



கார்டினல் லாபால
செயலாற்றுகை அறிக்கை
Performance Report

2017

பிஹேஷ சூபீஸன் டேஸார்தமேன்ஜூல
வெளிநாட்டு வளங்கள் திணைக்களம்
Department of External Resources

சூதிக பூதிகனி னா ஂர்தீக கப஑ூ அலாநாஂஷ
தேசிய கொள்கைகள் மற்றும் பொருளாதார அலுவல்கள் அமைச்சு
Ministry of National Policies and Economic Affairs



Performance Report

2017

Department of External Resources

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Department of External Resources
The Secretariat (3rd Floor)
P. O. Box 277
Colombo 00100
Sri Lanka

Info@erd.gov.lk
<http://www.erd.gov.lk>

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Department of External Resources at a Glance

The Department of External Resources (ERD) is the apex Government body which responsible for mobilizing necessary resources (foreign & local) for implementation of priority development projects in Sri Lanka while facilitating realization of the development objectives highlighted in the policy framework of the Government.

The Department is functioning under direct supervision of the Ministry of National Policies and Economic Affairs with close coordination with the Treasury Departments.

The Department is headed by the Director General and assisted by 4 Additional Director Generals. In addition, there are 11 Directors in charge of the following Divisions;

- Asian Development Bank Division
- Advanced Economies Division
- Capital Market and Investment Division
- China and Asian Infrastructure Investment Bank Division
- Debt Management Division
- East Asia Division
- Middle East and South Asia Division
- World Bank and IMF Division
- United Nation Agencies, Technical Assistance Division
- Sector Coordination and Performance Monitoring Unit
- Information, Resources Coordination and Policy Research Studies Division
- Information Technology Unit
- Administration Division
- Finance Division

Vision

Shaping the future of Sri Lanka by mobilizing global knowledge, expertise and external financing for accelerated economic growth

Mission

Facilitate mobilization of external financing at affordable cost with minimum conditionality in support of the economic and social development of Sri Lanka while supporting long term debt sustainability of the country

Our Objectives

- Mobilize external resources at affordable cost 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 facilitating effective utilization of foreign training opportunities
- Continue to strengthen the capacity of the Department to fulfil the responsibilities in an effective and efficient manner

Our Values

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

By next 3 years

Increase per capita income to

↑ **\$5000**



Create 1 million Jobs

Increase FDIs to

↑ **\$5 billion**

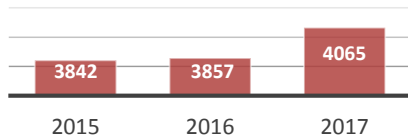
Doubling exports to **\$ 20 billion**

Reduce Debt to GDP Ratio to

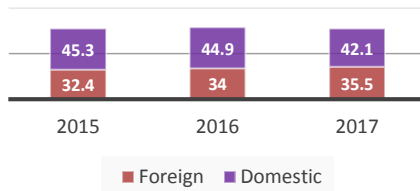
↓ **70%** by 2020

Past 3 years

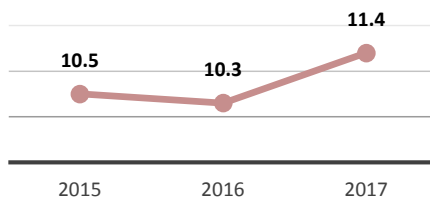
Per Capita Income (USD)



Debt to GDP Ratio (%)



Exports (USD billion)



1. OVERVIEW

In line with the vision of transforming Sri Lanka to an export oriented economic hub of the Indian Ocean by 2025, the Government of Sri Lanka has taken several measures to strengthen the macro economic framework of the Country. The recent reports of the Central Bank of Sri Lanka reveal that the Sri Lanka's economic performances remained satisfactory level in 2016 and early 2017 with 3.9 percent Gross Domestic Product (GDP) growth in the first half of 2017, although the climatic related disturbances adversely affected the overall economic performances during the year.

As per the Government vision "Vision 2025", which was published in 2017 and the policy framework: "Empowered Sri Lanka", the key economic targets of the Government during next 3 years includes increasing per capita income to USD 5000 level, creating 1 million new employment opportunities, increasing Foreign Direct Investments (FDIs) to USD 5 billion and doubling the exports to USD 20 billion.

Reducing the Debt to GDP ratio to 70% by 2020 under a medium term debt management strategy and maintaining public investment at 5-6% of GDP for 2017-2020 are among the key policy targets of the Government. The public investments will mainly focus on economic infrastructure development and human resource development projects in education, health care, research and development, roads, transport, water supply, energy and vocational training. The Government encourages alternative financing modalities for major infrastructure projects, such as PPPs, in health care, leisure, tourism, ports and aviation sectors in order to reduce the dependence on sovereign loans for development projects in addition to the provision of public amenities such as transport services, energy generation, drinking water, waste management and industrial parks under PPP modalities.

The Department of External Resources (ERD) as the apex Government body responsible for mobilizing external resources for development

activities, plays an important role in facilitating the resource mobilization process. During the past decades, external financing has been one of the major sources of project financing while bridging the savings-public investment gap of the country.

In 2017, ERD has facilitated to enter into 52 foreign financing agreements worth of USD 5,022.1 million with development partners and lending agencies, which includes USD 2,522.1 million of Official Development Assistance (ODA) and USD 2,500 million raised through capital market instruments.

Government of China and its lending agencies have been the main financier in 2017 by injecting 21.5 percent (USD 542.4 million) of total ODA commitments followed by Japan, World Bank and Asian Development Bank (ADB) by recording 17.1 percent, 16.9 percent and 16.8 percent of the total ODA commitments respectively. In addition, Government of India, United Nations (UN) Agencies, Saudi Arabia, European Investment Bank, European Community, Austria, Netherlands, United States of America (USA), OPEC Fund for International Development (OFID), Kuwait and Korea have provided their technical and financial assistance in 2017 to finance the development needs of the Country.

The foreign financing raised in 2017 will be utilized mainly for water supply and sanitation sector (27.8 percent) followed by ground transport, and roads and bridges, 17.7 and 15.7 percent respectively. Significant amount of foreign financing has been committed for the irrigation, agriculture and education sector projects as well. Commitment made in 2017 for the

education and training sector was USD 147.9 million.

During the year 2017, the total disbursements from the commitments already made by various development partners was USD 1668.7 million. Compared to 2016, both commitment and disbursement of sovereign loans and grants remained steady in 2017.

In line with the vision 2025, special attention has been given to increase foreign financing to education, health care, research and development and vocational training sectors and negotiations are being held with several development partners to obtain more financial assistance to strengthen those sectors.

The composition and the form of foreign financing have changed over the past years with the graduation of Sri Lanka into lower middle income economy. In parallel to the increase of per capita income, Sri Lanka has been gradually disqualified for the concessional external assistance generally available for lower income countries. In 2017, both ADB and World Bank, the leading multilateral development partners of Sri Lanka have officially announced the formal graduation of Sri Lanka from eligibility to access concessional resources from them.

The Performance Report 2017 of the ERD elaborates a summary of overall commitments and disbursements and major interventions of ERD with the development partners of Sri Lanka. Moreover, it illustrates division-wise performance of the Department giving more details on each development partner inclusive of some of the flagship projects and way forward.

2. MOBILIZING FOREIGN FINANCING

ERD is mandated to mobilize foreign financing for the country for its development. Over four decades, Sri Lanka has been accessing foreign financial assistance in the form of concessional loans, export credits, technical assistance (TA) and outright grants under ODA from bilateral and multilateral development partners, and also in the form of market borrowings.

Over the years, the foreign financing portfolio of the country has become very diverse. The volume, composition and the form of foreign financing has changed with the increased demand for foreign financing in parallel with the steady increase of country's per capita income. During the last decades, large numbers of economic infrastructure development projects covering sectors such as roads,

expressways, bridges, power, ports, airports, water supply, irrigation and railways have been implemented by the Government using foreign financing. While the share of outright grants and concessional financing in the foreign financing basket has been reducing with the Sri Lanka's graduation to a lower middle income country status, the proportion of the mix credit and the credit obtained through international capital market has taken prominence over the years.

ERD has been performing well in the area of mobilizing foreign financing complying with all relevant legislative arrangements and the limits & targets set by mid-term fiscal policy framework and borrowing strategy of the country while maintaining the debt sustainability.

Debt Sustainability

Debt sustainability analysis generates debt related data and information which are used to determine borrowing strategies of the Government. The annual borrowing limits are decided based on a medium and long term borrowing plan and subsequently approved by the Parliament. Total debt stock, total debt service ratio, external debt to GDP ratio and the debt to export ratio are some of the debt management indicators used in long term planning of external debt. According to these indicators, Sri Lanka is currently maintaining a sound position with respect to its debt sustainability¹. Further, the basic

objectives of a debt sustainability analysis includes the following;

- Assess the current debt situation, its maturity structure, whether it has fixed or floating rates, whether it is indexed, and by whom it is held;
- Identify vulnerabilities in the debt structure or the policy framework far enough in advance so that policy corrections can be introduced before payment difficulties arise;
- In cases where such difficulties have emerged, or are about to emerge, examine the impact of alternative debt-stabilizing policy paths.

Debt to GDP Ratio

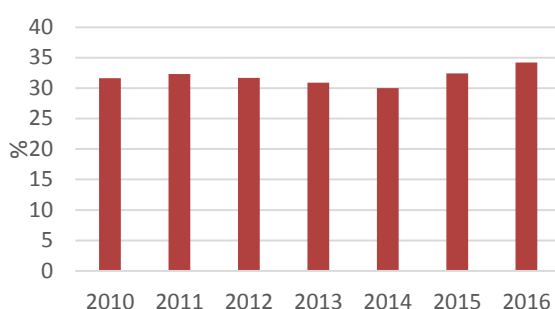
¹ As per the International Monetary Fund (IMF) debt sustainability is defined as a country's capacity to finance its policy objectives and service the ensuing debt without

unduly large adjustments, which could otherwise compromise its stability.

Debt to GDP Ratio assesses the country's economy in term of the ability to repay its debt.

As depicted by Chart 2.1, Sri Lanka maintains external debt to GDP ratio lower than the level of 35 percent keeping the country below the medium category of policy based indicative debt burden threshold, although the Government has invested a substantial amount of foreign financing on strategic development projects during the last 7 years.

Chart 2.1: External Debt to GDP Ratio 2010-2016 (%)



Source: Central Bank of Sri Lanka

External Debt Indicators

Table 2.1: Critical Values of External Debt Indicators

Indicator	Highly Indebted Countries	Moderately Indebted Countries	Less Indebted Countries	Sri Lanka			
				2010	2013	2014	2015
DOD / GNP	>50	>30 and < 50	< 30	33.4	31.6	30.5	32.4
DOD / XGS	>275	>165 and <275	<165	197.2	106.6	100.4	109.2
TDS / XGS	>30	>18 and < 30	<18	10.2	11.2	9.6	12.3
INT / XGS	>20	>12 and < 20	<12	3.2	3.9	3.7	3.6

Note: DOD represents total disbursed external debt outstanding, GNP : gross national product, XGS: exports of goods and non factor service including workers remittance and compensation to employees, TDS: total external debt service payments, INT: external interest payments

Sources: Manual on Effective Debt Management Un-ESCAP 2006 and Central Bank of Sri Lanka.

Risks Pertaining to the External Debt Portfolio

In managing country's external debt portfolio, the Country has to deal with managing risk such as refinancing, exchange rate & interest rate risks. Exchange rate risk arises due to adverse fluctuations in the exchange rate, where depreciation of domestic currency increases the rupee value of debt servicing cost and the outstanding value of foreign currency denominated debt. The Central Bank of Sri Lanka continued to use the Ratio of Foreign Currency Debt to Total Debt to assess the degree of susceptibility

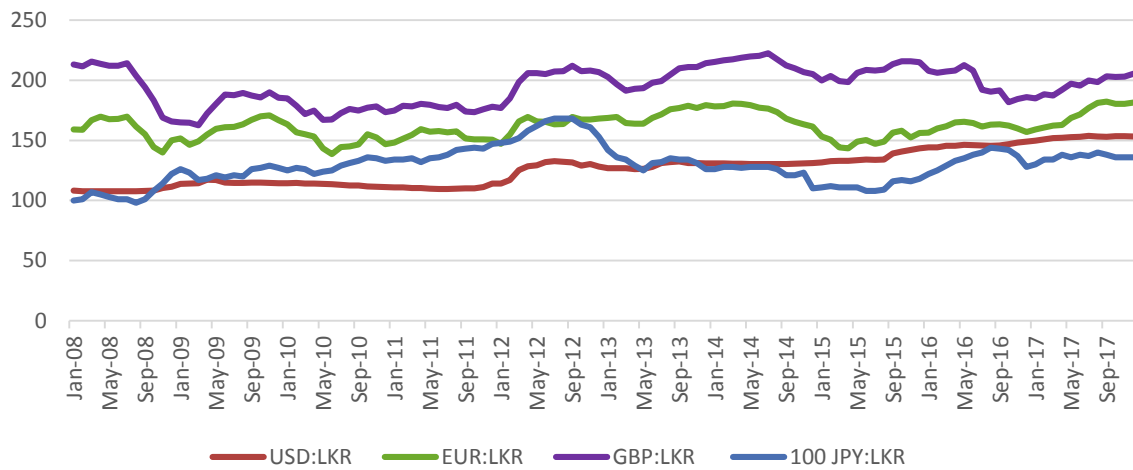
of the debt portfolio to exchange rate risk. The share of foreign currency denominated debt in the total debt increased to 46.3 percent at the end 2015 from 41.6 percent at end 2014 and 35 percent as envisaged in Medium Term Debt Sustainability (MTDS) Analysis 2015-2018.

Tightening monetary conditions, such as increasing the Statutory Reserve Rate, and high borrowing pressure for market based mechanism in auctioning Treasury bills and Treasury bonds resulted an increase in

interest rates of the domestic market. Thus, financing of budget deficit has been greatly relied on foreign currency, striking a trade-off between costs of borrowing from

domestic sources and exposure to foreign exchange risk, when financing from foreign source.

Chart 2.2: Major Currency Movements Against LKR 2008- 2017



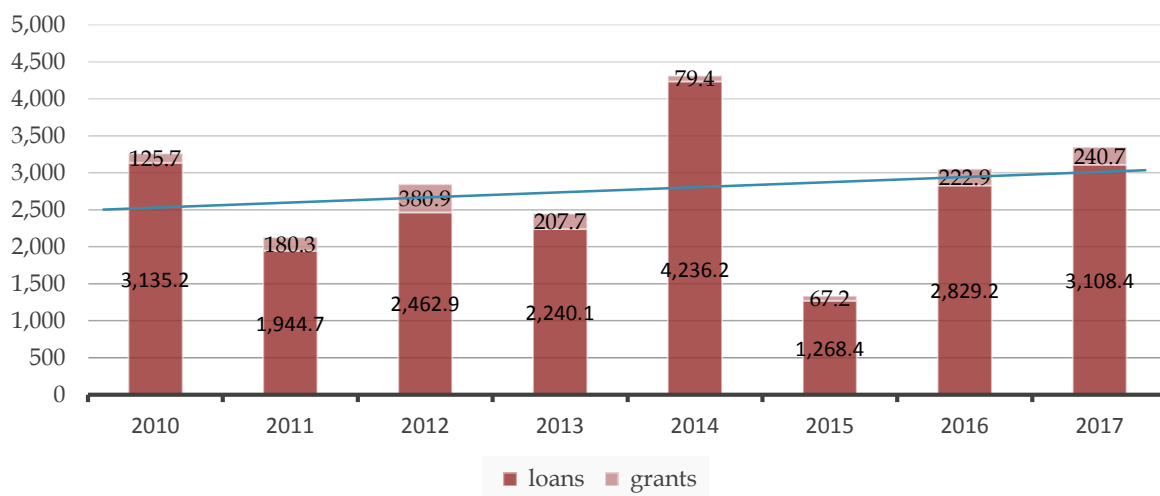
Source: Department of External Resources

Review of External Financing Commitments and Disbursements

Foreign Financing Commitments

With Sri Lanka’s graduation in to lower middle income status, the debt composition has changed over time with higher amount of non-concessional loans and market borrowings, although the annual average of commitment from development partners has annually increased slightly.

