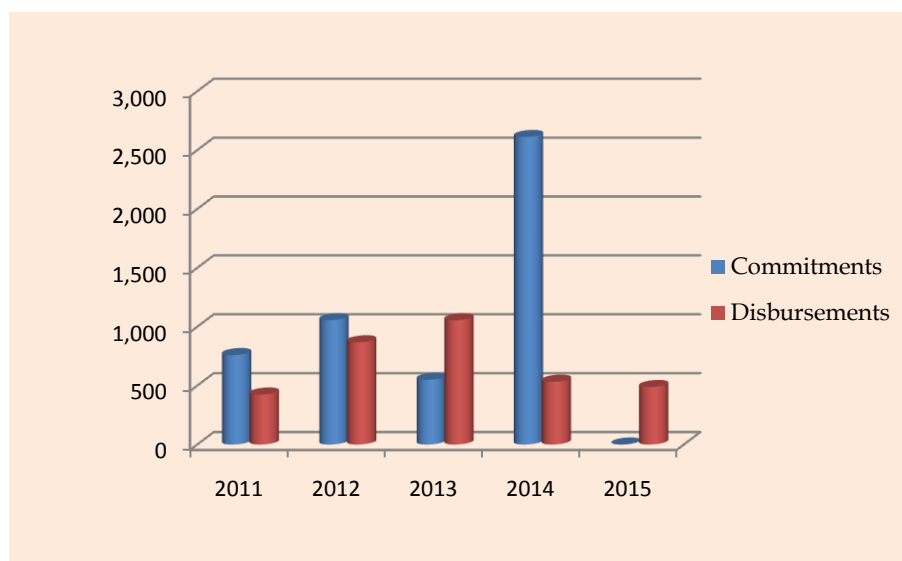
China is one of the major development partners which provide financial assistance in form of loans and grants. Grants and interest free loans are provided by the Government of China while loans are provided by the Export - Import (EXIM) Bank of China, China Development Bank (CDB) and Industrial and Commercial Bank of China (ICBC).

The total commitment made from China for the last five-years period from 2011 to 2015 was US\$ 4,977 million. Out of the total commitment made during the last five year period, the highest commitment, of US\$ 2,612 million was recorded in 2014 & it was followed by US\$ 1,056 million & US\$ 829 million in 2012 and 2010 respectively.

The EXIM Bank of China committed for Construction of Outer Circular Highway Project Phase III, Extension of Southern Expressway Project (Section 1 & 4) and Hambantota Hub Development Project in 2014 while China Development Bank committed to Priority Road Project III (Phase I & II).

The total disbursement recorded from development projects funded by China for the last five years period was US\$ 3,370 million. Exim Bank of China and CDB together account for highest disbursements of foreign funds for Sri Lanka with a total disbursement of US\$ 488 million in 2015.

## Commitments and Disbursements 2011 - 2015

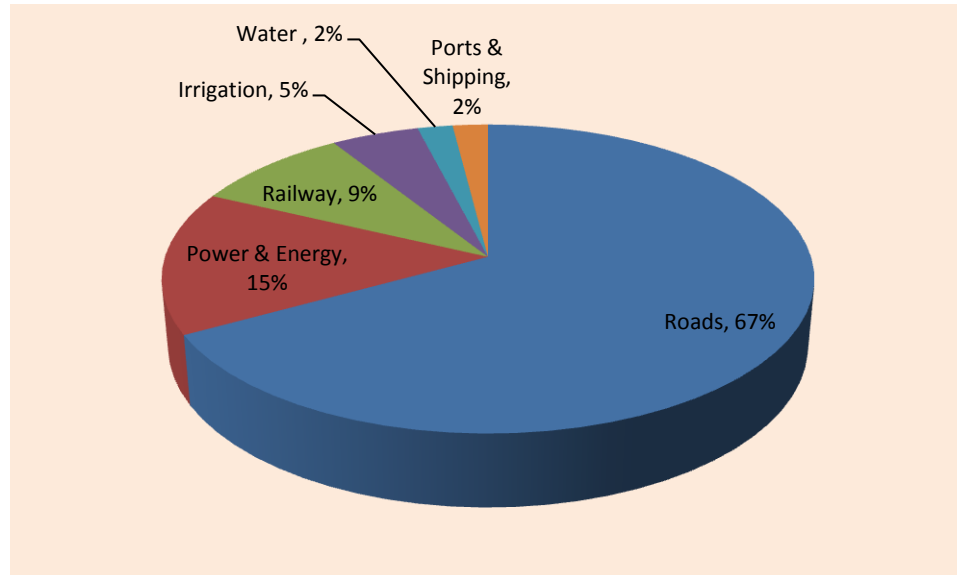


\*Disbursements of loans obtained by State Owned Enterprises are included

## Sector Distribution

During last five years period, Chinese assistance was obtained mainly for development of Roads & Bridges, Power & Energy, Ports, Shipping and Aviation sectors.

**Sector Distribution of Disbursements - 2015**



\*Disbursements of loans obtained by State Owned Enterprises are included

The highest portion has been owned by Road sector and the largest amount of disbursement US\$ 109 million has been recorded by Priority Road Project 3 - Phase I.

The following projects were completed in 2015

- Puttalam Coal Power Project - Phase II
- Hambantota Port Development Project Phase I for Ancillary works
- Rehabilitation of Roads in North Project Rehabilitation & Improvement of 113Km length of Puttalam - Marichchikade - Mannar road
- Rehabilitation of Roads in North Project Rehabilitation & Improvement of 67Km length of Navatkuli - Karaitivu - Mannar road (A032)

In addition to the project performances, the Working Group on Economic Cooperation functioning under the Joint Committee was held in Colombo on 06<sup>th</sup> January 2016. The meeting was co-chaired by Mr. R M P Rathnayake, Director General, Department of External Resources

and Mr. Yang Weiqun, Commercial Counsellor, Department of Asian Affairs, and Ministry of Commerce of Peoples Republic of China.

The objective of the Joint Committee is to further strengthening and developing friendly relations between two countries and promoting the economic & trade cooperation. This has been a productive platform for resolving various issues and obstacles pertaining to economic and trade relations between the two countries.

Two technical working groups are functioning under the Joint Committee to submit proposals & recommendations on areas of “Economic Cooperation” and “Trade Cooperation”. While the Economic Cooperation working group is focusing on the investment promotion, infrastructure development and Chinese aid, the Trade Cooperation working group is supposed to work on the trade promotion and FTA agreement. The Government of Sri Lanka will host the 7<sup>th</sup> Session of the Joint Committee in Sri Lanka towards the mid of year 2016. The Sri Lanka delegation at the Joint Committee will be lead by Hon. State Minister of National Policies & Economic Affairs.

And also the Government of People’s Republic of China (GOPRC) has officially invited the Government of Sri Lanka (GOSL) to join Asian Infrastructure Investment Bank (AIIB) as a founding member. The Ministry of Finance and Planning has accepted the invitation extended by the Ministry of Finance, GOPRC and participated at the multilateral consultation meetings on establishment of AIIB.

Establishment of AIIB will help to mobilize much needed additional resources from inside and outside of Asia, remove the financing bottlenecks faced by the individual economies in Asia and complement the existing multilateral development banks to promote sustained and stable growth in Asia.

Based on the approval granted by the Cabinet of Ministers, GOSL has entered into an MOU with 22 countries to join the AIIB as a founding member.

The official ceremony of signing the Articles of Agreement (AoA) was held on 29<sup>th</sup> June 2015 in Beijing China and the Hon. Minister of Finance was signed the AoA, on behalf of the Government of Sri Lanka. AIIB is in operation and Sri Lanka is in process of completing internal ratification.