Chart 2.3: ODA Commitments Trend 2010-2017 (USD million)

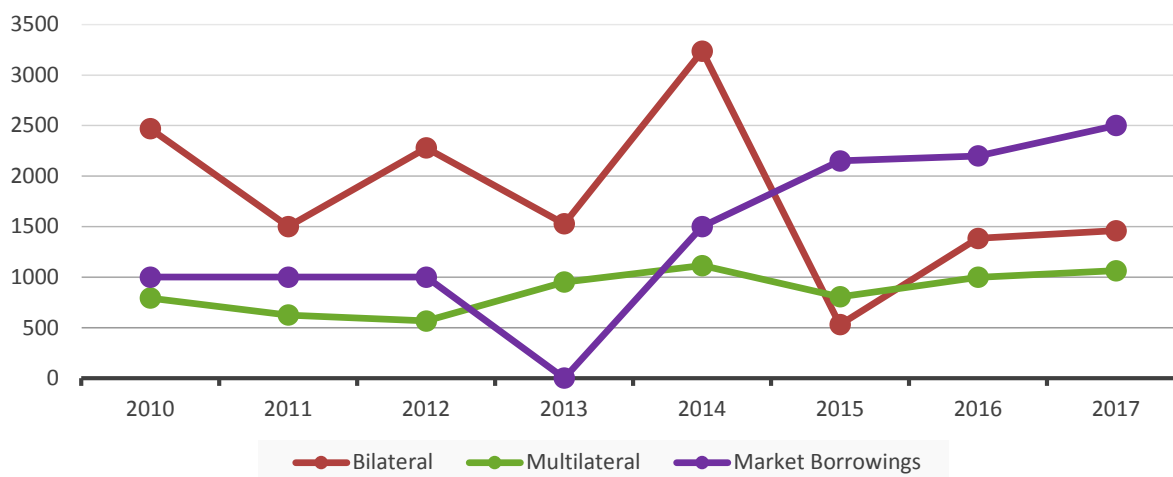


Source: Department of External Resources

As depicted by Chart 2.4, the multilateral assistance has not been undergone considerable variation during last 8 years,

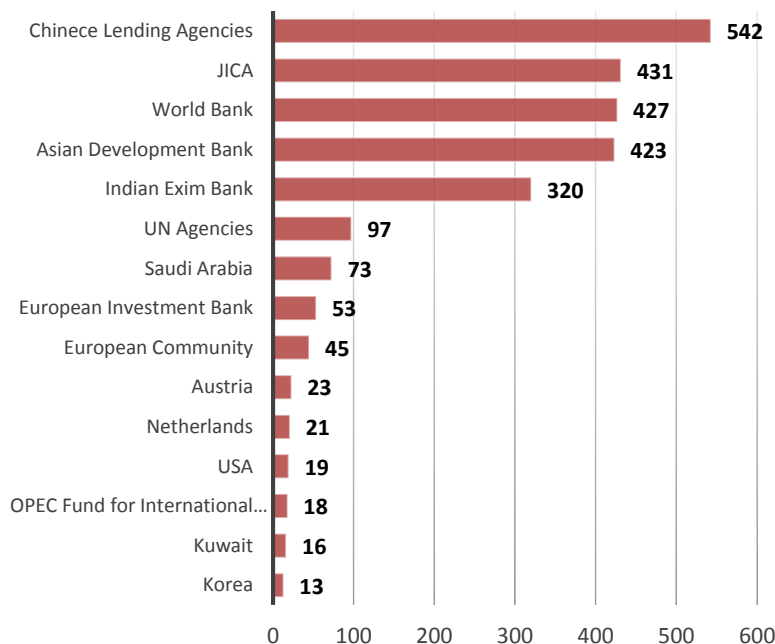
however market borrowing has been growing and bilateral assistance shows some fluctuation during this period.

Chart 2.4: Creditor - Wise Commitment Trend 2010-2017 (USD million)



Performance 2017

Chart 2.5: Total ODA Commitments Made in 2017 (USD million)



Source: Department of External Resources

Note: Values converted into USD as per the prevailing exchange rates of each agreement date

To finance the public investments needs in 2017-2020 Medium Term Fiscal Framework in-line with public debt management targets, the Government has entered into 52 foreign financing agreements in 2017 with foreign creditors and lending agencies worth USD 5,022.1 million. This includes USD 2,522.1 million of ODA and USD 2,500 million of capital market instruments.

Of the total value of commitments made as ODA in 2017, USD 2,281.4 million was committed as loans through 28 agreements, and USD 240.7 million was committed as the form of grants through 24 agreements. In addition to the

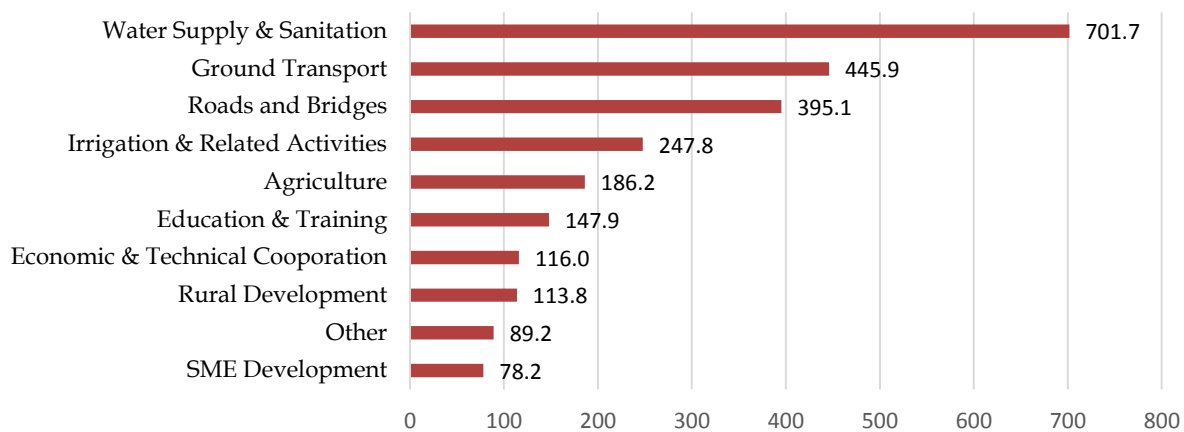
foreign finances committed for development activities, Government has acquired USD 2,500 million using facilities available in the international capital market in 2017 namely USD 1,000 million worth Foreign Currency Term Financing Facility Loan and USD 1,500 of

International Bond Issuance. A list of ODA grants & loans commitment made in 2017 are depicted in Annexure I & Annexure II respectively.

As depicted in the Chart 2.5, the highest amount of ODA loans signed in 2017, was

committed by Chinese lending agencies followed by JICA and World Bank respectively. They are to be utilized in next 3-4 years mainly in the sectors of infrastructure development such as Water Supply & Sanitation, Ground Transport, Road and Bridges and Irrigation.

Chart 2.6: Sector-wise ODA Commitments - 2017 (USD million)



Source : Department of External Resources

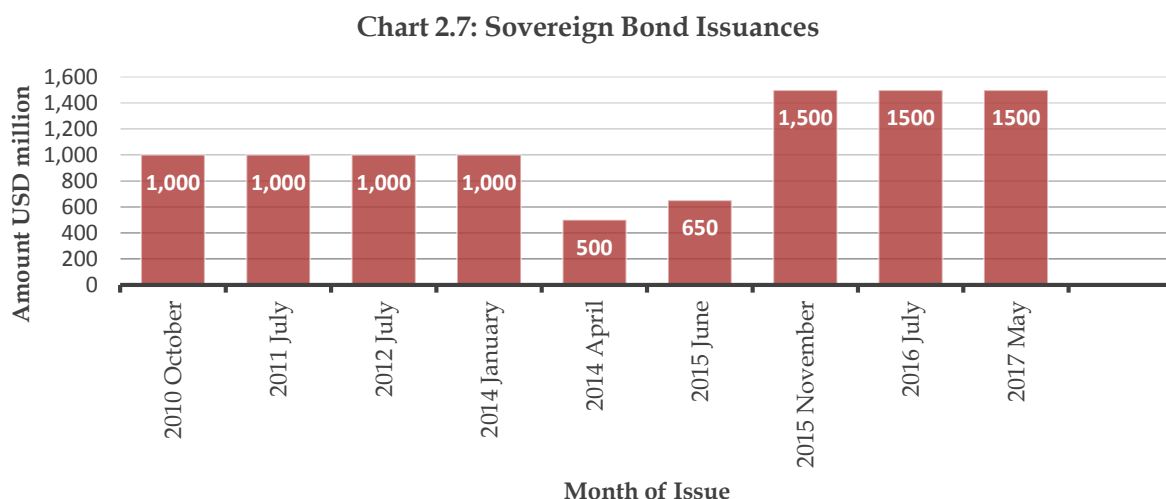
Note : Other = Disaster Management, Humanitarian Assistance, Health and Social Welfare, Labor & Vocational Training, Ports & Shipping, Fisheries, Women Affairs, Environment and Defense

In 2017, ERD has secured highest commitments for the Water Supply and Sanitation sector, which accounted to USD 701.7 million or 27.8 percent of the total ODA commitments. These funds are to be utilized mainly in following flagship projects; Japan funded Kalu Ganga Water Supply Expansion Project (I) (USD 279.5 million), China funded Kandy North Pathadumbara Integrated Water Supply Project (USD 248.8 million), and ADB funded Jaffna Kilinochchi Water Supply

Project (USD 120.0 million). Second highest commitments were received to finance the projects implemented in Ground-Transport sector, which includes Indian funded Dollar Credit Line of the Development of Railway Sector (USD 318 million), and World Bank funded Transport Connectivity and Asset Management Project (USD 127.9 million). In addition, the ADB has committed USD 300.0 million for Roads & Bridges sector.

International Sovereign Bond Issuances (ISB), Foreign Currency Term Financing Facility Loans and Sovereign Guaranteed loans

The Government has issued an ISB in 2017 worth USD 1,500 million. A list of ISBs that are issued in last 7 years is depicted in chart 2.7.



Source: Central Bank of Sri Lanka

Apart from the ISBs, the Government has raised Foreign Currency Term Financing Facility loan worth USD 1,000 million at an interest rate of LIBOR for USD + 2.0 margin. This loan facility is to be matured on 26/02/2021. Repayments have been scheduled in 6 installments semiannually starting from 22/05/2018. In addition, the

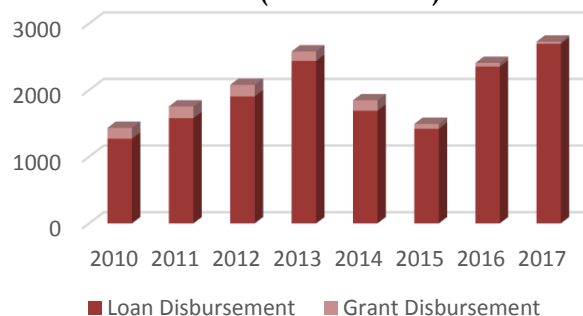
Government has issued sovereign guarantees worth USD 600.0 million for ADB funded wind power project acquired by Ceylon Electricity Board (CEB) and for China funded several water sector projects obtained by National Water Supply and Drainage Board (NWSDB) of Sri Lanka.

Foreign Financing Disbursements and Utilization

Foreign Finance Disbursements

Due to accelerated infrastructure development projects and programmes disbursement trend of last seven years shows an increase.

Chart 2.8: Disbursement Trend from 2010 to 2017 (USD million)



Source: Department of External Resources

Notes: Disbursement of SOEs and ISB's are not included

Performance 2017

Bilateral development partners such as China, Japan and India as well as major multilateral agencies such as ADB and World Bank were the main contributors to higher disbursements in 2017.

Committed amounts for development projects are to be utilized within next 4 to 5 years depending on the project implementation progress and borrowing limit approved by Parliament each year. The disbursements made through the development projects and programmes funded by foreign development partners and lending agencies in 2017 amounted to USD 1,668.7 million, of which, USD 1,638.2 million disbursed through loans and USD 30.5 million through grants. A complete list of disbursements made in 2017 along with the financial terms they have obtained, is shown in Annexure III.

Table 2.2 : Foreign Financing Disbursements of ODA - 2017

Development Partner	Amount Disbursed (USD million)		
	Loan	Grant ²	Total
Bilateral	1,022.2	10.2	1,032.4
China	589.8	-	589.8
Japan	156.0	9.6	165.6
Netherlands	15.3	-	15.3
United Kingdom	40.7	-	40.7
India	62.0	-	62.0
Spain	31.8	-	31.8
Korea	4.6	-	4.6
United States of America	9.4	-	9.4
Saudi Arabia	19.0	-	19.0
Germany	5.9	0.6	6.4
Kuwait	9.8	-	9.8
Denmark	14.3	-	14.3
Hungary	5.3	-	5.3
Austria	6.7	-	6.7
Belgium	3.0	-	3.0
Australia	10.0	-	10.0
France	38.6	-	38.6
Multilateral	616.0	20.3	636.4
World Bank (IBRD & IDA)	218.8	9.5	228.4
ADB	360.9	-	360.9
UN Agencies	12.0	10.8	22.8

² The grants amounts reflect the amounts recorded in ERD database. The direct disbursement figures received from the lending agencies are highlighted under performance of each Divisions.

OPEC Fund	24.3	-	24.3
Total	1,638.2	30.5	1,668.7

Source : Department of External Resources

Note: Financial values disbursed in different currencies have been converted into USD as per yearend exchange rates
Disbursements of State Owned Enterprises are not included
- = No disbursement were made

Chart 2.9: Disbursements based on Development Partners - 2017 (USD million)

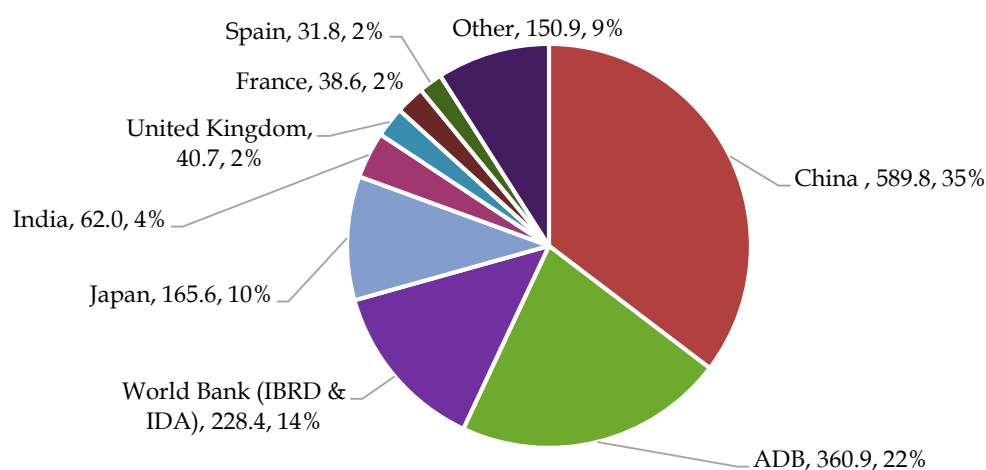
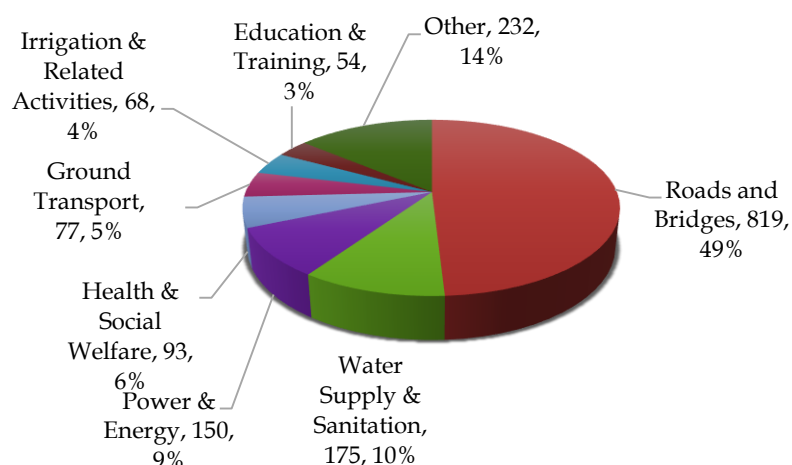


Table 2.3: Sector-Wise composition of ODA Disbursements in 2017

Economic Sector	Amount (USD million)
Roads and Bridges	819.2
Water Supply & Sanitation	174.9
Power & Energy	150.3
Health & Social Welfare	93.0
Ground Transport	77.5
Irrigation & Related Activities	68.5
Education & Training	53.9
SME Development	37.5
Labor & Vocational Training	35.5
Defense	33.4
Livestock Development	26.9
Disaster Management	22.8
Agriculture	20.8
Housing & Urban Develop.	19.1
Environment	15.5
Other	20.0
Total	1,668.7

Source: Department of External Resources

**Chart 2.10: Sector-wise Disbursements - 2017
(USD million)**



Similar to the last year, of the total disbursements made for development projects and programmes in 2017, highest amount of disbursements has been utilized for Road and Bridges sector followed by Water Supply & Sanitation sector, Power and Energy and Health & Social Welfare sectors respectively.