# Middle East & South Asia Division

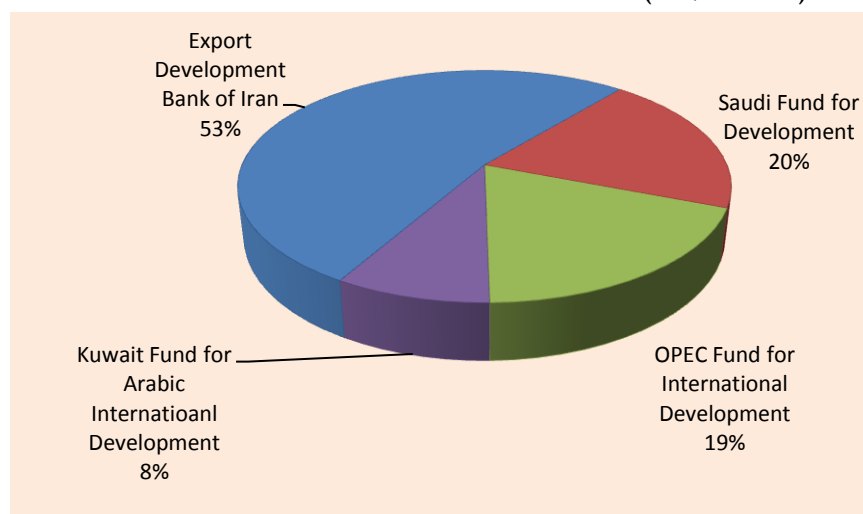
## Middle East

Development Partners of the Middle East have played a significant role towards social and economical development of the country. Focusing on the development priorities of the country, US\$ 1,177 million has been provided by development partners of the Middle East Region since mid 1970s.

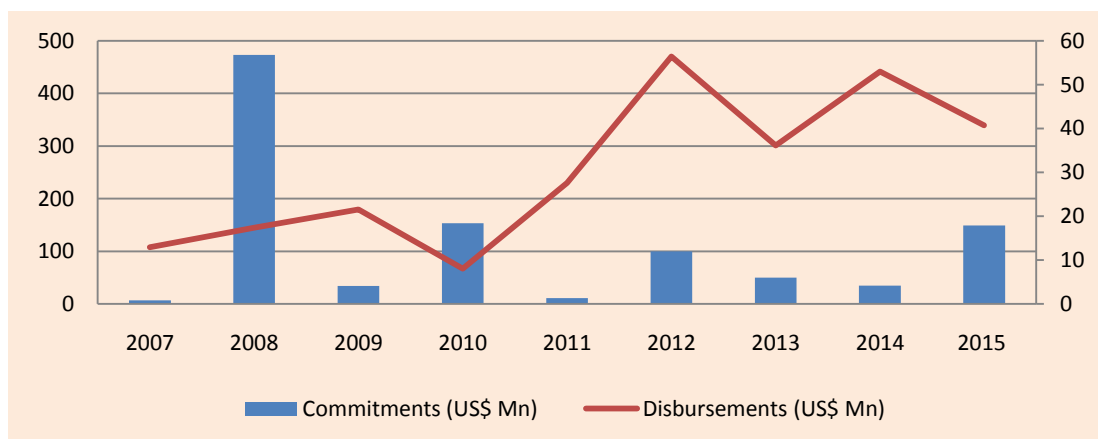
Bilateral Donor Agencies such as Saudi Fund for Development (SFD), Kuwait Fund for International Development (KFAED) and Export Development Bank of Iran (EDBI) as well as Multilateral development partners such as OPEC Fund for Internatioanl Development (OFID) enrich the Middle East portfolio through concessional loans and export credits while Government of Bahrain, Government of Kazkastan, Government of Oman have provided grants to the Government of Sri Lanka. With the purpose of expand the bilateral relationship with Middle East Region; the initial negotiations have been initiated with Israel and Abu-Dhabi Fund for Development

Major portion of borrowings from Middle East has been invested in the sectors of Irrigation, Roads & Bridges, Power & Energy and Health sectors. The concessional and fixed financial terms, longer maturity as well as the flexible conditions of financing facilities such as procurement guidelines of development partners in the Middle East are more advantageous to the country.

**Middle East Profilo Commitments 2007 - 2015 (US\$ million)**



## Commitments and Disbursements

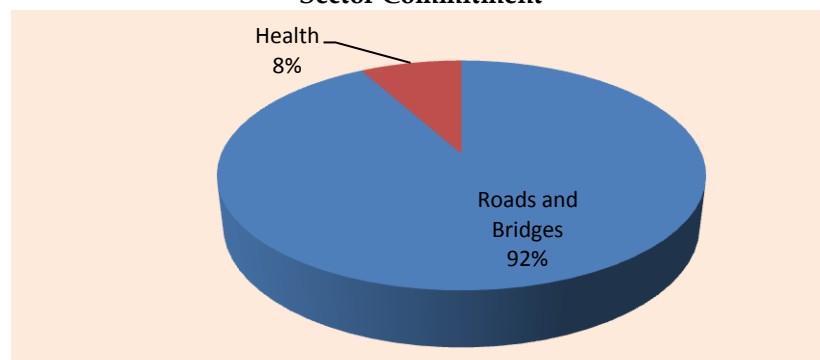


Four loan agreements were concluded and signed during 2015 with SFD and OFID for the implementation of following projects. Compared to the previous years, commitments from Development Partners of Middle East have increased significantly. Majority of these commitments were made for implementation of development projects in Roads and Bridges sector.

### Committed Loan Facilities in 2015 (US\$ million)

	Amount
<b>Saudi Fund for Development</b>	
- Improvement of Peradeniya – Badulla – Chenkaladi Road Project	60.0
- Epilepsy Hospital and Health Centers Project (Additional Loan)	12.0
<b>OPEC Fund for International Development</b>	
- Rehabilitation of A 5 Road Corridor from Badulla to Chenkaladi	60.0
- Western Province Highways Development Project	17.0

### Sector Commitment



In addition to the above loan agreements, KFAED has agreed to provide US\$ 34 million for the Construction of Building Complex for the Faculty of Health Care Sciences, Eastern University and negotiations were concluded during 2015.



## Projects Being Implemented In 2015

### Middle East Portfolio

	(US\$ million)
	Loan Amount
<b>Saudi Fund for Development</b>	
- Epilepsy Hospital and Health Centers Project	20.0
- Kalu Ganga Development Project	46.0
- Road Network Development Project	60.0
- Construction of Thattuthurai Bridge	0.6
<b>Kuwait Fund for Arab Economic Development</b>	
- South Eastern University Project (Phase B-1)	10.5
- Kalu Ganga Development Project	37.0
- Reconstrucion of 25 Bridges	35.0
<b>OPEC Fund for International Development</b>	
- Kalu Ganga Development Project	16.0
- National Highways Sector Development Project	8.0
- Road Network Development Project	40.0
- Colombo National Highways Development Proeject	50.0
<b>Export Development Bank of Iran</b>	
- Uma Oya Multipurpose Development Project*	450.0
- Rural Electrification Project 8**	83.4

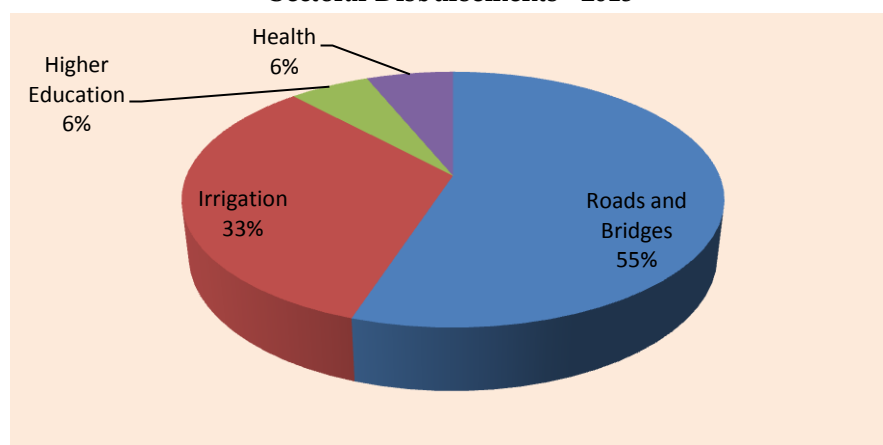
**Note:**

\* Due to the sanctions imposed on Iran by USA and EU foreign financing is not available for the project. Therefore, as a temporary arrangement GOSL is continuing the project using domestic funds until the removal of sanctions on Iran.

\*\* Due to the non-availability of foreign funds this project is continuing by Ceylon Electricity Board using domestic funds.

Total disbursements from the development partners from Middle East are US\$ 40.7 million during the year. Out of which 55 percent has been utilized for the Roads and Bridges Sector.

**Sectoral Disbursements - 2015**



## Projects Completed During 2015

Following projects were completed during 2015.

Project	Agency	Amount US\$ million
<b>Loans</b>		
- Strengthening of Tertiary Education and Administrative Infrastructure in Tsunami Affected Areas	KFAED	20.5
- Bridges Reconstruction and Rehabilitation Project	KFAED	17.0
- Rural Electrification Project 8*	EDBI	83.4
<b>Grants</b>		
- Bahrain Housing Project for IDPs	Government of Bahrain	1.1
- Disaster Resilient Housing Project	Government of Oman	1.0
- Kazakhstan Funded Housing Project	Government of Kazakhstan	0.2

**Note:**

\*Foreign funds were not available due to the economic sanctions imposed on Iran by US and EU. Due to the non-availability of foreign funds this project was completed using domestic funds by Ceylon Electricity Board.

## Way Forward

Following projects has been identified for the financing of Middle East development partners and anticipated to conclude financing agreements during 2016. Saudi Fund for Development fielded appraisal mission to appraise project proposals which have been forward to them and initial discussion are ongoing to reinstate relationships with Abu Dhabi Fund for Development.

### Middle East Project Pipeline (US\$ million)

<b>Saudi Fund for Development</b>	
- Wayamba University Township Project	20.0
- Mahaweli Left Bank Development Project	60.0
- Integrated Rural Development through Improvement of Export Agriculture and Dairy Sector in Kurunegala and Gampaha Districts	25.0
<b>Kuwait Fund for Arabic Economic Development</b>	
- Building Complex for the Faculty of Health Care Sciences, Eastern University	34.0
- Kalu Ganga Development Project (Additional Financing)	26.0
<b>Abu Dhabi Fund for Development</b>	
- Establishment of National e-Learning Platform (co-financed with EDCF- Korean Ex-Im Bank)	25.0

# South Asia Countries

## India

The Government of India is the major development partner of Sri Lanka in South Asian region over 40 years. During the last few years Indian foreign direct investment in Sri Lanka has expanded exponentially. Currently Indian development assistance flows by the ways of credits, grants and technical assistance, mainly focusing on improvement of economic infrastructural facilities, livelihood development, education, healthcare, capacity building and economic renewal.

Currently, the loan assistance is provided by the EXIM Bank of India while the grant assistance is provided by the Government of India through the scheme of Special Development Projects and Small Development Projects.

In March 2015 the Hon. Prime Minister of India, Mr. Narendra Modi visited Sri Lanka and this visit is the first official visit to Sri Lanka by an Indian Prime Minister after lapse of 27 years. During his visit he announces a fresh Line of Credit of US\$ 318 million for the railway sector development in Sri Lanka. This will be used to procure rolling stock and to restore and upgrade existing railway track. The EXIM Bank of India has already offered approximately US\$ 967 million by four Lines of Credit for the same purpose at the concessional terms since 2008.

Further, the Government of India has offered many development projects under its grant scheme. 50,000 Indian Housing Project worth of US\$ 267 million, Renovation of Jaffna Cultural Center, Construction and Supply of Medical Equipment for the Dickoya Hospital, 200 Bedded Ward Complex and the Medical Equipment to the District Hospital Vavuniya, Building Complexes and necessary facilities for the Faculties of Agriculture and Engineering at the Jaffna University and a State of Art Auditorium at the Ruhuna University are some of recently implemented projects with Indian assistance.

## Commitments in 2015

The MoU was signed for the construction of a state of Art Auditorium at Ruhuna University worth of Rs. 300 million.

Hon. Prime Minister of India during his visit to Sri Lanka in March 2015 agreed to provide a grant of US\$ 7.6 million (Rs. 1,000 million) to initiate an Emergency Pre Hospital Care Mobile Ambulance Service in Sri Lanka. "The Letter of Exchange" for this project and the MoU for

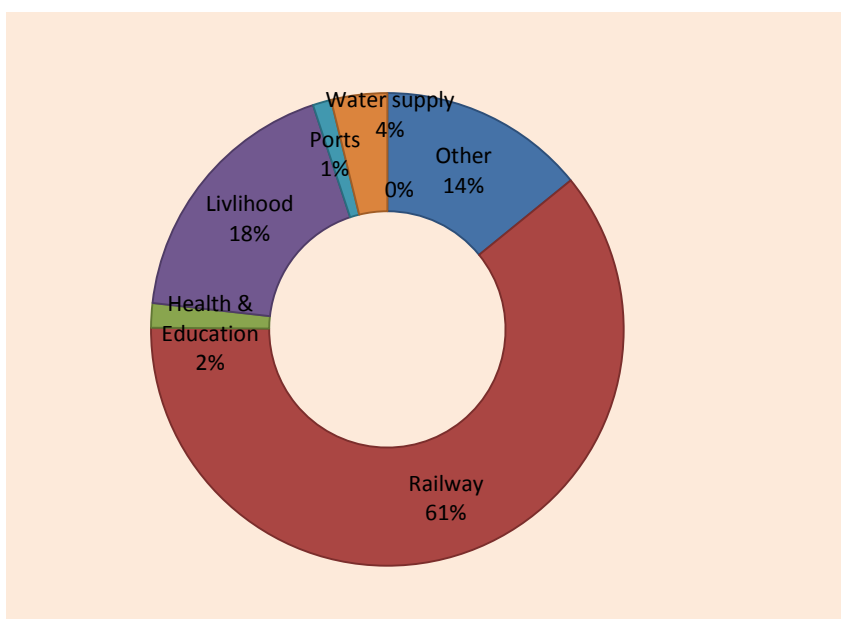
Supplying of Medical Equipment for 200 Bedded Ward Complex at District Hospital Vavuniya at a cost of Rs. 100 million were signed during the Hon. Prime Minister of Sri Lanka's visit to India in September 2015.

### Setting up of Emergency Pre Hospital Care Ambulance Service in Sri Lanka

In Sri Lanka, there is a rising demand for emergency medical care due to various reasons such as road accidents, heart attacks, traumas, poisoning, disaster victims, etc. In these situations immediate medical attention is needed to save the lives of such victims. Having recognized the necessity, Government of Sri Lanka has taken initiative to establish an Emergency Pre Hospital Care Ambulance Service in Sri Lanka with the support of the Government of India.

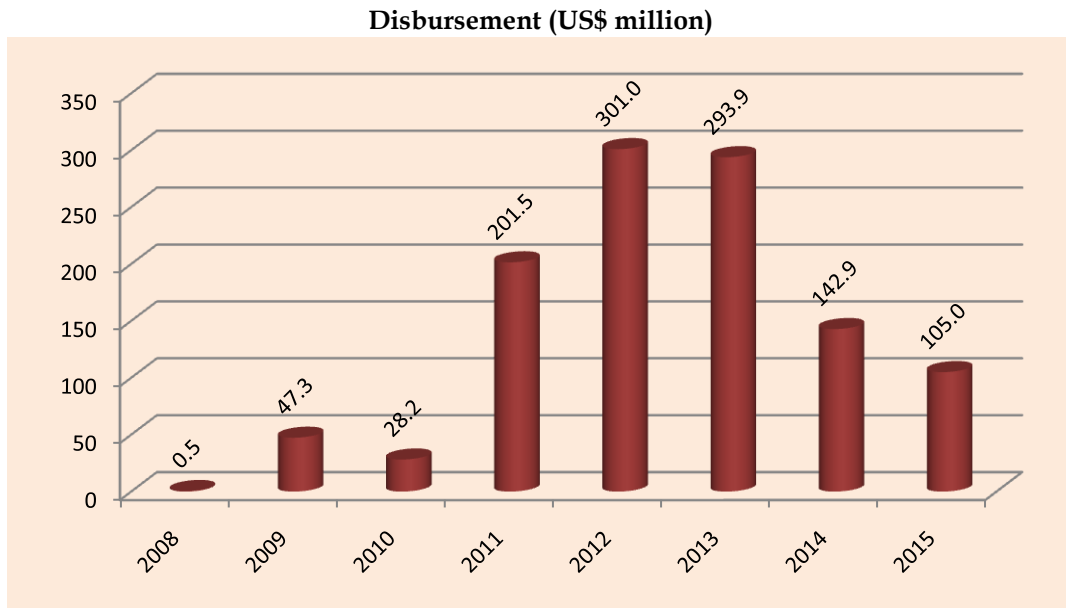
This project is planned to be implemented in 4 Phases by deploying 297 ambulances island wide. Government of India has consented to donate US\$ 7.6 million to implement phase I of the project which will cover the Western and Southern Provinces with the deployment of 88 ambulances. Depending on the success of the Phase I, the next Phases would be continued.

## Sectoral Commitments 2008-2015



## Disbursements in 2015

The Disbursements for the year 2015 has been totally recorded to the tune of US\$ 105 million. Of which out US\$ 73 million was disbursed as loans and US\$ 32 million has been disbursed as grants.