Cumulative Undisbursed Balance (CUB)

Once a loan agreement is signed to proceed with the implementation of a development project, the disbursements are mostly taken place over a period of 3-5 years. Since about USD 12.3 billion worth of loans and grants were signed during last 5 years for the implementation of development projects and programmes, a considerable amount of funds for the development projects from the development partners and lending agencies are to be disbursed during next few years.

The larger portion of committed undisbursed loan balance reported from Chinese lending agencies (almost 22 percent) as they had a substantial commitment over the past years on major development projects, especially in the infrastructure projects during last few years. Similarly, JICA, World Bank, and ADB, also have a considerable amount of funding to be disbursed during next 3-5 years from the commitments they already made.

Table 2.4: CUB as of End 2017

Lender	USD million	%
Bilateral	5,935.7	65.6
China	2,015.8	22.3
Japan	1,740.2	19.2
India	535.8	5.9
France	491.6	5.4
Iran*	399.4	4.4
Saudi Arabia	162.7	1.8
Russia	134.7	1.5
Netherlands	129.0	1.4
Kuwait	92.9	1.0
Korea	87.0	1.0

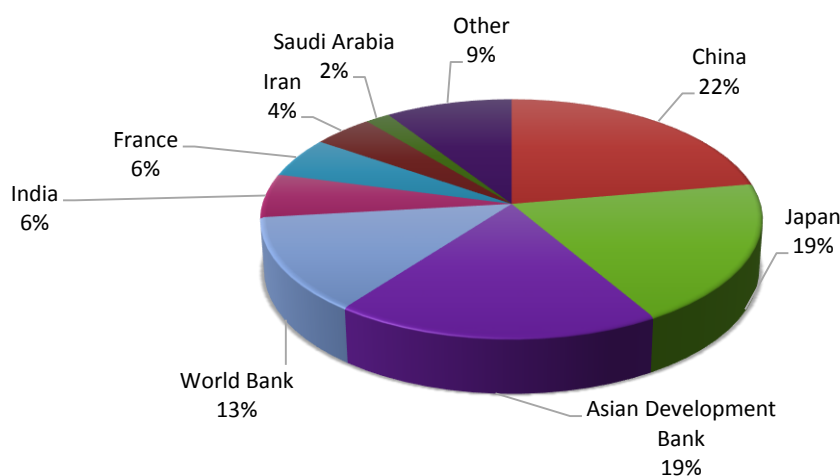
Germany	39.6	0.4
Spain	30.3	0.3
Austria	26.4	0.3
Denmark	20.0	0.2
Pakistan	14.9	0.2
USA	10.3	0.1
United Kingdom	3.2	0.0
Australia	1.1	0.0
Belgium	0.4	0.0
Sweden	0.4	0.0
Multilateral	3,117.4	34.4
Asian Development Bank	1,707.7	18.9
World Bank (IDA)	979.2	10.8
World Bank (IBRD)	185.1	2.0
OPEC Fund	126.6	1.4
International Fund for Agricultural Development	59.7	0.7
European Investment Bank	59.1	0.7
Total	9,053.1	100.0

Source : Department of External Resources

Note : Financial values in different currencies have been converted into USD as per the exchange rates applicable to 31 December 2017

* CUB of Iran is effected by international sanctions imposed on Iran
CUB of State Owned Enterprises are not included

Chart 2.11 : CUB as end of 2017 –Donor-Wise Composition



Prevailing Government's External Debt Stock

At the end of December 2017, the Government's external debt obtained for the implementation of development projects / programmes accumulated to USD 28.7 billion³ to be repaid. Of which, 34 percent obtained from bilateral development partners followed by 27 percent were obtained from multilateral development partners and lending

agencies under ODA. Since the Government has also engaged in tapping financial resources from international capital markets, external debt obtained through International Bond Issuances (ISBs) and Foreign Currency Facility Loans (FCFLs) amounted to 39 percent of the total external debt.

Chart 2.12: Trend in External Debt Stock 2010-2017 (USD billion)

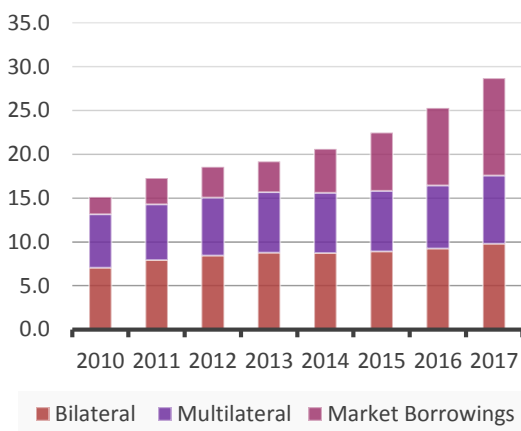
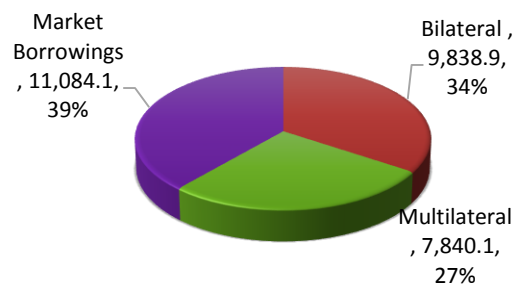


Chart 2.13: Composition of Outstanding Debt Stock at the End of 2017 - By Creditor Category (USD million)

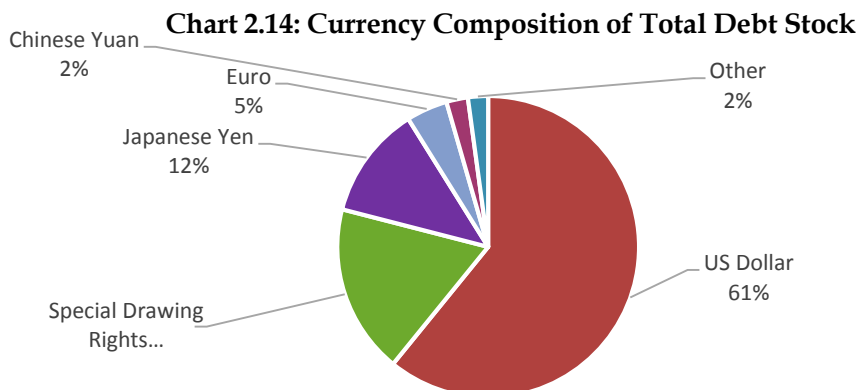


Source: Department of External Resources

As shown in Chart 2.1 from 2010 external debt stock has been increasing at an annual rate of 10 percent or by around USD 2 billion.

Currency Composition of the External Debt Stock

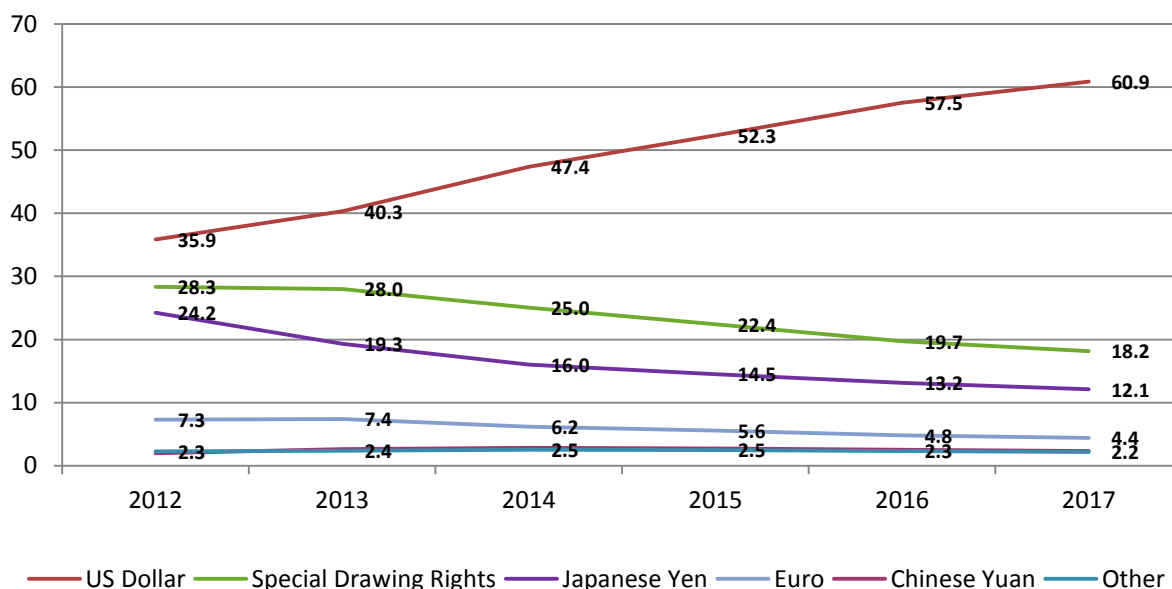
As depicted in the Chart 2.14, 94.7 percent of debt stock accumulated at the end of 2017 consists of the loans obtained USD, SDR, Yen and Euro denominated currencies. Of which, 64 percent consists of USDs and it is 61 percent of the total debt stock.



³ Outstanding debt of loans obtained for SOEs and Foreign investment on T-bill/bonds are not included.

From 2012 onwards, USD has gradually increased its share in the total external debt stock while SDR and Japanese Yen indicate a downward slopping trend over the years on their representation in the composition of the total external debt stock of the country. By 2017, USD represent 61 percent of the total debt stock followed by SDR (18.2 percent), and Japanese Yen (12.1 percent).

Chart 2.15 : Currency Composition of Outstanding Debt Stock and its Trend from 2012 (Percentage)



Source : Department of External Resources

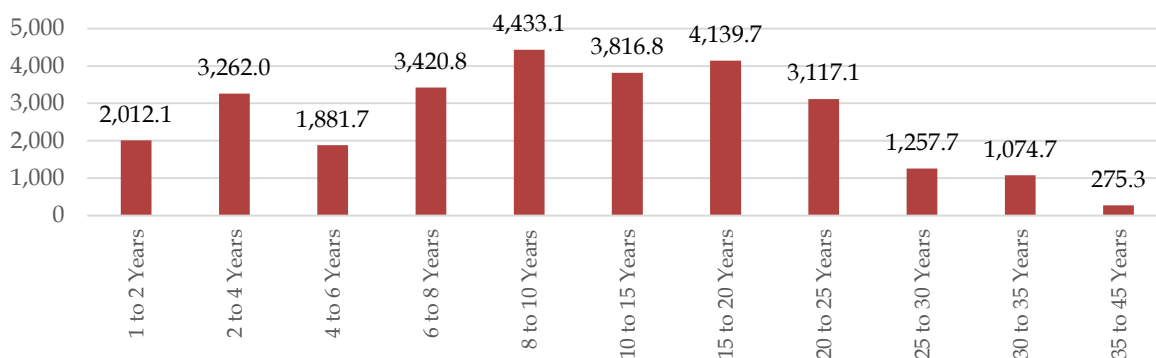
Note : Financial values committed in different currencies are converted into USD as per the exchange rates applicable to end of December each year

Maturity Structure of the Debt Stock

International Sovereign Bond issuances and currency term facility loan are to be matured by 2027. All other concessional loans which consists of financial assistance

extended mainly by ADB, World Bank and Japan in the form of ODA, have higher maturity periods and will be matured after next 10 years.

Chart 2.16: Maturity Structure of Existing Debt Stock as at End 2017 (USD million)



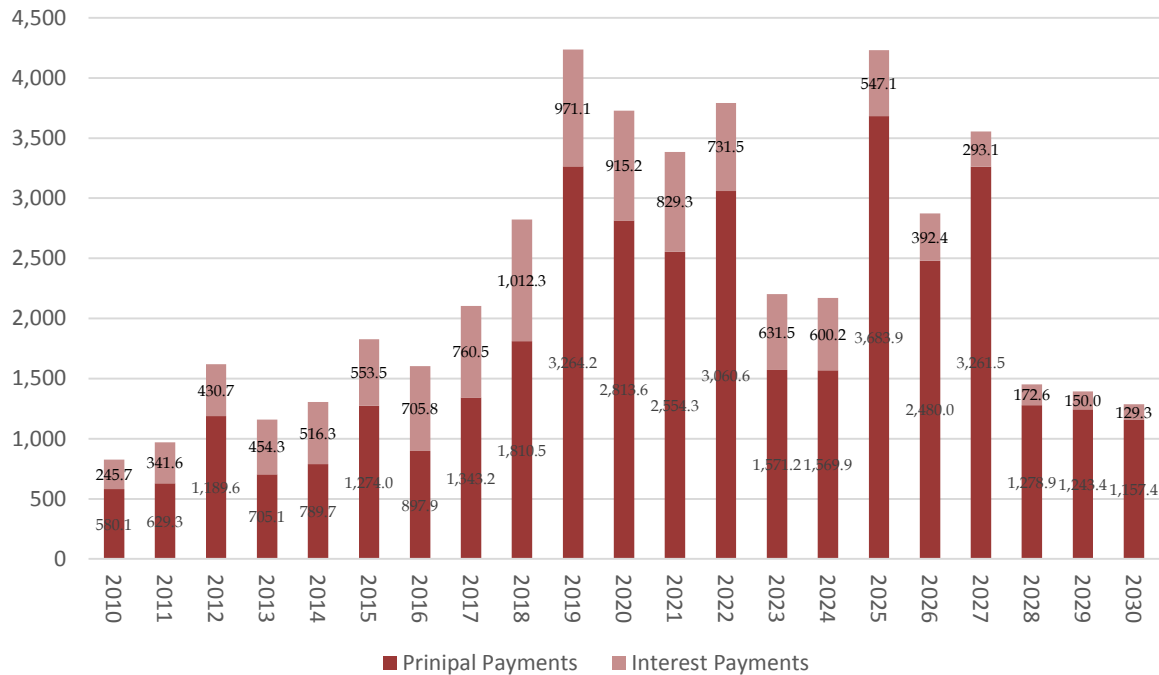
Note: Debt stock accumulated due to disbursements made under new commitments after 2017 are not included.

Debt Service Payments

In general, debt sustainability of a borrower is the ability to service its debt as they fall due without restructuring, defaulting or compromising its long-term goals and objectives. Maintaining the sustainability of external debt is vital for a

country as it has limited options to settle financial obligations in foreign currencies. Chart 2.17 depicts the variation of the debt service payments to development partners and lending agencies during the last 7 years and projection for the next 13 years.