## Pakistan

Pakistan and Sri Lanka being located in South Asian region and Sri Lanka has obtained assistance from Pakistan by way of grants and loans. The first loan assistance from Pakistan was obtained in 1991 amounting US\$ 5 million for railway wagons. Further, the Government of Pakistan has offered US\$ 50 million as a Line of Credit in 2006. A grant assistance of US\$ 1 million has obtained from Pakistan for the Housing Programme for the IDPs in Mannar and Vavuniya Districts in 2014. In addition, a total of US\$ 350,000 has been offered as grants for 6 development projects by 2014.

Further, Government of Pakistan has agreed to provide a Credit of US\$ 200 million to Sri Lanka and currently Department of External Resources is in the process of negotiating terms and conditions of the loan with Pakistani authorities.

# Russia, Australia & West Division

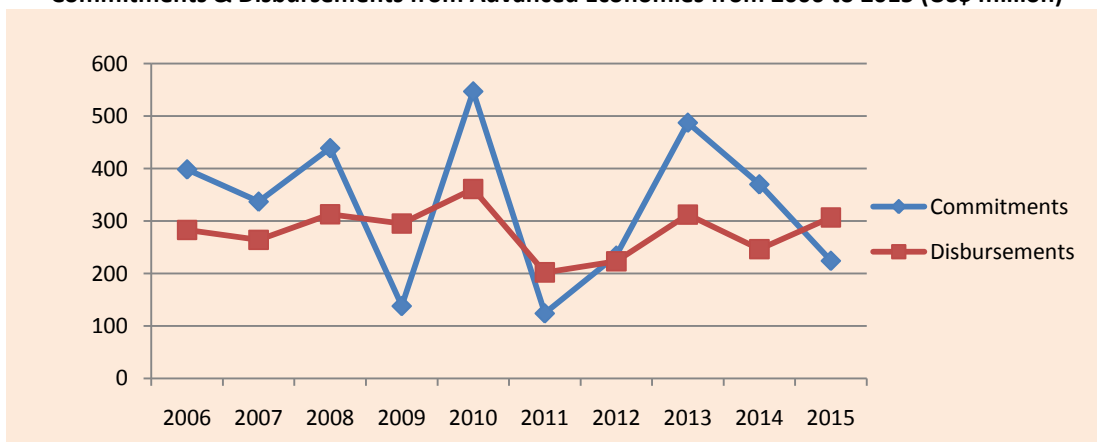
Financial Assistance from the countries in the western hemisphere to Sri Lanka is mobilized through the Advanced Economies (Russia, Australia & West) Division of the Department of External Resources. The major lenders who provide financial assistance to Sri Lanka comprise of Germany, the Netherlands,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

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

These financing were obtained mainly in the form of i. export credits ii. commercial credits iii. Traditional loan assistance iv. grant assistance. Foreign financing under export credits have basically been invested in commercially viable project which can generate sufficient economic benefits and or revenue flows to cover loan repayments. Accordingly, most of the commercial borrowings from western countries have been utilized to complete the urgent and prioritized development projects in the sectors of Roads, Bridges and Water Supply and Social Infrastructure such as development of hospitals and improvement of healthcare facilities with a view to providing quality, high-tech and reliable healthcare facilities to the people.

## Commitments and Disbursements

Commitments & Disbursements from Advanced Economies from 2006 to 2015 (US\$ million)



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
Commitments	398	337	439	138	547	124	234	488	370	224	3,299
Disbursements	283	264	313	295	361	202	223	312	246	307	2,806

## Foreign Financing Commitments made in 2015

Necessary steps were taken in 2015 to conclude financial arrangements in order to implement the following projects under export credit facilities, concessional financing as well as grant assistance from Advanced Economies

Development Partner	Project	Amount US\$ million
<b>Loan Assistance</b>		
French Development Agency (AFD)	Construction of Four Grid Substations and Related Transmission Line	33.6
	Green Power Development & Energy Efficiency Improvement Investment Program (co-financed with ADB)	24.6
Government of Spain	Construction of Three Flyovers at Ganemulla, Polgahawela & Rajagiriya (bilateral portion)	41.2
AB Svensk Export Credit	Ratmalana & Ja-Ela Wastewater Treatment Facilities Project (Sweden) - enhancement	3.1
Australia and New Zealand Bank and Export Finance & Insurance Corporation of Australia	Ampara Integrated Water Supply Project - Phase III (enhancement)	7.5
Banco Bilbao Vizcaya Argentaria S.A.	Construction of Three Flyovers at Ganemulla, Polgahawela & Rajagiriya (bilateral portion)	17.7
Export Finance & Insurance Corporation of Australia	Establishment of Clinical Waste Management Systems in Needy Hospitals Project (export credit portion)	13.8
HSBC (With a Guarantee of EKF Denmark)	Establishment of Dairy Processing Plant at Badalgama	74.5
<b>Sub - Total (Loan)</b>		<b>216.0</b>
<b>Grant Assistance</b>		
Germany	National Park and Buffer Zone Management in Wilpattu	2.2
	Education for Social Cohesion [ESC]	4.2
United States of America	Strengthened Partnership for Social Integration	2.1
<b>Sub - Total (Grant)</b>		<b>8.5</b>
<b>Total Commitment</b>		<b>224.5</b>

## Key Projects Negotiated in 2015

A list of key projects negotiated during 2015 under loan assistance from advanced economies is as follows.

Development Partner	Project	Amount US\$ million
Government of Spain	Anamaduwa Integrated Water Supply Project	32.20
Raiffeisen Bank of Austria	Implementation of Kochchikade Bridge Project	9.70
Rabobank of the Netherlands	Development of General Hospital Kalutara as a Specialized Maternal & Children's Hospital	32.14
Unicredit Bank Austria AG	Kirama -Katuwana Integrated Water Supply Project	11.60
Rabo Bank of the Netherlands and Export Finance & Insurance Corporation of Australia	Importation of 20,000 Dairy Animals Project	73.90
BBVA Bank and Societe General Bank of Spain	Anuradhapura South Integrated Water Supply Project - Phase II	109.00
French Development Agency (AFD)	Anuradhapura Integrated Urban Development Project (AIUDP)	58.00
French Development Agency (AFD)	Sanitation and Health Initiative for Towns (SHIFT) Project - Phase I	85.00
Credit Agricole & Corporate Investment, Natixis and BNP Paribas, Unicredit Banks of France	Greater Matale Water Supply Project	139.00
Credit Agricole & Corporate Investment Bank	Kelani Right Bank Water Supply Project - Phase II	107.30
	<b>Total</b>	<b>657.84</b>

## Major Projects being Implemented in 2015

### Ambatale Water Supply System Improvements & Energy Saving Project

With the objective of transforming the Colombo city to a world-class city, the Government is implementing the Greater Colombo Water and Wastewater Management Improvement Investment Program to ensure uninterrupted water supply and sanitation services to city dwellers. A series of projects have been scheduled under this program and the required financial assistance has been sought from the Asian Development Bank (ADB) and Agence Francaise de Development of France (AFD). In addition to the ADB's commitment to finance several components of the above program, US\$ 70 million which is the estimated cost for the



implementation of Ambatale Water Supply System Improvements & Energy Saving Project will be provided by the AFD.

Renovation of the entire Ambatale headwork system, construction of a ground reservoir with a capacity of 15,000 m<sup>3</sup> at Gothatuwa and installation of new water transmission pipe lines of 14.2km length have been planned under this project. The 30 years old inefficient pumps and outdated infrastructures at Ambatale headwork system will completely be modernized to make sure that the system is capable of meeting the water demand by 2040. Also, modernized pumping system will increase the efficiency of Ambatale pump house by 4 - 6 percent annually. Most importantly, a Computer-Controlled Automated System (SCADA) that monitor and control the water system will be installed for the smooth running of the water supply mechanism.

### Establishment of Dairy Processing Plant at Badalgama

Positive socio-economic benefits are expected to be derived through the improvement of milk processing, which would help the country to achieve self-sufficiency in milk production. However, the lack of modern technology in dairy processing sector in the country has hampered the development of the dairy industry in Sri Lanka.

Relocation of the existing dairy processing factory of Milco Private Limited from highly urbanized area in Narahenpita to Badalgama in Gampaha district will ensure the processing of 200,000 liters of milk per day and supply of quality milk and milk products to the local market. The cost of this project is US\$ 74.5 million which is raised under export credit facility provided by Hongkong & Shanghai Banking Corporation. Under this project it is also proposed to establish a dairy processing plant to produce pasteurized milk, yoghurt, ice cream, butter, cheese etc in new factory at Badalgama together with all necessary infrastructure and amenities. With the implementation of the project, it is expected to increase the annual milk production. Also, foreign exchange could be saved annually. The proposed project will greatly contribute to minimize rural poverty and malnutrition in the country.