Chart 2.17: External debt service payments from 2010 to 2017 and forecasts up to 2030



Source : Department of External Resources

Notes : 1. Forecast made based on existing portfolio only, i.e. debt stock to be accumulated each year due to estimated new commitments are not included
 2. Debt Service of SOEs are not included
 3 : Financial values in different currencies have been converted into USD as per the exchange rates applicable to 31 December of each year and forecast was made based on the exchange rates prevailed to 31st December 2017

Performance by Divisions



3. ASIAN DEVELOPMENT BANK DIVISION

ADB Division, which manages a larger and diversified portfolio with significant number of projects/ loans, is engaged with all the operational matters relating to the mobilization of development assistance from ADB. These includes formulation of the Country Partnership Strategy, preparation of Country Operations Business Plan (COBP), negotiations of loans and facilitating effective utilization of the financing mobilized from ADB. ADB assistance is mobilized in the form of project and policy- based loans, grants, equity investments, policy dialogues and TAs. Accordingly, ADB division of the ERD is entrusted with the processing of all necessary approvals for fund mobilization as well as coordination with ADB and other relevant stakeholders.

The ADB division is also responsible for evaluating the terms and conditions of the proposed financing and tapping the other sources attached to ADB such as South Asia Sub regional Economic Cooperation (SASEC) and Asia Pacific Disaster Risk Fund (APDRF) for enhancing the required resources appropriately. The division also facilitates the non-sovereign operations of ADB in Sri Lanka.



ADB:

ADB, which was conceived in the early 1960s following a resolution passed at the first Ministerial Conference on the Asian Economic Cooperation in 1963, has evolved into a leading development banking institution in the global financial markets during the past half century. ADB has 67 shareholding members including 48 from the Asia and Pacific region.

ADB's vision is an Asia and Pacific region free of poverty. Its mission is to help its developing member countries reduce poverty and improve the quality of life of their people. ADB operations are designed to support the three complementary agendas of inclusive economic growth, environmentally sustainable growth, and regional integration. ADB had introduced sophisticated tools and methodologies into its policies and practice and has developed its profile as a significant, consistent, and reliable issuer of debt instruments in the global capital markets, capable of generating timely and low-cost funding on the basis of its enviable credit rating.

ADB is preparing a new strategy "Strategy 2030" to respond to the changes brought about by a rapidly evolving Asia and the Pacific.

Partnership with the Asian Development Bank Since 1966

In 2017, Sri Lanka and ADB jointly celebrated 50th year partnership. Since joining with the ADB in 1966 as a founding member, Sri Lanka maintained a solid partnership with the bank to find pragmatic solutions to the country's development needs. With the establishment of ADB Resident Mission in 1997, the relationship between the Government and ADB has been further strengthened. The Government has received more than USD 8.5 billion from ADB in project and policy-based loans, grants and technical assistance (TA) and both public and private sectors of Sri Lanka have been benefitted through ADB's main financing instruments. The ADB financing has been invested in 503 projects including many land mark development projects. The largest portion of the resources have been allocated to the transport sector (USD 2374 million) followed by Energy (USD 1262 million) and Agriculture, Natural Resources, and Rural Development Sector (USD 1200 million). Out of the total funds mobilized from ADB, USD 5.89 billion has already been disbursed.

Key projects completed in 2017

Project	Activities
<p>Clean Energy and Access Improvement Project</p> <p>Duration: 2009 -2017 Total Cost: USD 164.2 million Implementing Agency: Ceylon Electricity Board, Lanka Electricity Company Ltd. (LECO) Executing Agency: Ministry of Power and Renewable Energy</p>	<p>Augmentation/construction of 18 grid substations, Constructing Habarana-Valachchenai Transmission Lines, Capacity Enhancement of Transformers at Katunayake, Nawala, Kiribathgoda, Kotikawatta, Hikkaduwa, demand-side management for municipal street lighting, consulting services for system control modernization, transmission system strengthening in Eastern Province and provided rural household connection more than 60, 000 customers</p>
<p>Sustainable Power Sector Support</p> <p>Duration: 2011-2017 Total Cost: USD 120 million Implementing Agency: Ceylon Electricity Board, Sustainable Energy Authority (SEA) Executing Agency: Ministry of Power and Renewable Energy</p>	<p>Construction/ augmentation of grid substations including New Galle grid substation, from New Galle to Ambalangoda 40 km 132 kV transmission line, constructing Mahiyangana to Vavunativu 129 km double circuit 132 kV transmission line; Monaragala to Madagama 16 km double circuit 132 kV transmission line; stringing of second circuit of existing Kotmale grid substation to New Anuradhapura grid substation 163 km 220 kV transmission line; Rural electrification and distribution network strengthening and a credit line for mini hydro power plants and detailed Engineering Design of Moragolla Hydropower Station</p>
<p>Local Government Enhancement Sector Project</p> <p>Duration: 2011-2017 Total Cost: USD 52 million Implementing Agency/ Executing Agency: Ministry of Provincial Councils and Local Government</p>	<p>Improvement of about 100 local authorities in less-developed areas of seven provinces. Sub-projects includes roads and bridges, water supply and sanitation, drainage, solid waste management, and other basic facilities, including building or enhancing health-care centers and public markets. Also this project supported the institutional strengthening of the local authorities for improved and sustainable service delivery through business process reengineering and the development of their information technology (IT) systems.</p>
<p>1st and 2nd Flood and Landslide Disaster Response Project</p> <p>Duration : 2016 - 2017 Total Cost : USD 4 million (APDRF) Implementing Agency: Ministry of Home Affairs Executing Agency: Ministry of Finance and Mass Media</p>	<p>Sri Lanka was hit by severe Tropical Storm Roanu during the mid 2016 causing widespread flooding and landslides in 22 districts affecting 340,150 people. Again Sri Lanka affected by flood and landslides in May 2017. ADB granted USD 2 million in 2016 and another USD 2 million in 2017 as assistance for immediate expenses to restore life- saving services and emergency equipment, medical kits, food, bottle drinking water purification and sanitation system construction of transitional shelters etc. for the highly affected districts.</p>

Non-sovereign Operations.

Under the non-sovereign operations of ADB, support has been extended to various banks and nonbanks in Sri Lanka for the development of the financial sector through 16 transactions. ADB has provided debt, equity, and technical assistance for capacity development for financial institutions (FIs). Credit lines have supported housing finance, micro and SME on-lending, female borrowers, and infrastructure on-lending - all areas which are important to inclusive growth and job creation in Sri Lanka. ADB has also targeted some of its funding to the North and the East in the direct aftermath of the civil conflict through these projects.

ADB has been successful in attracting other international private sector lenders to some of its transactions through its B-loan programme, most recently mobilizing about USD 40 million from Middle East lenders to finance LOFC - part of the Lanka Orix Group. ADB also supports trade through its Trade Finance Programme (TFP), which works with 8 banks in Sri Lanka and has supported USD 1.68 billion in trade for 1,916 transactions as of 30 June 2016. Out of this amount, 54% was co-financed by the private sector.

In November 2017 ADB signed a direct loan facility of USD 4 million assistance with a tenor of 8 years, including a 1-year grace period, with Walkers Colombo Shipyard Pvt. Ltd.

Current Portfolio

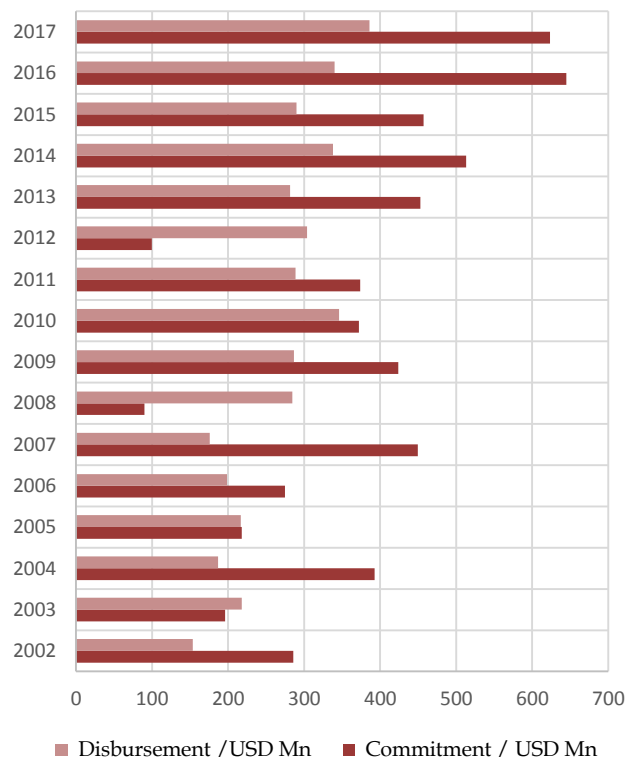
The current ADB portfolio with a total of USD 3.6 billion spans over 8 sectors. There are 46 ongoing loans, 4 grants and 23 TA programmes.

Table 3.1: Sector Wise Portfolio

Sector	Total ADB Loan Investment (USD million)
Road and Transport	892.4
Grants and TAs	40.0
Power & Energy	741.0
Water Supply and Sanitation	643.5
Finance	455.8
Education/ Skills/ HRD	294.0
Irrigation/ Agriculture	152.0
Regional Development	60.0
Fisheries	1.3

The average annual loan commitment from ADB is around USD 650 million and annual average disbursement is around USD 340 million. The highest disbursements were recorded in 2017.

Chart 3.1: Commitment and Disbursements 2002-2017



Current Portfolio

Projects/ Investment Programmes under ADB Financing

<p>Greater Colombo Wastewater Management Project</p> <p>Duration: 2009 -2019 Total Cost: USD 100 million Implementing Agency: Colombo Municipal Council Executing Agency: Ministry of Provincials Councils and Local Government</p>	<p>The Project comprises three major interrelated areas of intervention; upgrading sewerage infrastructure by rehabilitating the main sewerage system in Greater Colombo, strengthening institutional and operational capacity and comprehensive capacity building of the wastewater service provider. The expected impact is improved urban environment and public health for 1.5 million urban and improvement in hygiene and sanitary conditions suburban residents in Greater Colombo through improved marine and inland water quality and resulting.</p>
<p>Dry Zone Urban Water and Sanitation Project - AF</p> <p>Duration : 2013 – 2018 Total Cost : USD 40 million Implementing Agency: NWSDB Executing Agency: Ministry of City Planning and Water Supply</p>	<p>The project aims to construct three new water treatment plants in Chilaw, Puttalam and Vavuniya, expand and rehabilltee water supply, improvement of septage management and sanitation in the areas and rehabilitation of the existing water treatment plants in Chilaw and Puttalam to provide the safe drinking water for more than 453,000 people in the area. Due to the cost overrun, additional financing will support to ensure that all major civil works contracts can be awarded to complete the original project.</p>
<p>Local Government Enhancement Sector Project - Additional Financing</p> <p>Duration : 2016-2019 Total Cost : USD 60 million Implementing Agency/ Executing Agency: Ministry of Provincial Councils and Local Government</p>	<p>The project will strengthen the financial and technical capacity of local authorities in less-developed areas of seven provinces in Sri Lanka. The additional financing will scale up the original Project concluded in 2017. It will improve water supply systems to mitigate the risks of chronic kidney diseases (CKD)and improve local infrastructure and basic services delivery while advancing policy reform of local government and strengthening their capacity.</p>
<p>Northern Province Sustainable Fisheries Development Project – Project Design Advance (PDA)</p> <p>Duration : 2017-2018 Total Cost : USD 1.3 million Implementing Agency/ Executing Agency: Ministry of Fisheries and Aquatic Resources Development</p>	<p>This Project aims to improve the nutritional status and food security as well as incomes of fishery community by climate resilient infrastructure development, aquaculture development and Strengthening capacity of fisheries societies and related institutes while improving entrepreneurial skills of the fisheries community including the women. The PDA finances the detailed engineering design of harbors, anchorages and landing sites, including updating of project costs, preparation of bidding documents and social safeguard documents.</p>
<p>Jaffna and Kilinochchi Water Supply and Sanitation Project Original+ Additional Financing</p>	<p>The main objective of the project is to provide safe drinking water to the population in Jaffna and its surrounding urban and rural area (about 300,000</p>

<p>Duration :2011 - 2025 Total Cost : USD 210 million Implementing Agency: NWSDB Executing Agency: Ministry of City Planning and Water Supply</p>	<p>people) and sanitation facilities to approximately 80,000 people. Under the project a desalination plant will be installed to produce 24,000 cubic meters of desalinated and disinfected water per day. Several planning studies have been undertaken to support the project and social and environmental safeguards have been put in place and monitoring programmes have been developed.</p>
<p>Greater Colombo Water and Wastewater Management Improvement Investment Programme - (Tranche 1, Tranche2, Tranche3)</p> <p>Duration: 2013 - 2020 Total Cost: USD 300 million Implementing Agency: NWSDB & Colombo Municipal Council Executing Agency: Ministry of City Planning and Water Supply & Ministry of Provincials Councils and Local Government</p>	<p>The programme focuses on the reduction of non - revenue water (in Greater Colombo area from its current level of around 49% to 20%) while improving the water supply and wastewater management services in Greater Colombo area. The project will rehabilitate/ expand the city's waste water system and construct a wastewater treatment plants.</p>
<p>Education Sector Development Programme</p> <p>Duration: 2013 -2018 Total Cost: USD 200 million Implementing Agency/ Executing Agency: Ministry of Education</p>	<p>Education Sector Development Programme (ESDP) aims to increase equity, quality, and relevance to achieve four outputs in the education sector; (i) modernized high quality secondary education (ii) equitable and efficient school system (iii) strengthened school management and autonomy (iv) effective programme management and planning. Technology stream has introduced into the Advanced level under this programme and more than 250 schools were upgraded to enhance opportunities for Science Education. Disbursements under the programme are based on achievement of a series of 9 Disbursement Linked Results (DLRs).</p>
<p>Result Based Lending Programme - Skills Sector Enhancement Programme</p> <p>Duration: 2013 -2018 Total Cost: USD 100 million Implementing / Executing Agency: Ministry of Skills Development and Vocational Training</p>	<p>The Skills Sector Enhancement Programme supports the Government's Skills Sector Development Programme (SSDP) targeting fundamental reforms of the national Tertiary Vocational Education and Training (TVET) system with the aim of developing globally competitive work force to match with future labor market demand. It is mainly focus on achieving four major outputs in the Skills Sector Development; (i) improved quality of provision of TVET (ii) enhanced industry partnership for TVET planning and provision, (iii) increased participation and improved equity in TVET, and (iv) improving sector management to implement policy, institutional and operational reform</p>

<p>Clean Energy Network Efficiency Improvement Investment Programme -</p> <p>Duration: 2013 -2019 Total Cost: USD 200 million Loan Amount: USD 130 million CEF Grant: USD 1.5 million Implementing Agency: CEB & SEA Executing Agency: Ministry of Power and Renewable Energy</p>	<p>This project is mainly focus on strengthening transmission infrastructure in Northern Province by Mannar Power Transmission Development to enable future wind power generation development in the Mannar district; improving transmission and distribution efficiency by new Polpitiya, Padukka, Kegalle Power Transmission Development, reactive power management and improving medium voltage distribution networks. Further, solar rooftop power generation pilot project will be initiated by SEA in the Central, Northern, Southern and Western provinces to add 1 MW to the national grid and develop a competitive private sector market for solar power development in the country utilizing the grant of Clean Energy Fund (CEF)</p>
<p>Green Power Development and Energy Efficiency Improvement Investment Programme</p> <p>Duration: 2014 - 2021 Total Cost: USD 440 million Implementing Agency: CEB Executing Agency: Ministry of Power and Renewable Energy</p>	<p>There are 2 ongoing tranches of the programme.</p> <p>The Tranche 1 is more focused on development of hydro power generation and power transmission infrastructure development while tranche 2 is focused on transmission system strengthening, medium-voltage network improvement, and energy-efficiency development.</p>
<p>Supporting Electricity Supply Reliability Improvement</p> <p>Duration: 2016-2021 Total Cost: USD 164 million Loan Amount: USD 115 million JFPR Grant: USD 2 million CEF Grant: USD 1.8 million Implementing Agency: CEB, SEA, LECO, NWSDB Executing Agency: Ministry of Power and Renewable Energy</p>	<p>The project includes four major components; i) establishing hybrid renewable energy systems in small isolated islands in Northern Province (ii) reliability improvement of the medium voltage network; (iii) rural electrification and distribution performance monitoring improvement; and (iv) Improving reactive power management in the transmission system.</p>
<p>Wind Power Development Project</p> <p>Duration: 2017-2021 Total Cost: USD 256.7 million Loan Amount: USD 200 million Implementing Agency: Ceylon Electricity Board Executing Agency: Ministry of Power & Renewable Energy</p>	<p>The project will construct of 100 MW wind farm in Mannar Island of the Northern Province to increase renewable power generation in the energy generation mix. Further, development of wind park infrastructure including Wind Park's internal medium voltage infrastructure, internal cabling and access roads; establishment of a renewable energy dispatch control center for the forecasting, controlling and managing intermittent 100 MW wind power generation will be carried out under this project.</p>
<p>Northern Road Connectivity Project - Additional Financing</p> <p>Duration: 2013 - 2018 Total Cost: USD 112.8 million</p>	<p>Northern Road Connectivity Project - Additional Financing</p> <p>ADB has provided USD 98 million to scale up the original loan for rehabilitation of roads in the Northern and North Central Province and the National Roads in</p>

<p>Implementing Agency/s: Road Development Authority (RDA), Northern Provincial Road Development Department, North Central Provincial Road Development Authority</p> <p>Executing Agency/ s: Ministry of provincial Councils and Local Government & Ministry of Higher Education and Highways</p>	<p>the Northern Road Connectivity Project. The project will rehabilitate about 130 km of national roads and 123 km of provincial roads in Northern Province (NP) & North – Central Province (NCP) (75.65 km in NCP & 48 km in NP).</p>																																										
<p>Southern Road Connectivity Project</p> <p>Duration: 2014 – 2018 Total Cost: USD 100 million Implementing Agency: RDA Executing Agency: Ministry of Higher Education and Highways</p>	<p>ADB has provided USD 75 million to Improve capacity of 33.07 km of key national highways linking the expressway network in south region and Enhance capacity of RDA in planning expressway connectivity improvement and in ensuring implementation readiness.</p>																																										
<p>First & Second Integrated Road Investment Programme</p> <p>Duration: 2014 - 2025 Total Cost: USD 1990.6 million Implementing Agency: RDA Executing Agency: Ministry of Higher Education and Highways</p>	<p>The First and Second I – Road programme will rehabilitate road length as follows :</p> <p>I Road - 1</p> <table border="1" data-bbox="687 909 1390 1234"> <thead> <tr> <th>Province</th> <th>National(Km)</th> <th>Rural(Km)</th> </tr> </thead> <tbody> <tr> <td>Central</td> <td>36.8</td> <td>595</td> </tr> <tr> <td>North Western</td> <td>21.79</td> <td>939</td> </tr> <tr> <td>Sabaragamuwa</td> <td>43.13</td> <td>472</td> </tr> <tr> <td>Western (Kalutara)</td> <td>15.97</td> <td>276</td> </tr> <tr> <td>Southern</td> <td>70.9</td> <td>562.7</td> </tr> <tr> <td>North Central</td> <td>29.6</td> <td>495.4</td> </tr> <tr> <td>Total</td> <td>218.19</td> <td>3340.1</td> </tr> </tbody> </table> <p>I Road - 2</p> <table border="1" data-bbox="687 1272 1390 1503"> <thead> <tr> <th>Province</th> <th>National(Km)</th> <th>Rural(Km)</th> </tr> </thead> <tbody> <tr> <td>Northern</td> <td>114.89</td> <td>1058</td> </tr> <tr> <td>Eastern</td> <td>155.76</td> <td>846</td> </tr> <tr> <td>Uva</td> <td>72.9</td> <td>1044</td> </tr> <tr> <td>Western</td> <td></td> <td>800</td> </tr> <tr> <td>Total</td> <td>303.55</td> <td>3748</td> </tr> </tbody> </table>	Province	National(Km)	Rural(Km)	Central	36.8	595	North Western	21.79	939	Sabaragamuwa	43.13	472	Western (Kalutara)	15.97	276	Southern	70.9	562.7	North Central	29.6	495.4	Total	218.19	3340.1	Province	National(Km)	Rural(Km)	Northern	114.89	1058	Eastern	155.76	846	Uva	72.9	1044	Western		800	Total	303.55	3748
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<p>Transport Project Preparatory Facility (TPPF)</p> <p>Duration: 2016 - 2022 Total Cost: USD 27.70 million Implementing Agency/s: RDA, Sri Lanka Railways, Sri Lanka Ports Authority Executing Agency: Ministry of Ports and Shipping, Ministry of Higher Education and Highways, Ministry of Transport and Civil Aviation</p>	<p>The objective of the ongoing financing is to improve the readiness of priority Transport Projects which are in the pipeline of 2018, 2019 & 2020. The loan proceeds are being allocated to the Roads, Railway & Ports subsector appropriately.</p>																																										

Ongoing ADB Assistance for the Financial Sector

Capital Market Development Programme – A Programme Loan of USD 250 million

The principal objective of the programme is to increase the capacity and size of the capital market through enhanced market facilitation, demand measures and supply measures.

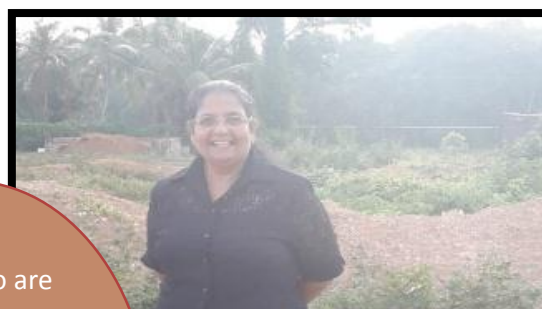
The project aims to ensure that the capital markets in Sri Lanka is more effective in mobilizing resources for the economy’s financing requirements to better promote growth and development. It also envisages developing an efficient, stable and transparent capital market, which is a highly proficient conduit for resource mobilization with a strong legal and regulatory framework.

Fiscal Management Efficiency Project – USD 30.8 million

Proceeds of the project loan of USD 30.8 million has been invested for the establishment of Integrated Treasury Management Information System (ITMIS) and conducting foreign and local training programmes.

Small and Medium Enterprises Line of Credit Project – USD 175 million/ Women Entrepreneurs Finance Initiative – Grant of USD 12.6 million

ADB has provided USD 175 million so far, since 2016 which channels financing to Sri Lankan SMEs via ten participating financial institutions, has supported more than 800 SMEs. These SMEs are either operating outside Colombo District, led by women, or are first- time bank borrowers. Building upon the success of the original project, in January 2018 ADB approved an additional financing USD 75 million to address the challenges in SME financing and to extend the project for another 18 months through 2019. In further support of the promotion of women entrepreneurship, the SME additional financing project secured grant funding from the **Women Entrepreneurs Finance Initiative amounting to USD 12.6 million which will be commenced in 2018.**



These two are among many beneficiaries of the ADB funded ongoing SME Credit Line who shares their success stories



Mr. Sampath Suranga

Ms. Mahima Gunawardene

Mahaweli Water Security Investment Programme

Total Investment: USD 675 million
 ADB assistance: USD 453 million will be provided by ADB under Multi - tranche Financing Facility (MFF) under 3 tranches
 Implementing Agency: Ministry of Mahaweli Development & Environment
 Duration: 2015 -2024

With the implementation of the phase 2 of the programme, Mahaweli water will be available for drinking water supply in Jaffna and Kilinochchi, complementing ongoing ADB financed Jaffna kilinochchi Water Supply Project

Objective:
 to accelerate the economic activities of Sri Lanka's northern dry zone region by transferring surplus water from the Mahaweli river basin for irrigation, drinking and commercial purposes

- Three major investment projects;**
- Upper Elaheera Canal Project
 - North Western Province Canal Project,
 - Minipe Left Bank Canal Rehabilitation Project

Construction of Upper Elaheera Canal of 62 km (including 28 km tunnel) to connect Moragahakanda Reservoir to the existing reservoirs; Huruluwewa, Manakattiya, Eruwewa and Mahakanadarawa

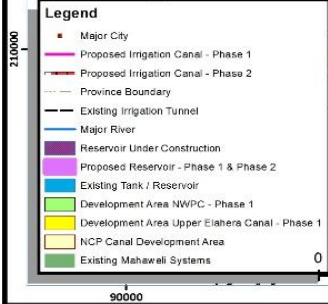
It is expected to implement Phase 2 of the programme from 2021 that will develop additional transfer canals and reservoirs to allow additional water be diverted from the Mahaweli River and extend the system to additional existing reservoirs in the North Central Province.

Construction of 96km of new and upgraded canals (including a 940 m tunnel) and two new 25 m tall dam impounding Mahakithula and Mahakirula Reservoirs

Construction of 8.8 km Kaluganga-Morgahakanda Transfer Canal to transfer water from Kaluganga

Rehabilitation of 74 km long Left Bank Canal

Raising of Minipe Anicut by 3.5 m



- Benefits:**
- Increased Agriculture Productivity and sustained economic growth in the North Central, Central and North Western Provinces.
 - Secured access to water resources for agriculture for both seasons, irrigating more than 36,000 ha lands
 - Provision of safe drinking water for the people live in the project areas will help to prevent Chronic Kidney Disease. (CKD)
 - Developed new and improved water conveyance and storage infrastructure
 - Improved systems for water resources management
 - Beneficiaries – 80,000 farmer families

Table 3.2: Ongoing TA and Grant Assistance under ADB Operations

Project	TA/ Grant Amount USD
1 Clean Energy and Network Efficiency Improvement Project -CEF	1,500,000.00
2 Supporting Electricity Supply Reliability -CEF	1,800,000.00
3 Productive Energy use for Small Isolated Islands - JFPR	2,000,000.00
4 2 nd Sri Lanka Flood & Landslide Disaster Response -APDRF	2,000,000.00
5 Capacity Development for Water Supply & Sanitation Service Delivery	600,000.00
6 Human Capital Development Capacity Implementation Support	2,350,000.00
7 Southern Highways Investment Programme	1,000,000.00
8 Integrated Road Operation and Development Investment Programme	1,000,000.00
9 Rapid Assessment Sea Water Desalination/ Alternative Water Sources Jaffna	225,000.00
10 Improving Project Readiness and Portfolio Management	1,000,000.00
11 Institutional Development of National Water Supply and Drainage	1,000,000.00
12 Colombo Suburban Railway Project	1,450,000.00
13 Northern Province Sustainable Fisheries Development Project	600,000.00
14 Cluster Development and SME Finance Innovations	2,000,000.00
15 Wind Power Generation Project	2,000,000.00
16 Mobilizing Finance for Sri Lanka	500,000.00
17 National Port Master Plan	1,500,000.00
18 Developing the Capital Market	2,200,000.00
19 TA 9454-SRI: Supporting Delivery of Strategic Knowledge Solutions	225,000.00
20 TA 9460-SRI: Power System Reliability Strengthening Project	1,500,000.00
21 TA 9399-SRI: Preparing the Health System Enhancement Project	500,000.00
22 TA 9389-SRI: Implementation Support to the Rooftop Solar Power	1,000,000.00
23 Capacity Development of Institutions of Jaffna Water Sector	500,000.00
24 TA 9382-SRI: Railway Master Plan	1,500,000.00
25 TA 9335-SRI: Strengthening the Efficiency of the Justice Sector with Focus on Commercial Law, Investment, and Contract Enforcement	750,000.00
26 Rooftop Solar Power Generation	225,000.00
Total	30,925,000.00

Performance in 2017

Country Programming

The annual Country Programming discussions mainly focused on the preparation of the Country Partnership Strategy (2018-2022) and adjusting ADB operations in Sri Lanka in line with the evolving needs of the country which is in the economic transition heading towards the upper middle income status.

During the Country Programming discussions the Government priority areas that require ADB financing were highlighted and subsequently the projects have been included in the Country Operation Business Plan (COBP) focusing; Generating of one million job opportunities, Enhancing income levels, Development of rural economies, Creating 3 regional development corridors, Financial inclusion, Improvement of new investment, Enhancing contribution to the global market, Modernization of agriculture and fisheries sectors, Providing safe drinking water to the communities, Facilitating business initiatives, Strengthening human resources, Upgrading human capital, increasing female participation in economy, strengthening the socio-economic pursuits and sustainable development goals, Enhancement of trade and Improvement of treatment of wastewater.

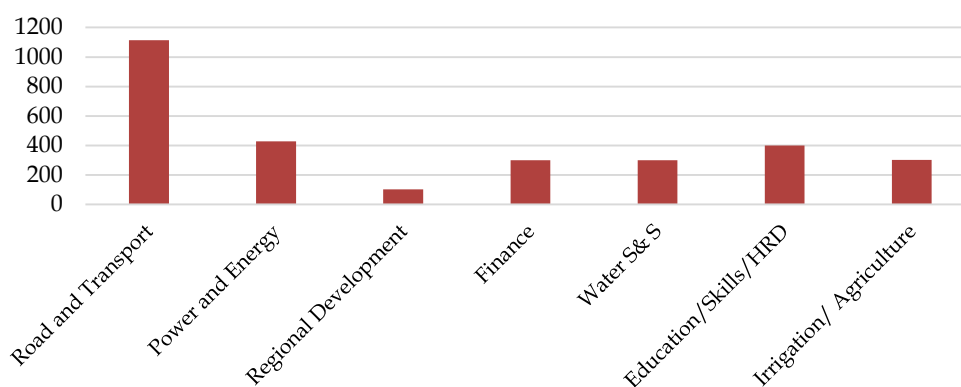
Sri Lanka Country Partnership Strategy (CPS) 2018 - 2022

CPS 2018 - 2022 was finalized in 2017 and serves as the overarching strategy document which provides the overarching policy direction of the ADB engagement with Sri Lanka during 2018 -2022. CPS is formulated in consultation with the Government, taking into account the Government's policy priorities, emerging developments of the peer countries and rest of the world. The CPS will support Sri Lanka's transition to an Upper Middle Income Country (UMIC) focusing on the strategic objectives of strengthening the drivers of growth by promoting diversification of economic activities and productivity enhancement and improving the quality of growth by promoting inclusiveness.

Country Operations Business Plan (COBP) 2018 - 2020

This is the first COBP under the CPS, 2018-2020. It illustrates the ways and means of implementing the strategy identified in the CPS 2018 - 2022 and outlines the lending and non - lending programs for the proposed period. The indicative resources available during 2018-2020 for sovereign operations equal USD 2,797.8 million. A grant of USD 12.5 million is also allocated under Regional Health Security Fund in 2018 for Sri Lanka.

**Sector wise distribution of total loan Investment/USD mn-
2018-2020**



Loans Negotiated & Agreements Signed in 2017

11 Loan agreements were negotiated with ADB in 2017, to mobilize USD 956.3 million and 7 agreements were formally signed. In addition, a grant of USD 2 million was obtained from ADB's Asia Pacific Disaster Response Fund to meet the urgent needs of the flood and landslide affected people in May 2017.

Total amount of funds mobilized from ADB in 2017 through the execution of these loan and grant agreements was USD 623.3 million.

Commitment and Disbursement 2017

The highest ever disbursement, USD 386.3 million, under the ADB portfolio was recorded in 2017. The total contract awards under the ADB funded ongoing projects was recorded as USD 406.88 million.

Table 3.3: Loans negotiated with ADB in 2017

Project	Total Loan Amount / USD million	Effective Interest Rate (%)
Wind Power Generation Project	200	2.02
Rooftop Solar Power Generation Project	50	2.20
Jaffna Kilinochchi Water Supply Project - Additional Financing	95	2.24
Integrated Road Investment Programme - tranche 4	150	2.26
Second Integrated Road Investment Programme Tranch 1	90	2.24
	60	2.03
SME Credit Line - Additional Financing	75	2.03
Mahaweli Water Security Investment Programme Tranche 2	179	2.30
	31	2.03
Northern province sustainable Fisheries Development Project PDA	1.3	1.30
Total	956.3	

ADB SASEC Operations in 2017

SASEC programme aims to promote regional prosperity, improve economic opportunities, and build a better quality of life for the people of the sub region. The member countries of SASEC are Bangladesh, Bhutan, India, Maldives, Myanmar, Nepal, and Sri Lanka. The regular consultation with SASEC countries provides a flat form to promote a project-based partnership among SASEC countries for boosting intra-regional trade and cooperation and also developing connectivity and trade with Southeast Asia through Myanmar, to the People's Republic of China, and the global market.