### Establishment of a Vocational Training Centre in the Northern Province

The initial stage of this project has been implemented during 2012 to 2015 with the objective of improving the quantity and quality of the technical and vocational training in the Northern Province (VT North). Under this project, a fully-pledged vocational training center at Kilinochchi including adjacent buildings and for the provision of technical assistance, equipment, machines and training materials was established with US\$ 4.4 million grant assistance from Government of Germany and loan financing of US\$ 3.3 million from KfW Bank of Germany. This has a capacity of about 400 students and both short term and long term training programmes in the fields of Metal Technology, Electronics, Automotive Sector, IT, Agriculture and Food Security offers.

The Government of Germany enhanced its financial contribution in 2014 for this project with an additional grant of US\$ 4.84 million through the KfW Bank to established 8 satellite centers in Northern Province attached to the vocational training center at Kilinochchi. These satellite centers were established in Mullative, Jaffna, Kilinochchi, Vavuniya & Mannar districts to provide training opportunities to a wider trainee base on National Vocational Qualification-3 certificate (NVQ-3) courses with a view to facilitate trainees to enter in to NVQ 4, 5 and 6 training courses offered by the Vocational Training Centre at Kilinochchi.

Further, Government of Germany enhanced its contribution to this project by providing additional grant financing of US\$ 4.4 million in 2015 to strengthen the resources of the laboratories and mobile training centers under the ongoing VT North Project.

# United Nation Agencies, Technical Assistance & NGO Division

## United Nation Agencies

Since 1952 Sri Lanka has been receiving a significant amount of financial and technical assistance from United Nations (UN) agencies such as United Nations Development Programme (UNDP), Food and Agriculture Organization (FAO), United Nations Children's Fund (UNICEF), World Food Programme (WFP), United Nations Population Fund (UNFPA), United Nations High Commissioner for Refugees (UNHCR), World Health Organization (WHO), UN Habitat, International Labour Organization (ILO) and International Fund for Agriculture Development (IFAD) for the implementation of the various projects and programmes mainly in the field of Agriculture, Fisheries, Environment, Health, Education, Livelihood Development, Disaster Relief etc. The UN pegs its assistance through the United Nations Development Assistance Framework (UNDAF) which is jointly agreed by the Government of Sri Lanka and the UN Agencies in line with the national development priorities. Under the current framework of UN Agencies have agreed to raise approximately US\$ 405 million over five year period commencing from 2013. The UN assistance to Sri Lanka comes mainly in the form of grants. However, the foreign financing provided by IFAD is extended through not only grants but also concessionary loans.

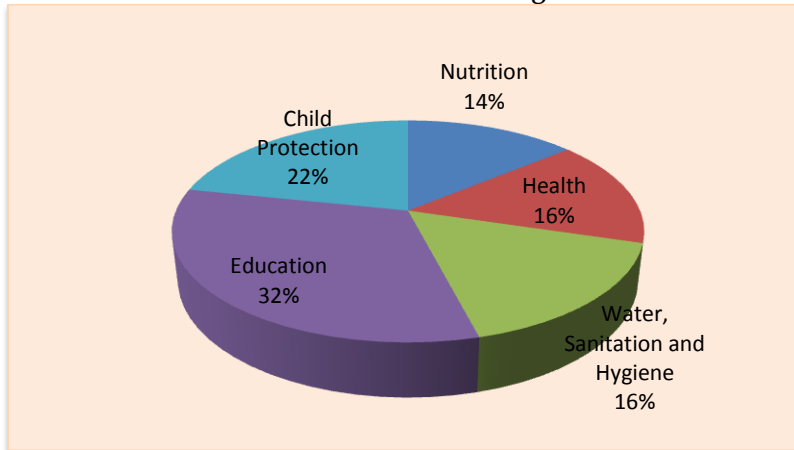
### Commitments

The following key projects were signed between GOSL and UN agencies in 2015.

Agency	Project	Amount US\$ million
FAO	Agro Economic Development Project	2.41
WFP	Protracted Relief and Recovery Operation (Enhancement)	29.34
	Enhancing Biodiversity Conservation and Sustenance of Ecosystem Services in Environmentally Sensitive Areas	9.13
UNDP	Appropriate Mitigation Action in the Energy Generation and End Use Sectors of in Sri Lanka Data Project	2.04
	Ensuring Global Environment Concerns and Best Practices Mainstreamed in the rapid Development Process of Sri Lanka	0.96

In addition to the above UNICEF and UNFPA has signed annual work plans for 2015 under the Country Programme Action Plan (CPAP) for the period of 2013-2017 which was signed between GOSL and the relevant agencies in 2013 in line with the UNDAF.

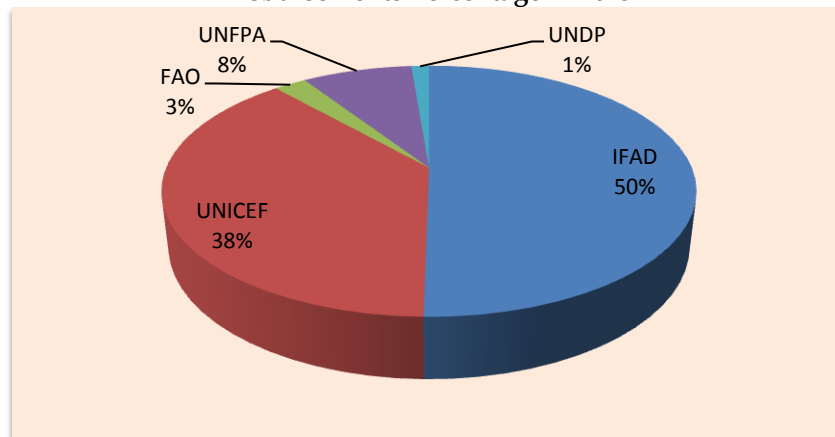
**Sectoral Distribution of UNICEF Funded Programmes in 2016 & 2017**



## Disbursements

As shown in the following graph the major share of total disbursement among the key agencies has been recorded in IFAD and UNICEF assisted projects and programmes especially in the field of Plantation, Education, Health, Water and Child Protection etc.

**Disbursements Percentage in 2015**



## Key projects completed in 2015

The following key projects implemented with the assistance of UN agencies in the field of Agriculture, Capacity Development, and Humanitarian Assistance were completed in 2015.

Agency	Project	Amount US\$ million
WFP	Protracted Relief and Recovery Operation (Enhancement)	29.34
FAO	Management of Risks Associated with Pesticide Use in Agriculture in Sri Lanka	0.27
UNDP	Strategic Positioning of the Department of Project Management and Monitoring (DPMM)	0.22

## Projects/ Programmes to be Implemented in 2016

### Country Programme Action Plan 2016 - 2017 to be Funded by United Nations, World Food Programme (WFP)

The United Nations, World Food Programme (WFP) has agreed to extend the food aid assistance through the Country Programme Action Plan 2016 - 2017. The objective of this two year Country Programme Action Plan is to improve food and nutrition security, and build resilience of vulnerable communities to climate shocks. The proposed total cost of the above grant is US\$ 19,705,165.

Accordingly, WFP will extend the support using in-kind and cash-based transfer modalities to approximately 274,000 beneficiaries for school meals, nutrition support to children under-five and pregnant and lactating women, resilience building for disaster affected community in addition to capacity development for policy development.

This programme will be executed by the Ministry of National Policies and Economic Affairs and implemented through the Presidential Secretariat, Ministry of Health, Nutrition and Indigenous Medicine, Ministry of Education, Ministry of Environment, relevant Ministries of the Northern Provincial Council and the respective District Secretariats.

### Financial Assistance from the International Fund for Agricultural Development (IFAD) for the Implementation of the Smallholder tea and Rubber Revitalization (STARR) Project

The International Fund for Agricultural Development (IFAD) has extended their financial assistance to implement Smallholder Tea and Rubber Revitalization (STARR) Programme which will be implemented by the Ministry of Plantation Industries. The main objective of this programme is to assist tea and rubber smallholders to increase their income and strengthen their resilience by building profitable farm enterprises that are sustainable. Further, the project would increase the national production of tea, rubber and address issues relevant to productivity and market linkages in selected districts.