December 2017, ADB fielded a mission on SASEC Flagship Initiative: Sri Lanka as LPG Transshipment and storage Hub. A workshop was held to endorse initiating a pre-feasibility study for LPG Transshipment Hub in Sri Lanka and initiating a study on coordinated infrastructure for LNG.

November 2017, ADB fielded a mission to prepare an approach paper on LPG Hub Initiative in Sri Lanka.

October 2017, National Validation Meeting for the SASEC Sanitary - phytosanitary and technical barriers to Trade National Diagnostic Study was held in Oct 2017.

April 2017, Finance Ministers of the SASEC member countries participated for the Finance Ministers Meeting held in New Delhi.

Special Events in 2017

- May 2017 - 50th ADB Annual Meeting was held in Yakohama, Japan
- High Level Consultation Missions received in 2017:
 - Visit of Mr. Hun Kim, Director General of the South Asia Department (6-8 February)
 - Visit of Mr. Koichi Hasegawa, Executive Director (13-19 March)
 - Visit of Mr. Dingding Tang (Chair, Compliance Review Panel, VP Level) and Mr. Jitendra Shah (Special Project Facilitator, DG Level) (20-21 July)
 - Visit of David Murchison, Executive Director and Michael Strauss, Alternate Executive Director (31 July - 4 August)
 - Visit of Mr. Pierre Van Peteghem, Treasurer of the ADB (28 August to 1 September)
 - Visit of James Warren Evans (Special Project Facilitator, DG Level) (23-30 October)
 - Visit of Mr. Bambang Susantono, Vice President (27-28 October)
 - Visit of Mr. Wencai Zhang, Vice President and Mr. Chen Chen, Senior Advisor (22- 24 November)
 - Visit of Mr. Hun Kim, Director General of the South Asia Department (1 December)
- Launching of Country Diagnostic Study "The Sri Lankan Economy - Charting a New Course" in October 2017
- Launching of Coffee Table Book "Sri Lanka ADB Partnership 1966 -2016" to commemorate 50th Anniversary of Development Partnership of Sri Lanka and ADB in November 2017.

Major Investments in the Railway sector



Government has given priority to develop the railway sector to optimize the economic benefits generating from the sector. Accordingly, a detail master plan is now being prepared with the assistance of ADB. In addition to the investment projects to be identified in the master plan some interventions have already begun to improve the railway transport with the assistance from a number of development partners as summarized below;

Government of China & Exim Bank of China

- Under stage I, the railway line from **Matara to Beliatta** will be constructed. It is expected to construct the railway line from **Beliatta to Weerawila under Stage II** and from **Weerawila to Kataragama under Stage III**.
- The Exim Bank of China has agreed to finance Stage 1 of the project at a total cost of USD 278.2 million on concessional terms under Preferential Buyer Credit facility and Chinese Government Concessional loan.
- Procurement, Purchase and Delivery of 09 Diesel Multiple Units for Upcountry Line Operations in Sri Lanka Railways Project

Exim Bank of India

- USD 167.4 million for the rehabilitation of coastal railway line Kalutara to Matara and to procure locomotives and Diesel Multiple Units (DMUs) to Sri Lanka Railways.
- USD 416.39 million for the track laying of Madawachchiya to Madu road, Madu to Thalaimannar and Omantha to Pallai sections at a total length of 196 km and all the track laying has been completed
- USD 382.37 million in 2012 for the track laying of Pallai to Kankasanthure at a length of 56 km, upgrading signaling and telecommunications system of the Northern Lines from Anuradhapura and the work has been completed.
- Procurement of DMUs and Locomotives for the Sri Lanka Railways
- Double Tracking of Railway line from Polgahawela – Kurunegala

Furthermore, Government of Sri Lanka entered into a new agreement on June 06, 2017 with the EXIM Bank of India to obtain USD 318 million for upgrading the Railway Sector.

The following activities are envisaged utilizing the credit line

- Improve the railway line from Maho to Omanthei,
- Upgrade Ratmalana workshop
- Purchase 160 coaches for Sri Lanka Railways
- Installation of signaling system from Maho to Anuradhapura railway line,
- Partially finance the Double Tracking Polgahawela – Kurunegala line.

Asian Development Bank

- Kelani Valley line from Maradana to Padukka will be constructed as a double line and existing single line from Padukka to Avissawella will be rehabilitated.
- Main line from Maradana to Ragama will be developed as four tracks, Ragama to Veyangoda will be constructed as three tracks and the existing double line from Veyangoda to Rambukkana will be rehabilitated.
- Coastal line from Colombo Fort to Panadura will be developed as three lines section and existing double line from Panadura to Kalutara will be rehabilitated.
- Development of the double line of the Puttalam line from Ragama to Negambo and to connect the railway line with the Bandaranayke International Airport, Katunayake.
- Railway Master Plan is being prepared under the TA of USD 1.5 million.

Following subprojects will be also completed by the Colombo Suburban Railway Efficiency Improvement Project which is expected to be commenced in 2018.

- Telecom System
- Computerized Ticketing System
- Railway Training Centre (Upgrading and train stimulator)
- Operation Headquarter and Train Control Centre Building
- Additional tracks for technical movements Maradana - Loco Junction
- Ratmalana Main Workshop (New DMU Workshop and equipment)
- Housing Units for relocation of project affected persons



4. PARTNERSHIP WITH EAST ASIAN COUNTRIES

East Asia Division of the ERD is responsible for mobilizing Official Development Assistance (ODA) from Japan, Republic of Korea, Thailand, Vietnam, Singapore and Malaysia for the implementation of development projects and capacity development programs. Government of Japan is providing their financing mainly through Japan International Cooperation Agency (JICA) and the Government of Republic of Korea is providing loan assistance through the Economic Development Cooperation Fund (EDCF) of the Exim bank of Korea and grant assistance through the Korea International Cooperation Agency (KOICA). In addition to the above bilateral partnership, ODA assistance from other countries is basically channelled for the capacity Development.

4.1 JAPAN



Development Partnership with Japan

The development partnership between Sri Lanka and Japan dates back to the 1950's and the first Japanese development assistance received in 1954, as a technical cooperation provided through the Colombo Plan. Initially, Sri Lanka obtained Japanese assistance for the import of commodities and fertilizer from Japan. Subsequently, Japan emerged as one of the major bilateral development partners of Sri Lanka by providing Yen Loans starting from 1958 and grant aid from 1969.

Japan holds a substantial share of total foreign loans and grants investments of Sri Lanka and became the second largest partner of Sri Lanka's total foreign loan commitments in 2017.

Development assistance from the Government of Japan is extended as Yen Loan Packages, Grant Aid, and Development of sector Master plans/Feasibility Studies and Technical Cooperation Programs. In addition, Japan offers non project Grant Aid for acquiring Japanese equipment and joint Research

The expertise and financial assistance receive from Japan through ODA is vital for acquiring new technologies and transfer of knowledge. Having considered the advantages, Government accords priority for development projects in the following areas for implementation with foreign finance obtained from Japan-

- Construction of National and Provincial Roads & Bridges
- Urban Transport
- Power and Energy
- Water Supply
- Ports and Aviation

Due to the nature of the projects which are heavily depend on technology, material or equipment inputs, many ODA loans are tied with Japanese products/ services. The significance of development partnership with Japan is attributed mainly to the specific nature of the Japanese ODA which includes; (a) continuous funding support for the selected economic sectors (b) comparatively larger size of the resource envelope and (c) technical cooperation.

programs under the Science and Technology Research Partnership for Sustainable development (SATREPS) scheme.

More than 90 percent of Japanese development financing is channelled

through the Yen Loan Packages provided on annual basis covering wide range of sectors including Roads and Bridges, Power and Energy, Water Supply and Drainage, Aviation and Ports, Health, Agriculture and Irrigation, Disaster Management, Telecommunication and Rural Development etc.

Grant Aid Schemes such as General Grants, Cultural Grants and Non- Project Grants are basically focused in the areas of Human Resources Development, Improvement of Health and Medical services, Development of Agriculture, Maritime safety and the Disaster Management.

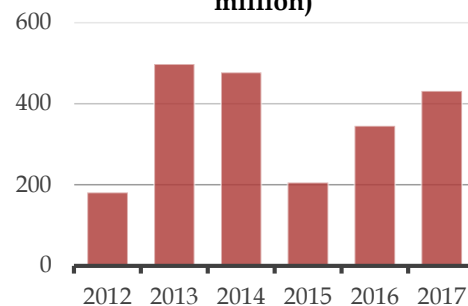
Assistance under the Japanese Technical Cooperation is aimed at sharing Japanese knowledge, experience and skills with the officials of the Government of Sri Lanka by dispatching experts from Japan to provide technical support and the provision of necessary equipment or through training in Japan. Further, technical cooperation includes the programme of Science and Technology Research Partnership for Sustainable Development (SATREPS) which promotes international joint research programs based upon the social and economic needs and technological innovations of the recipient Country

Current Portfolio of Japanese Financial Assistance

As of the end of 2017, the current portfolio of Japanese financial assistance consists of 34 key projects (loans and grants) with a value of around USD 3,187 million. Playing a significant role in Sri Lanka's economic and social development, Japan has invested on all priority sectors such as Aviation, Port, Power & Energy, Water Supply, Road & Bridges, Health, Disaster Management, Maritime Safety, Telecommunication and Rural Development etc.

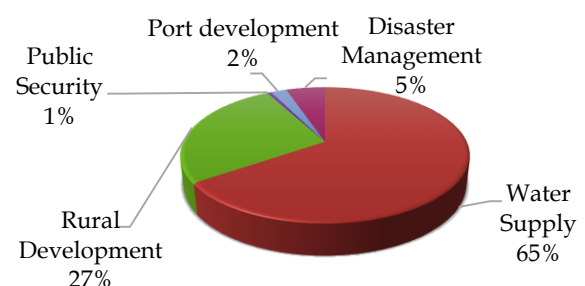
Annual Commitments, 2012-2017

Chart 4.1: Japanese Annual Commitments 2012-2017 (USD million)



The total commitment made under the Japanese Annual Yen Loan Package which was averaged around USD 300 million before 2008 was increased over USD 400 million strengthening Bilateral Cooperation between Japan and Sri Lanka and this amount will increase further in future packages taking into the consideration of middle income economic infrastructure needs.

Chart 4.2: Sectoral Composition of Commitment in 2017



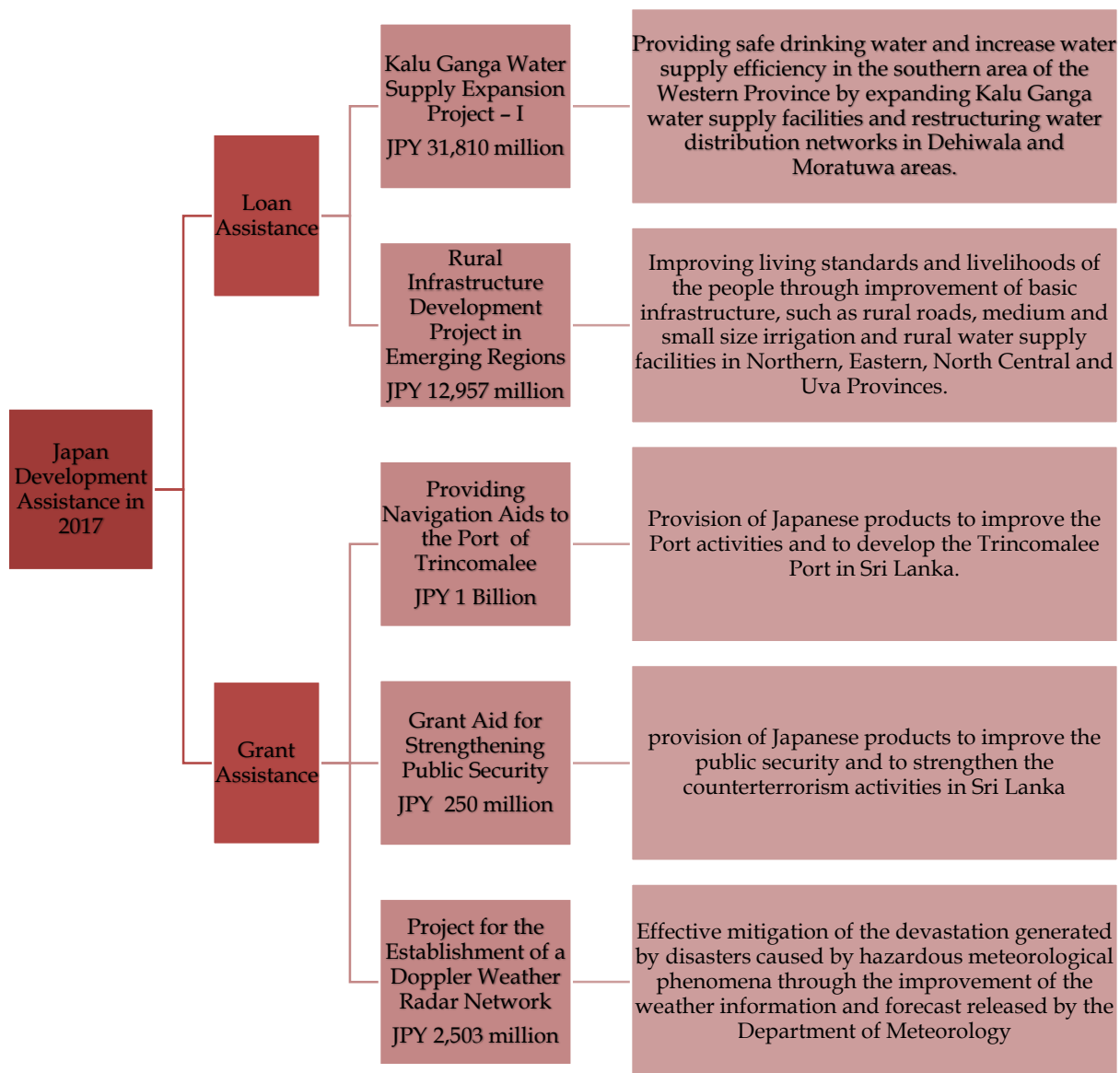
The total commitments made by the Japanese Government over the period of 2012-2017 amounted to USD 2,139 million. The annual loan and grant commitments during the period of 2012-2017 varied with an average commitment of USD 356 million.

The total commitment of USD 427.06 million of Japanese ODA in 2017, was spread across the development priorities identified in Water Supply, Rural Development, Port Development, Strengthening Public Security and Disaster Management.

The following two concessionary loans amounting to USD 393.32 million and three

grants amounted to USD 33.74 million were signed in 2017.

Total Japanese Commitment in 2017



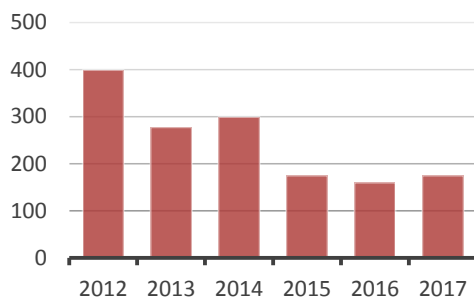
Annual Disbursement, 2012-2017

The total Disbursement achievement during 2012-2017, under the Japanese loans and grants was averaged around USD 248 million and this amount will increase further, considering the number of projects to be made disbursement in future. Over the last five-year period, the annual disbursement has decreased due to some

of the procurement delays of the on-going projects.

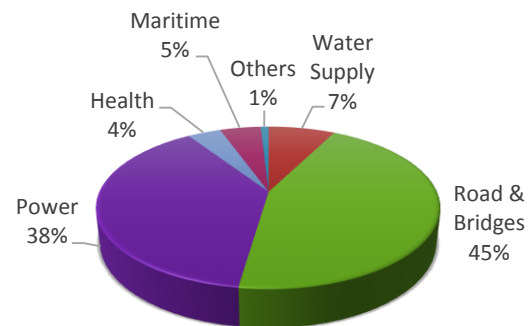
Total disbursement achievement in 2017 was USD 175 million indicating the highest disbursement achievement of USD 78.25 million for the sector of Road & Bridges.

Chart 4.3: Japanese Annual Disbursement 2012-2017 (USD million)



Above total disbursement achievement in 2017 was consisted of USD 78.25 million for Roads and Bridges, USD 67.11 million for Power and Energy, USD 13.08 for Water Supply & Sanitation, USD 6.54 million for

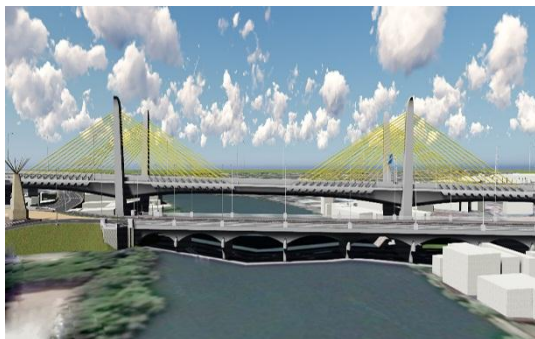
Chart 4.4: Sectoral Composition of Disbursement in 2017



Health sector, USD 8.06 million for Maritime Safety and USD 1.55 million for Human Resource Development & Training.

Key Loan Projects implemented in 2017

New Bridge Construction Project over the Kelani River



Proposed Structure of New Kelani Bridge

Addressing the increasing traffic congestion and ensuring the hassle free entry and exit for Colombo city, a six lane new bridge across the Kelani River adjacent to the existing Bridge over the Kelani river has planned under the assistance of the Government of Japan in an amount of JPY 35,020 million and the project is expected to be completed by the end of 2020.

The New bridge will ensure smooth access to the Colombo Katunayaka Expressway with the connectivity to the Southern Expressway via the Outer Circular Highway and also for the Central Expressway which is under construction now. Further, the New bridge will be the starting point of the port access road implemented under the assistance of the Asian Development Bank and the elevated expressway designed from new Kelani bridge to Rajagiriya under the Western Region Megapolis Development Plan.

Kandy City Wastewater Management Project

Despite economic growth and rapid urbanization in last decade, the sewerage system in Kandy City has not kept the pace. Wastewater from households, many business places and service institutions is discharged directly to the river or the streams or the lake without adequate treatment. As a result, the water quality of Mahaweli River, the main source of drinking water supply to the city and the surrounding areas suffer severe deterioration.

In these circumstances, the Government of Japan has extended assistance amounted to Japanese Yen 14,087 million for the construction of a modern wastewater treatment plant and treated effluent disposal system that will lead to an improvement in the water quality particularly of Mahaweli River and Kandy Lake. This facility will collect and treat wastewater from 55,000 residents living in 9147 housing units and 2997 business and other service institutions. National Water Supply and Drainage Board and the Kandy Municipal Council will implement the project.



Construction of Oxidation Ditches



Construction of Sedimentation Tanks

Bandaranaike International Airport Development Project - Phase II (1) & Phase II (2)

With the objective of transforming Sri Lanka into a main commercial and business hub in the region, the Government of Sri Lanka provided "Guarantees for the Loan" in signing of following Loans Agreements between Airport Aviation Services (Sri Lanka) Ltd and JICA to raise financial assistance amounting to approximately USD 700 million since 2012, for the enhancement of the capacity of Bandaranaike International Airport by further 9 million passengers per annum in building a state of the art Terminal building complete with supporting facilities.

BIA Phase II (1) - JPY 28,969 million

BIA Phase II (2) - JPY 45,428 million

The Project scope of the BIA Development Project includes construction of the following;

- a) Main terminal building with pier Nos. 2 & 3 (180,000 m²) with 8 Nos. contact gates and 14 Nos. Aerobridges
- b) Elevated roadway, Exit Flyover, Multistory Car park
- c) Utility works including power supply system, water supply system and sewage disposal system
- d) Incinerator including compost plant and biogas plant
- e) Apron (210,000 m²), taxiways (17,000 m²) with 23 Nos. Parking stands, storm-water drainage system and Aeronautical ground lights

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.

Government of Japan has provided Japanese Yen 24,930 million for the implementation of the above project in order to enhance the 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.

Key Grant Projects implemented in 2017

Project for the Maritime Safety Capability Improvement

As the country is located in a very strategic position in the resourceful Indian ocean, it is important to strengthen the Sri Lanka Coast Guards to cover the vast Exclusive Economic Zone (EEZ) of the country. With the proposed project the existing operational sea miles of Sri Lanka Coast Guard and number of patrol operations days per year are planned to be increased while enhancing the capacity of Sri Lanka Coast Guards for quick and appropriate response in search and rescue operations, investigation of marine crimes such as smuggling, fish poaching and illegal migrants.



1,440 kW diesel powered patrol vessel

Government of Japan has agreed to provide 2 units of 30 meters long 1,440 kW diesel powered patrol vessels for Sri Lanka Coast Guard under the grant of Maritime Safety Capacity Improvement in Sri Lanka Coast Guards. The value of the grant is Japanese Yen 1,830 million (USD 17.82 million) and the two patrol vessels are scheduled to be commissioned for the service of Sri Lanka Coast Guards in 2018.

Project for the Establishment of a Doppler Weather Radar Network in Sri Lanka.

Due to the growing tendency of the frequency of occurrence of disasters, detecting hazardous meteorological phenomena in early stage and disseminating such high accurate forecasts to the public is recognized as an important intervention by the Government. Based on the bilateral discussions, the Government of Japan has provided a grant assistance of Japanese Yen 2,503 million for the Establishment of a Doppler Weather Radar Network in Sri Lanka.

Under this project it is expected to construct Puttalam and Pottuvil Radar Tower Buildings to establish a Doppler Weather Radar Network including C- band Pulse Compression Solid State Dual Polarization Doppler Meteorological Radar Systems, Meteorological Radar Central Processing System, Meteorological Radar Data Display Systems and Meteorological Data Communication Systems. Further, the project is consisted of the technical support for strengthening the monitoring capability of the staff of the Department of Meteorology for hazardous meteorological conditions.



Project for Formulation of Greater Kandy Urban Planning

“Kandy” is one of the world heritage and most sacred city in Sri Lanka renowned as a popular destination for the cultural tourism in the world tourism indexes. The Government realized the need of developing the Kandy city as the capital of central region while preserving the rich cultural heritage inherited by the city.

Addressing the above concern, the Government of Japan has agreed to provide the necessary technical assistance to prepare a master plan for the development of city of Kandy as the cultural capital of Sri Lanka by sharing the knowledge and experience of Japan for developing modern cities reflecting the cultural values of society.

“Project for Formulation of Greater Kandy Urban Plan” will enhance the value and attractiveness of Kandy as a historical and touristic city through restoration of the historical townscape under the JICA Technical Cooperation. It is expected to share the experiences and lessons learned in Japan for developing cities with preserved cultural values and historic landscapes to develop the Kandy city as a main cultural city of the country.

The project will formulate the urban development vision and detailed urban plans aligning with the other development initiatives of the city with the objective of enhancing the value and attractiveness of Kandy city as a historic and cultural tourist destination. Further it will assess the current urban development issues in Kandy Metropolitan area for the formulation of detailed conservation plan for the heritage sites and historic monuments in a balanced manner.

Project for the Establishment of Research and Training Complex at the Faculty of Agriculture, University of Jaffna



Proposed new Building Complex

The project to establish research and training complex at the Agriculture faculty of Jaffna University will be implemented under the Japanese grant assistance amounting to J.Yen 1,667 million. The project focuses on improving research programmes, education and promotional programmes in dry zone agriculture in the Northern province in an effective manner. With this assistance, students will have an opportunity to receive field-based, hands-on knowledge on Agriculture.

Non-Project Grant Aid for the Improvement of Public Security and Strengthening of Counterterrorism Activities in Sri Lanka

Based on the long term economic cooperation between the two countries, the Government of Japan has provided non-project grant assistance of Japanese Yen 250 million, under Economic & Social Development Programme - 2017, for the provision of Japanese products to improve



Police Motor Bikes Handing over Ceremony

the public security and to strengthen the counter terrorism activities in Sri Lanka.

Under the above project, 11 Troop carriers, Two high speed crafts, Two Ventilators for Police Hospital, 10 (250 CC) Trail Bikes, 10 (1300 CC) Police Motor Bikes provided to Sri Lanka Police and Special Task Force through the Ministry of Law & Order and Southern Development to equip Sri Lanka Police to improve the public security and improve counter terrorism activities in Sri Lanka.

To ensure the safety of the air passengers, the Airport & Civil Aviation Services Limited and Civil Aviation Authority of Sri Lanka were strengthened by providing 8 Liquid Explosive Detectors, 2 skin temperature measurement systems, VHF band receivers, 2 Ambulances, 5 Staff carrier vehicles, and 3 breathalyzers for testing blood alcohol concentration of the crew of aircrafts.

Non- Project Grant Aid for Providing Navigation Aids to the Port of Trincomalee

Development of Ports are considered as one of the key area in the economy to serve as a major gateway for the international trade. The Port of Trincomalee is a natural Harbor which is capable for accommodating a large number of vessels and offer water depths that is suitable for movement and berthing of small, medium sized and large deep drafted cargo ships and oil tankers for improving the bunkering facilities and industries in the Trincomalee region.

The Government of Japan has provided Japanese Yen 1 billion in 2017, under non-

project grant assistance for the provision of Japanese products to improve the Port activities and to develop the Trincomalee Port in Sri Lanka. In consultation with the Ministry of Port and Shipping, equipment will be selected to establish a night navigation facilities for the renowned natural harbour, installation of remote monitoring system for light houses, Mooring System for ship layup facility in surrounding areas, installation of radar systems and also a 17 m length pilot boat will be provided to improve the port operations under the above grant.

Development Projects Expected to be Committed in 2018

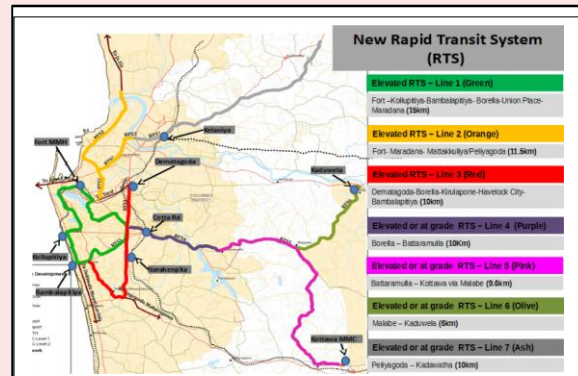
1. The Project for Establishment of Light Rail Transit System in Colombo (Fort - Malabe) 48th Yen Loan Package - USD 300 million (Out of the total loan 1,825 million)



Concept of Light Rail Transit

Addressing the need of public transport improvements by implementing the Rapid Transit System such as Light Rail Transit (LRT), is a key component of the Western Region Megapolis Masterplan of the Government of Sri Lanka. A fully elevated light rail transit system is to be established between Malabe and Fort, connecting the

administrative capital with the central business district of Colombo. The feasibility study was conducted by JICA on grant-basis. Necessary procedures to obtain ODA loan financing from JICA for the implementation is in progress. Project will enhance the efficient transportation capacity and improve the service of the public transportation by introducing the Light Rail Transit in the Colombo Metropolitan Area. Colombo Fort to Malabe (15.8 km), corridor will be the first phase of the planned five lines of Light Rail Network under the five lines of Western Region Megapolis Master Plan.



2. Health & Medical Service Improvement Project (48th Yen Loan Package) - USD 100.25 million

Provision of equitable and comprehensive treatment care for ischemic heart diseases is identified as one of the highest priority issue in the National Health Policy 2016-2025. In line with the National Health Policy, the Government of Japan has extended their support to improve the medical service for diagnosis and treatment of non- communicable diseases, especially cardiovascular diseases to deliver appropriate and accessible high quality curative care for all Sri Lankan citizens. The project will mainly focus on cardiovascular diseases by improving the medical facilities and equipment in five tertiary care hospitals and training centers for medical staffs, enhance the health condition of the people in the Country. The project will also cooperate strengthening of the medical equipment, maintenance to enhance the effective utilization and to ensure sustainability.

3. Construction of Central Expressway 3rd Section from Pothuhera to Galagedara

Kandy link, which is the third section of Central Expressway Project from Pothuhera to Galagedara in a total length equal to 32.5 km proceeds via Polgahawela and Rambukkana. The feasibility study and preliminary design have already been completed and land acquisition activities are in progress. The loan amount is JPY 100 billion and the terms and conditions of the facility are being negotiated by ERD with the Bank of Tokyo Mitsubishi.

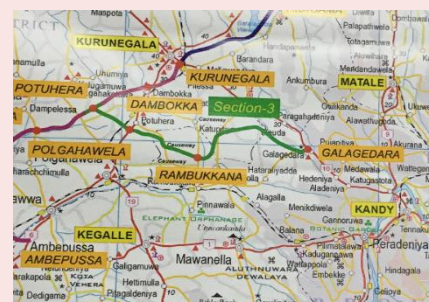


Table 4.1: Key Projects Implemented in 2017

Project Name	Amount (USD million)
	Loans
Kandy City Wastewater Management Project	152.38
Greater Colombo Urban Transport Development Project- Phase II	390.97
Kalu Ganga Development Expansion Project I	279.48
Rural Infrastructure Development Project in Emerging Regions	113.84
Habarana – Veyangoda Transmission Line Project	115.33
Greater Colombo Transmission & Distribution Loss Reduction Project	166.38
Major Bridges Construction project of National Road Network	129.23
Landslide Disaster Protection Project of National Road Network	79.52
Anuradhapura North Water Supply Project – Phase I	53.92
Anuradhapura North Water Supply Project – Phase II	212.16
Bandaranaike International Airport Development Project Phase II Stage I	272.89
Bandaranaike International Airport Development Project Phase II Stage II	427.94
New Bridge Construction Project over the Kelani River	342.85
Digitalization of Terrestrial Television Broadcasting Project	132.10
National Transmission and Distribution Network Development and Efficiency Improvement Project	200.07
Improvement of Basic Social Services targeting Emerging Regions	47.40
	Grants
Establishment of Research and Training Complex at the Faculty of Agriculture, University of Jaffna	15.70
The Project for the Maritime Safety Capability Improvement for the Sri Lanka Coast Guard	17.05
The project for improvement of Japanese TV programs in Sri Lanka Rupavahini Corporation (SLRC)	0.52
Project for the Establishment of a Doppler Weather Radar Network	23.58
Project for Training of Frontline Officers in Community Development in Conflict Affected Areas in Sri Lanka	1.08
	Non- Project Grant Aids
Non- Project Grant Aid for Providing Navigation Aids to the Port of Trincomalee	9.13
Non- Project Grant Aid for Improvement of Public Security and Strengthening of Counterterrorism Activities	2.22
	Technical Cooperation
The Project for Capacity Development on Bridge Management	
Project for Monitoring of the Water Quality of Major Water Bodies	
Project for the Strategic Master Plan under Sewerage Sector	
The Project for Formulation of Greater Kandy Urban Plan	
Landslide Mitigation Project	
Project for Enhancement of Non-communicable Diseases Management	
The Project for Strengthening Education for Children with Special Needs through Inclusive Education Approach in Sri Lanka	
Dispatching Expert on Enhancement of Policy Implementation for Commercial Farming and Value Addition	
Dispatching an Expert for Investment Promotion Advisor	
Dispatching Experts in Pollution Control and Reduction of Environmental Burden in Solid Waste Management	
Dispatching an Expert as Disaster Risk Reduction Advisor for Sri Lanka	

4.2 Development Assistance from Republic of Korea

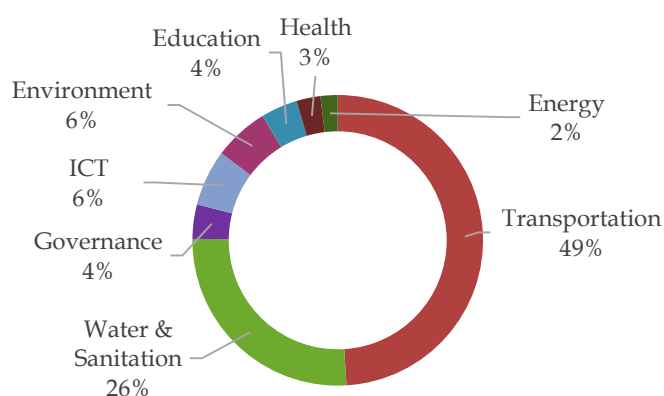
Development cooperation between the Government of Korea and Sri Lanka has gradually increased after the commencement of diplomatic relationship between both countries in 1977. Over the last 40 years, republic of Korea has evolved/emerged as a key bilateral development partner of Sri Lanka by providing wide range of development assistance in various sectors. The Republic of Korea is currently providing

development assistance through concessional loans, grants, technical assistance, knowledge sharing programmes (KSP), cultural exchange programmes, expertise supports and volunteers exchange programmes and so on. Further the Republic of Korea provides a large number of training opportunities for the government officers in Sri Lanka annually to enhance their academic and professional skills.