There are three main components under this programme as: (A) Tea Smallholder Development; (B) Rubber Smallholder Development and (C) Inclusive Rural Financing. The total investment of this programme is US\$ 65.4 million of which US\$ 25.8 million will be provided by the IFAD. The project period would be 6 years and expected to benefit 32,000 households (144,000 people).

The negotiations for the above project has already been concluded between the Government of Sri Lanka and the International Fund for Agriculture Development in Colombo on 26<sup>th</sup> November 2015.

## Technical Assistance

The Department of External Resources which is the National Focal Point of Sri Lanka for the mobilization of foreign training opportunities, time to time negotiate with the Bilateral Development Partners such as Australia, China, Japan, Korea, India, Singapore, Thailand, Malaysia, Indonesia and the Multilateral Development Partners such as Asian Development Bank, Colombo Plan, World Bank, and Commonwealth Secretariat to obtain demand driven training programmes for the development of human resources and building capacity in the public sector.

The Government of Sri Lanka annually receives around 600 foreign training awards by way of long - term (8 months or over) and short - term training opportunities under the Technical Assistance Programmes from more than 15 development partners. Accordingly, a total of 1,243 foreign training opportunities were received in 2015 and out of them 69 have been long term training opportunities and the balance were short term training opportunities. The following table shows the number of training opportunities received to the Government of Sri Lanka during the period of 1<sup>st</sup> January to 31<sup>st</sup> December 2015.

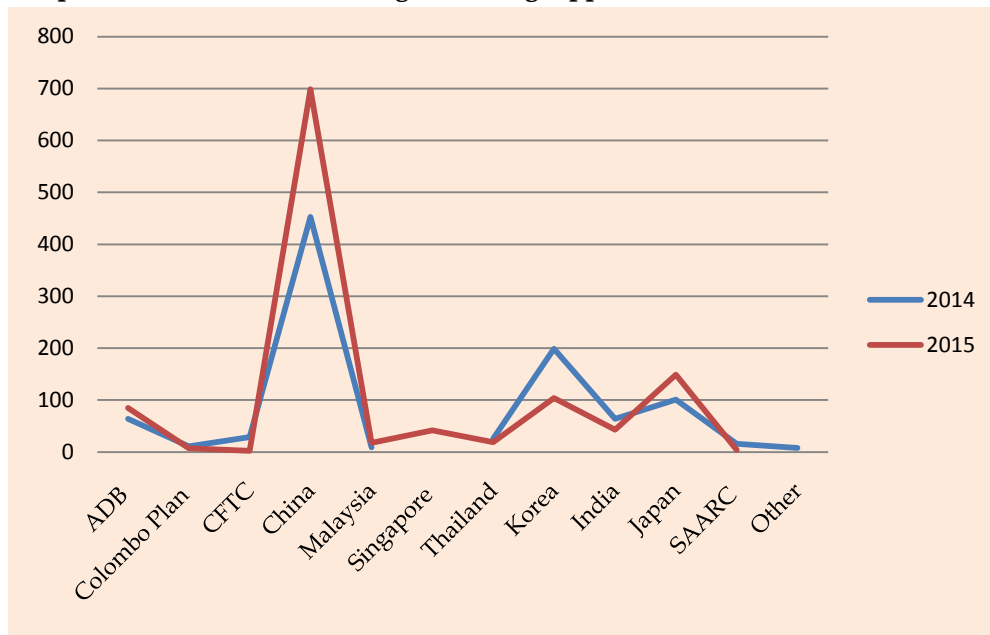
**Number of Foreign Training Opportunities awarded by Development Partners in year 2015**

Development Partner	Short Term	Long Term
Asian Development Bank (ADB)	85	
Colombo Plan	7	
Commonwealth Fund for Technical Cooperation (CFTC)	4	
Government of Australia		35
Government of China	699	2
Government of Malaysia	18	
Government of Singapore	42	
Government of Thailand	19	2
Government of the Republic of Korea	104	13
Government of India	43	
Government of Japan	149	17
SAARC Secretariat	4	
<b>Total</b>	<b>1,174</b>	<b>69</b>

During the last years, there is an unexpected and unprecedented improvement in the training opportunities. For instance, from January to end of December 2015, 701 officials have been selected to obtain foreign exposure in China and maximum 8 officials per programme have been selected. This represents about 56 percent of total training opportunities available to Sri Lanka in 2015. The Chinese Government has made its maximum effort to select all nominees who have applied for those programmes. Australian Development Scholarships has also increased the intake for the year 2015 in the areas of Health, Education and Sustainable

Economic Development and from the final interview 35 officials have been selected to follow the programmes. The Government of Korea, through Korean International Cooperation Agency (KOICA) had provided 104 short term training opportunities and 13 long term opportunities. This represents about 9 percent of total training opportunities available to Sri Lanka in 2015. While the Government of Japan has provided 166 training programmes which includes short and long term and accounts for 13 percent of the total training programme. Also the Government of India, Singapore and Asian Development Bank has offered a significant number of training opportunities in 2015.

**Comparison of Short Term Foreign Training Opportunities received in 2014 & 2015**



Considering the long term training opportunities received by the Government of Sri Lanka, most of the 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. The short term training, seminars, conferences and workshops are offered to middle and senior level public officers to enhance their existing knowledge and skills of the relevant fields. Mostly, these training courses are conducted at the best leading training institutions and universities in the world. These training programmes, mainly focus on the areas of Agriculture, Livestock, Fisheries & Irrigation, Road & Transport, Health, Enterprise Development, Environment, Education, Public Administration & Governance and Development & Public Policy. In addition to the individual training programmes, Development Partners provide group training, workshops and study visits for the public sector employees.



## Volunteer Service

Apart from the training programmes, technical assistance division coordinates the programmes of services of foreign experts and volunteers with the Development Partners and line Ministries. Based on the requests made by line Ministries, suitable experts / volunteers are identified and necessary steps are taken to recruit them. During the year 2015, the Government of Sri Lanka has received volunteers from Korea, Japan and Australia which accounts for 51, 40 & 01 respectively in the fields of Health, Social, Community Development, Sports, Education, Language, Textile and IT.

## Special Events

First Gender Focal Point Conference, 26<sup>th</sup> – 27<sup>th</sup> November 2015  
(Hilton Hotel, Colombo)

The Colombo Plan Secretariat, which is the one and only International Organization established in Sri Lanka since 1951 with 7 member countries and functions as the secretariat for the Consultative Committee and the Council.

Since the Gender Based Programmes are one of the major programme of Colombo Plan Secretariat, they have recently initiated a Gender Focal Point at the Colombo Plan and the Department of External Resources, the Ministry of Foreign Affairs and the Ministry of Women's Affairs have been appointed as the members of this Focal Point.

Accordingly, the first Gender Focal Point Conference in Sri Lanka conducted from 26<sup>th</sup> to 27<sup>th</sup> November 2015 at Hilton Hotel, Colombo with the participation of 27 member countries of Colombo Plan. Since, the Department of External Resources is the focal point for the Colombo Plan Programmes and also the member of the Gender Focal Point, ERD also host welcome dinner for these members.

# Debt Management Division

## The Role of the Debt Management Division

- Recording new commitment details to the debt management system known as Commonwealth Secretariat Debt Management and Recording System (CS-DRMS) database and updating details in relation to subsequent amendments such as cancellations and enhancement of loan/grant commitments, extension of drawdown periods
- Cross-checking the payment claimed by development partner agencies with CS-DRMS forecasts, authentication of payments and making necessary recommendation for Central Bank of Sri Lanka (CBSL) to pay the due amounts on time
- Obtaining necessary clarifications for the payment claims made by development partner through the respective donor desk for the cases where there are discrepancies between development partner claims and CS-DRMS forecasts which are set in line with the provisions of the Loan Agreement
- Entering disbursements, loan repayments, interest payments and other payments related to loan agreements to the CS-DRMS
- Preparing a summary on terms and conditions of the new loan commitments and submit them to the Economic Research Department of the CBSL with copies of agreement. Publish a list of loan/grant agreements
- Providing debt statistics to the Treasury Operations Department (TOD) and other relevant agencies and publishing 814 report generated from CS-DRMS on disbursements (project -wise) on the ERD public web
- Compilation and publishing of Foreign Aid Review and preparation of write-up on foreign debt for Performance Report, Annual Report, Budget Publication and other publications
- Completion of required economic analytical reports and data relevant to foreign debt in Sri Lanka on time and at a satisfactory level requested by other divisions of ERD and other Treasury Departments
- Preparation of answers to the Parliament questions pertaining to external Government's Debt

- Provision of foreign debt data recorded in CS-DRMS database for CBSL in required formats to be used for debt management / analyzing tool known as "Horizon" developed by the Commonwealth Secretariat
- Preparation of Cabinet Observations for Hon. Minister of Finance which are relevant to foreign debt matters
- Communicating with donor agencies with the consent of the respective donor desk of ERD to get clarifications / submit clarifications for the foreign debt related issues
- Taking appropriate actions for various requests made by the outside agencies which referred to the Secretary to the Treasury and DG/ERD regarding foreign financing and debt
- Facilitating the Missions fielded by the Commonwealth Secretariat as their routine work and on request of CBSL in order to improve the debt management capacity of the country
- Provision of required data on foreign debt on quarterly basis in separate format requested from IMF/World Bank through Quarterly External Debt Statistics Initiative in order to publish official foreign debt data

## Performance of the Year 2015

- Recorded new commitments in the debt management database (CS-DRMS) with regard to the year 2015 and updated as per the subsequent amendments
- Authenticated payment advices received throughout the year from Development Partners and lending agencies and sent CBSL after cross-checking the payment claims with CS-DRMS forecasts and referencing respective loan agreements in order to make the due repayments and other charges on time
- Obtained necessary clarifications for the payment claims made by development partner agencies through the respective donor desks for the cases where there are discrepancies between donor claims and our records
- Recorded disbursements, loan repayments, interest payments and other payments related to loan agreements in CS-DRMS during 2015
- Prepared and published a list of loan/grant agreements with terms and conditions for the new loan commitments during 2015
- Provided required debt statistics to the other divisions of ERD and Treasury Operations Department (TOD) and other relevant agencies where it is necessary.

- Prepared and published 814 report generated from CS-DRMS on disbursements (project-wise) on the ERD public website
- Prepared the write-up on foreign debt for Performance Report, Annual Report, Budget Publication and other publications in 2015
- Prepared and compiled various economic analytical reports and data relevant to foreign debt on time required by other divisions of ERD and other Treasury Departments
- Prepared answers for 04 Parliamentary Questions pertaining to external Government's Debt
- Communicated with development partner agencies with the consent of the respective donor desk of ERD to get clarifications / submit clarifications for the foreign debt related issues
- Taken timely and appropriate actions for various requests made by the outside agencies which referred to the Secretary to the Treasury and DG/ERD regarding foreign financing and debt
- Facilitated 03 Missions fielded by the Commonwealth Secretariat and the World Bank/IMF in order to improve the debt management capacity of the country
- Provided the required data on foreign debt on quarterly basis requested from IMF/World Bank

# Policy Planning Division

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## The Role of the Policy Planning Division

The Division is responsible for enhancing foreign aid coordination, mobilization, management of external Official Development Assistance (ODA), attracting new foreign financing sources for implementation of priority projects identified in line with the Development Policy Statement articulated by the Government of Sri Lanka.

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

- Coordination with Line Ministries and Development Partners to obtain the necessary funding facilities for the development projects and programmes that are to be implemented as government development initiatives.
- Obtaining the recommendations of the Department of National Planning for the project proposals submitted by the line Ministries.
- Submitting the project proposals recommended by the Department of National Planning to prospective donor desks in consultation with senior staff of the Department to secure foreign financing.
- Preparation and maintenance of updated project pipeline which are to be implemented with foreign assistance.
- Preparation and coordination of Performance Report of the Department.
- Providing inputs for the Ministry of National Policies and Economic Affairs Reports.
- Issuing necessary Circulars relevant to foreign aid utilization.
- Coordinating of submission of Cabinet Observations on the Cabinet Memorandum submitted to the Ministry of Finance and the Ministry of National Policies and Economic Affairs.
- Compiling and preparing Foreign Financing Budget Estimates for the ongoing and new project proposals for the year 2016.

- Taking appropriate actions for various requests made by the outside agencies which referred to the Secretary to the Treasury, Secretary to the Ministry of National Policies and Economic Affairs and DG/ERD regarding foreign financing.
- Completion of required economic analytical reports and data relevant to foreign financing in Sri Lanka on time and at a satisfactory level requested by higher authorities.
- Coordination of foreign aid meetings and development forums.

## Performance of the Year

- Prepared and published of Annual Performance Report for the year 2014.
- Prepared of Foreign Financing Chapter for Ministry of Finance and Planning Annual Report 2014.
- Prepared Department of External Resources Chapter for the publication of the Ministry of National Policies and Economic Affairs "2015 Progress and 2016 Development Programmes"
- Submission of 41 project proposals cleared by the Department of National Planning to the donor desks to obtain foreign finance.
- Clearance of three Memorandum of Understanding (MOUs).
- Compiled and prepared Foreign Financing Budget Estimates for the ongoing and new project proposals for the year 2016
- Taken timely and appropriate actions for various requests made by the outside agencies which referred to the Secretary to the Treasury, Secretary to the Ministry of National Policies and Economic Affairs and DG/ERD regarding foreign financing
- Prepared and compiled various economic analytical reports and data relevant to foreign financing on time required by higher authorities

# Financial Review

## Financial Information on Expenditure

This Department is not identified as a revenue collecting agency and financial information on expenditure against provision on Personnel Emoluments, Other Recurrent Expenditure, Capital Expenditure and Advance Accounts Operations of the Department under Budget Head No.239 in the year 2015 is given in following tables.

### Personnel Emoluments

Rs.	
Original Provision	59,600,000
<b>Add:</b>	
Supplementary Provision	-
Transfers under F.R.66 & F.R.69	56,000
<b>Less:</b>	
Transfers under F.R.66	-
<b>Total Provision</b>	59,656,000
Expenditure during the year	57,454,199

### Other Recurrent Expenditure

Rs.	
Original Provision	281,930,000
<b>Add:</b>	
Supplementary Provision	-
Transfers under F.R.66 & F.R.69	-
<b>Less:</b>	
Transfers under F.R.66	(8,344,375)
<b>Total Provision</b>	273,585,625
Expenditure during the year	139,513,302

## Capital Expenditure

Object Code	Object Title	2015 Estimates Rs.	2015 Net Provision Rs.	Expenditure Rs.
2002	Rehabilitation & Improvement of Plant, Machinery & Equipment	700,000	700,000	440,110
2003	Rehabilitation & Improvement of Vehicles	1,000,000	1,000,000	427,449
2102	Acquisition of Furniture and Office Equipment	1,200,000	1,200,000	13,027
2103	Plants, Machinery & Equipment	5,000,000	5,000,000	2,963,801
2204(21)	Asian Development Bank Ordinary Capital Increasing	547,000,000	550,094,900	550,094,900
2204-3- (11)	Vocational & Training Centre in Uganda	97,000,000	105,199,500	105,199,088
2204-5- (11)	Food Aid to World Food Programme	2,000,000,000	2,000,000,000	13,008,172
2401	Training and Capacity Building	2,200,000	4,920,375	4,920,373
2502 (17)	Reimbursement of VAT for Residence Missions	3,500,000	868,500	868,127
2502-4-(13)	Transfers Abroad - (Investment)	5,630,000	5,630,000	0
<b>Total</b>		<b>2,663,230,000</b>	<b>2,674,613,275</b>	<b>677,855,047</b>

## Summary of Utilization of Budgetary Provision

Description of Expenditure	2015 Estimates Rs.	2015 Net Provision Rs.	2015 Actual Expenditure Rs.
Recurrent Expenditure	341,530,000	333,241,625	196,967,501
Capital Expenditure	2,663,230,000	2,674,613,275	677,855,047
<b>Total</b>	<b>3,004,760,000</b>	<b>3,007,854,900</b>	<b>874,822,548</b>

## Advance Account of Public Servants

The details of the Advance Account of the Public Servants of this Department for the year 2015 are given below.

Description	Approved Limit Rs.	Actual Expenditure Rs.
Maximum limit of expenditure	4,500,000	4,495,686
Minimum limit of receipts	2,500,000	3,715,158
Maximum limit of debit balance	27,000,000	16,845,541



## Auditor General's Queries

During the year, 02 audit queries from the Department of Management Audit of the Ministry of Finance and 06 audit queries from the Auditor General's Department were received and all the queries were answered.

## Appropriation Account 2015

The Appropriation Account for the year 2015 was submitted to the Auditor General on 24<sup>th</sup> March 2016.

List of Foreign Financing Loan Agreements Signed during January-December, 2015 with their Financial Terms

Development Partner/ Lending Agency	Agreement Date	Project	Loan Amount			Interest Rate per Annum			Commitment Fee (from the undisbursed balance)	Other Payments	Grace Period (Years)	Maturity (Including Grace Period) (Years)
			Currency	Original Amount million	US\$ million	Interest Type	Rate	Margin (100 basis points)				
<b>Bilateral</b>												
Japan	11/8/2015	National Transmission and Distribution Network Development and Efficiency Improvement Project	JPY	23,900	199.9	Fixed	Tranche 1 - 0.3%	N/A	-	Front- End Fee - JPY 49,860,000	10	40
							Tranche 2- 0.01%					
France	2/10/2015	Construction of Four Grid Substations Maliboda, Nawalapitiya, Wewalwatta and Ragala	EUR	30	33.6	Variable	EURIBOR 6 Months	1.31%	0.50%	Appraisal Fee - EUR 150,000	5	20
	2/10/2015	Green Power Development & Energy Efficiency Improvement Investment Program	EUR	22	24.6	Variable	EURIBOR 6 Months	1.31%	0.50%	Appraisal Fee - EUR 110,000	5	20
Korea	22/6/2015	Hatton-Nuwara Eliya Improvement Project	KRW	19,166.00	17.3	Fixed	0.15%	N/A	-	-	10	40
Spain	14/12/2015	Supply of Three Flyovers in Ganemulla, Polgahawela & Rajagiriya (Bilateral Portion)	EUR	37.60	41.2	Fixed	0.15%	N/A	0.10%	Management Fee- EUR 18,798.32	5	40
Saudi Fund for Development	30/10/2015	Improvement of Peradeneiya - Badulla - Chenkaladi Road Project	SAR	225.00	60	Fixed	2.00%	N/A	-	-	5	25
	30/10/2015	Epilepsy Hospital and Health Centers Project (Additional Finance)	SAR	45	12	Fixed	2.00%	N/A	-	-	5	20
<b>Export Credit</b>												
AB Svensk Export Credit	25/5/2015	Ratmalana & Ja-Ela Wastewater Treatment Facilities Project (Sweden) - <b>Enhancement</b>	US\$	3.1	3.1	Fixed	0.92%	N/A	0.15%	Administrative Fee - 0.03%(Loan amount), Management Fee US\$ 91,918.97 , Arrangement Fee - US\$ 3,141.69 , Commitment Fee- US\$ 5260.93	10	25
Australia and New Zealand Bank in Australia	29/05/2015	Integrated Water Supply Scheme for the Un-served Areas of Ampara District - <b>Enhancement</b>	US\$	7.5	7.5	Variable	LIBOR 6 Months for US\$	1%	-	Guarantee Fee US\$ 14,495,000	3	14

List of Foreign Financing Loan Agreements Signed during January-December, 2015 with their Financial Terms, cont....

Development Partner/ Lending Agency	Agreement Date	Project	Loan Amount			Interest Rate per Annum		Margin (100 basis points)	Commitment Fee (from the undisbursed balance)	Other Payments	Grace Period (Years)	Maturity (Including Grace Period) (Years)
			Currency	Original Amount million	US\$ million	Interest Type	Rate					
Banco Bilbao Vizcaya Argentaria S.A.	14/12/2015	Supply of Three Flyovers in Ganemulla, Polgahawela and Rajagiriya (Export Credit)	EUR	16.10	17.7	Variable	EURIBOR 6 Months	1.95%	-	Management Fee EUR 80,564.24	3	13
Export Finance & Insurance Corporation	17/12/2015	Supply and Purchase of Clinical Waste Disposal Systems and related Equipment	US\$	13.80	13.8	Variable	LIBOR 6 Months for US\$	1%	-	Other -US\$ 243,106 & US\$ 100,00	2	11
HSBC (With a Guarantee of EKF Denmark)	14/8/2015	Establishment of Dairy Processing Plant at Badalgama-	EUR	66.60	74.20	Variable	LIBOR 6 Months for US\$	Tranche 1 -5 %	-	Structuring Fee - EUR 9,975,863	3	13
								Tranche 2- 1.9%	0.50%	Structuring Fee - EUR 285,759 , Upfront Fee - 2,234,919		
<b>Multilateral</b>												
Asian Development Bank	28/5/2015	Integrated Road Investment Program - Tranche 2	XDR	6.1	8.6	Fixed	2%	N/A	-	-	5	25
	28/5/2015	Integrated Road Investment Program - Tranche 2	US\$	98	98	Variable	LIBOR 6 Months for US\$	0.50%	0.15%	Maturity premium 0.1%	5	25
	17/9/2015	Mahaweli Water Security Investment Programme -Tranche 1	XDR	53.6	71.8	Fixed	2%	N/A	-	-	5	25
	17/9/2015	Mahaweli Water Security Investment Programme - (Tranche 1)	US\$	76	76	Variable	LIBOR 6 Months for US\$	0.50%	0.15%	Maturity premium 0.1%	5	25
	11/12/2015	Integrated Road Investment Program - Tranche 3	US\$	175	175	Variable	LIBOR 6 Months for US\$	0.50%	0.15%	-	5	25
	11/12/2015	Integrated Road Investment Program - Tranche 3	XDR	17.7	24.3	Fixed	2.00%	N/A	-	-	5	25

List of Foreign Financing Loan Agreements Signed during January-December, 2015 with their Financial Terms, Cont....

Development Partner/ Lending Agency	Agreement Date	Project	Loan Amount			Interest Rate per Annum		Margin (100 basis points)	Commitment Fee (from the undisbursed balance)	Other Payments	Grace Period (Years)	Maturity (Including Grace Period) (Years)
			Currency	Original Amount million	US\$ million	Interest Type	Rate					
International Development Association (IDA) of the World Bank	06/11/2015	Water Supply and Sanitation Improvement Project	XDR	117.4	163.2	Fixed	1.26%	N/A	0.50%	Service Fees (0.75%)	5	25
	23/10/2015	Early Childhood Development Project	XDR	35.6	50	Fixed	1.25%	N/A	0.50%	Service Fees (0.75%)	5	25
	09/12/2015	Additional Financing for North East Local Services Improvement Project [NELSIP]	XDR	14.3	19.6	Fixed	1.25%	N/A	0.50%	Service Fees (0.75%)	5	25
OPEC Fund for International Development	26/6/2015	Western Province Road Development Project	US\$	17	17	Fixed	2.60%	N/A	-	Service Fees (1%)	5	20
	26/6/2015	Badulla Chenkaladi Road Development Project	US\$	60	60	Fixed	2.50%	N/A	-	Service Fees (1%)	5	20
			<b>Total</b>		<b>1,268.40</b>							

**Note:** 1. LIBOR = London Interbank Offer Rate

2. EURIBOR = Euro Interbank Offer Rate

3. The conversion rates used for the report were the exchange rates prevailed for different currencies at the date where the loans agreements signed

4. Foreign loans commitments received by State Owned Business Enterprises are not included

5. N/A = Not Applicable



## List of Foreign Grant Agreements Signed during January – December, 2015

Development Partner/ Lending Agency	Agreement Date	Project	Amount Committed		
			Signed Currency	Amount million	US\$ million
India	11/27/2015	Comprehensive Emergency Response Services - Phase I	US\$	7.6	7.6
Japan	8/14/2015	Japan's Non Project Grant AID for Provision of Japanese Local Product 2014	JPY	500.0	4.1
Korea	6/22/2015	Capacity Building Project for Sri Lanka's Forensic Science Agencies and Officials	US\$	3.2	3.2
Germany	11/26/2015	Education for Social Cohesion [ESC]	EUR	4.0	4.2
	4/24/2015	National Park and Buffer Zone Management in Wilpattu	EUR	2.0	2.2
United States of America (USA)	8/20/2015	Strengthened Partnership for Social Integration	US\$	2.1	2.1
Food and Agriculture Organization (FAO)	2/25/2015	Agro Economic Development Project	CAD	3.0	2.4
United Nation Development Programme (UNDP)	9/23/2015	Enhancing Biodiversity Conservation and Sustenance of Ecosystem Services in Environmentally Sensitive Areas	US\$	9.1	9.1
	11/4/2015	Ensuring Global Environment Concerns and Best Practices Mainstreamed in the Post-Conflict Rapid Development Process of Sri Lanka through Improved Information	US\$	1.0	1.0
World Food Programme (WFP)	4/10/2015	Protracted Relief & Recovery Operation (PRRO)	US\$	29.3	29.3
<b>Total</b>					<b>65.2</b>