Economic Development Cooperation Fund -EDCF

The Government of Korea provides concessional loans to Sri Lanka through EDCF of the Export-Import Bank of Korea (Korea Exim bank). The first EDCF ODA project for Sri Lanka had been approved by the Korea Exim bank in 1990, for the rehabilitation of the Colombo-Galle road. As of now, the EDCF has approved USD 785.07 million for 29 development projects in Sri Lanka of which 385 million USD (which is almost 49% of the total) has been allocated to transportation sector, especially for the improvement of national highways network of the country. Following the transportation sector, water and sanitation sector comes next with USD 205 million (that is 26% of the total) with several water supply and sanitation projects throughout the country.

Chart 4.5 : Sectoral Distribution of the EDCF Assistance



The EDCF loans are provided through Framework Arrangements (FA) signed between two Governments.

Korean Loan Assistance through EDCF

Table 4.2 :Korean Loan Assistance through EDCF

	FA	Period	Amount (USD million)
1	1 st Framework Arrangement	2008-2009	140
2	2 nd Framework Arrangement	2009-2012	200
3	3 rd Framework Arrangement	2012-2015	290
4	4 th Framework Arrangement	2016-2018	300
5	5 th Framework Arrangement	2017-2019	500

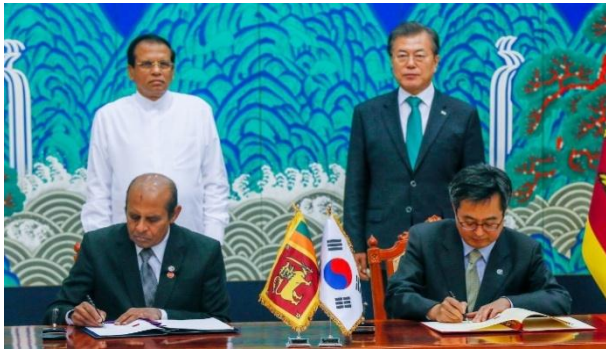


Image: HE the Presidents of the two countries sign EDCF FA in Korea

To mark the 40th anniversary of diplomatic ties between the two countries, the Government of Korea agreed to increase the aggregate commitment amount from USD 300 million to USD 500 million in 2017 for the FA 2017 -2019 during H.E the President's state visit to Korea in November 2017 In further strengthening the friendship and economic cooperation between two countries.

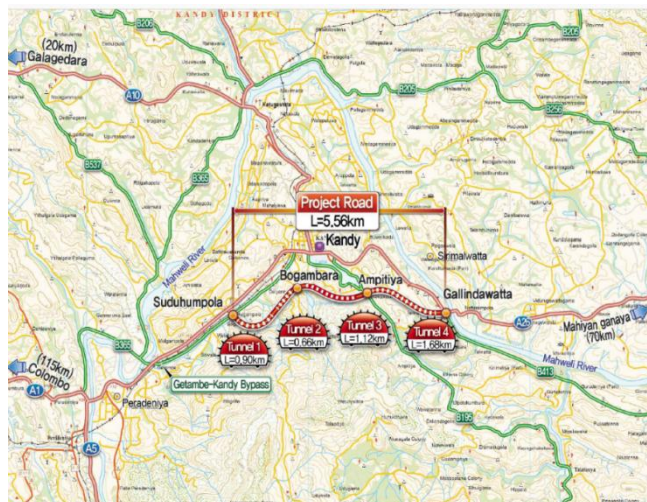
Table 4.3 : Current Terms and Conditions of EDCF Loans for Sri Lanka

Terms & Conditions	Normal Conditions	Korean Consultant is hired	Compact Loan ⁴
Interest rate	0.20%	0.15%	0%
Repayment	30 years	40 years	30 years
Grace period		10 years	
Loan Amount	Up to 100% of total project cost		
Currency	Korean won		
Feasibility Study	Support by grant basis for potential projects		Standard form

In line with the development priorities of the Government, transportation, water management and sanitation, education and rural development are identified as priority sectors to be financed under the Country Partnership Strategy between two countries.

Kandy City Traffic Diversion Tunnel Project

The Government of Korea has agreed to provide concessional financial assistance through the Korea Exim bank with necessary technical support to construct a 5.5 km traffic diversion tunnel from Suduhumpola (Kandy-Colombo Road) to Thennekumbura (Kandy-Mahiyangana Road) with a link to Ampitiya and Bogambara. The project was proposed as a part of the Kandy city development plan while addressing the prevailing higher degree air pollution and the present chronic traffic congestion in Kandy city during the peak hours. The feasibility study was conducted by the Korea Exim bank and the Korean Government has already approved USD 199.27 million concessional loan to implement the project.



⁴ The compact loan scheme covers the supply of machinery and equipment processed through procurement from Korean small and medium-sized enterprises (SMEs)

Assistance of Korean Government for the Solid Waste Management in Sri Lanka

The Government of Sri Lanka has realized the crucial need of intervention in the solid waste management sector with new technologies and best practices for introducing sustainable solution for the growing problem. The present practice of local authorities for open dumping of solid wastes in urban areas have resulted numerous environmental and health hazardous conditions including the tragic incidents such as the collapse of Meethotamulla open solid waste dump devastating lives and property.

The Korean Government has provided significant contribution for the solid waste management sector in Sri Lanka. Under the financial and technical support of Korea International Cooperation Agency (KOICA), a pilot sanitary land filling site has been established and now in operation in Dompe Western Province in Sri Lanka. Further, additional four sanitary land filling sites for solid waste disposals have been planned to be set up in Anuradhapura, Galle, Jaffna and Polonnaruwa under the EDCF financial assistance.

190 Garbage Collecting Compactors to the Local Authorities of Sri Lanka

In order to further strengthen the capacity of solid waste management system of the country, the EDCF has agreed to provide 190 garbage compactors to the Government of Sri Lanka under the zero interest compact loan scheme of EDCF. The Government will distribute the 190 garbage collecting compactors among local authorities in all 9 provinces of Sri Lanka, in order to improve the capacity of waste collection and transportation of local authorities. It is expected to deploy the new garbage collecting compactors for the service by the end of 2018 and project will be implemented

by the Ministry of Provincial Councils and Local Government.



Table 4.4 : EDCF Funded Projects completed/ approved during the period of 2008 - 2017

Sector	Project	Approval Year	Amount (USD million)
ICT	Lanka Government Network Stage II Project	2008	6.65
Transportation	Improvement of Padeniya~Anuradhapura Road Project	2008	55.00
Water	Ruhunupura Water Supply Project	2008	76.34
Transportation	Hatton NuwaraEliya Road Improvement Project	2009	40.00
Environment	Construction of Solid Waste Disposal Facilities Project	2010	33.54
Education	Establishment of Colombo Central Vocational Training Centre and Upgrading of Gampaha Technical College	2011	26.05
Transportation	Improvement of Padeniya~Anuradhapura Road Project (Supplementary Loan)	2012	11.13
Water	DeduruOya Water Supply Project	2013	58.16

Water	Ruwanwella Water Supply Project	2014	20.53
Transportation	Hatton NuwaraEliya Road Improvement Project (Supplementary Loan)	2014	17.14
Transportation	Construction of Kandy Tunnel Project	2017	199.27
Environment	Supply of Garbage Collection Compactors in South Sri Lanka	2017	7.00
Environment	Supply of Garbage Collection Compactors in North and Central Sri Lanka	2017	7.00
Total			557.81

Korean Grant Assistance

The grant assistance of the Government of Korea is mainly extended to Sri Lanka through the Korea International Cooperation Agency (KOICA) in order to finance grant aid projects and conduct technical cooperation programs, capacity building training for government officials and dispatching experts and World Friends Korea (WFK) volunteers. Since the first project in 1993, KOICA has implemented more than 23 Projects and 6 Technical Assistance. In addition to the Projects and Technical Assistance, more than 1,900 Sri Lankan government officials received trainings in Korea in various fields, while more than 1,500 WFK volunteers have worked over the island to touch the lives of Sri Lanka people at the

Chart 4.6: KOICA’s Contribution by Modality

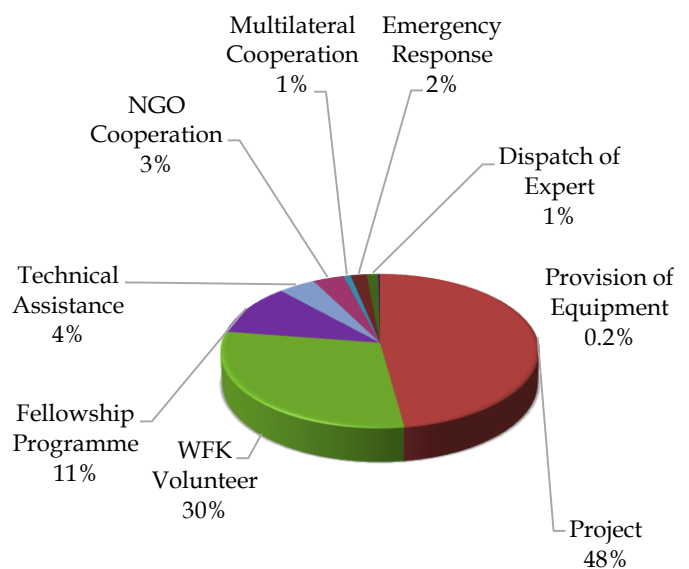
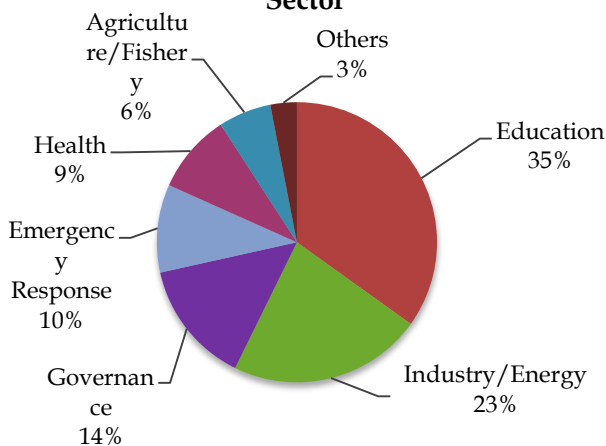


Chart 4.7: KOICA’s Contribution by Sector



field. KOICA has also organized the emergency relief efforts. Through the 25 years of cooperation, the total distribution by KOICA has accumulated up to USD 143 million in various fields.

Harnessing the Nation's Efforts for Modernized Forensics and Scientific Investigation



Despite the high demands for the modernization of the forensic capacity and facility of the Government Analyst’s Department (GAD); the Sri Lanka’s only

forensic lab, many constraints held back the organization.

The project implemented from 2015 to 2017 with KOICA assistance aimed to establish a chain of reliable forensic system, four digital analytical laboratories and server room at GAD, fully equipped training center at CID for digital evidence analysis and existing DNA laboratories at GAD was upgraded by providing modern equipment. The project also brought in expertise from the Korean National Forensic Service to provide capacity building for the officials from GAD and

CID, by 3-month training in Korea but also on-the-job-training at GAD and CID, to directly share the knowledge and experience.

The Project was successful in enhancing the capacities of the Analysts at the GAD and by the beginning of January 2017, number of DNA analysis cases rose by 620% while the newly opened Digital Forensic Lab received more than 60 case just during the first month. KOICA looks forward to the more profound changes that this project can potentially bring.

Technical Support for the enhancement of Ocean University of Sri Lanka

Although Sri Lanka is abundant with oceanic resources, the ocean industry is not well developed and the resources are not tapped to its potential. To address the need for a specialized higher educational institute for maritime and ocean sciences, the Government of Sri Lanka established the Ocean University in 2015 replacing the National Institute of Fisheries Nautical Engineering (NIFNE) and sought the financial and technical assistance from the Republic of Korea, to upgrade the educational capacities of the University.

With the technical support of KOICA, a master plan for the upgrading the Ocean University is being developed. Korean experts will provide the technical expertise for the master plan development process which includes formulating the academic

development road map, developing curriculum for suggested academic programs, and determine equipment plan coupled with the concept drawing for the



university. Further, post graduate study opportunities for the academic staff and short-term training programs for government official will be provided under the capacity building programme.

Assisting the most vulnerable communities to tackle climate change

To empower the communities affected by conflicts and natural disasters KOICA, in cooperation with the World Food Programme, have engaged in building human resources, increasing alternative income generating opportunities/livelihoods and building the resilience of disaster-prone, food insecure households since 2016. The target households and farmers have been



engaged in water harvesting for home gardening and irrigation at the household level, community water harvesting and reinforcement of flood protection walls, productive asset creation activities, and human resource development through

support to skills training and training on marketable skills. By those activities. It is expected to empower the climate vulnerable communities with the skills and knowledge to counter poverty and the adverse changes in climate.

Table 4.5: Key Projects Implemented under KOICA Grant Assistance

Project	Amount (USD million)
1 Hambantota International Convention Centre	8.7
2 Construction and Rehabilitation of Mahanama bridge in Matara	7.0
3 Construction of Korea- Sri Lanka Friendship Hospital in Godagama, Matara	6.7
4 Establishment of an Integrated Waste Management System-Dompe	4.5
5 Grid Connected 500kW Photovoltaic Power Generation Project	
6 Modernization and Upgrading of Automobile Centers in the Colleges of Technology and Technical Colleges.	3
7 Technical Assistance for Advanced Traffic Management System (ATMS) in Colombo Metropolitan Region.	2.5
8 The Capacity Building Project for Sri Lanka Forensic Science Agency and relevant Officials.	3.2

Table 4.6 : Ongoing Projects

Partner Ministry/Institution	Project Name, Period and Cost
Ministry of Skills Development and Vocational Training	Modernization and Upgrading of Automobile Centers in the Colleges of Technology and Technical Colleges.(2013-2017/USD 3 million)
Ministry of Higher Education and Highways	Technical Assistance for Advanced Traffic Management System (ATMS) in Colombo Metropolitan Region. (2013-2017/ USD 2.5 million)
Ministry of Justice	The Capacity Building Project for Sri Lanka Forensic Science Agency and relevant Officials. (2015-2017/USD 3.2 million)
Ministry of Education	Establishment of National College of Education and Teacher Training System for Technology Stream (2015-2022 / USD 13 million)
Ministry of Hill Country New Villages and Infrastructure Development UN-HABITAT	Human Development Initiative through Empowerment and Settlement Improvement in the Plantation Settlements in Sri Lanka (2016-2017/USD 2 million)
Ministry of Health and Indigenous Medicine	Matara District Maternal and Newborn Health Care Strengthening Project (2016-2020 / USD 8.5 million)
Ministry of Skills Development and Vocational Training	Establishment of Master Plan and Capacity Building for Ocean University of Sri Lanka (2017-2021/2.5 million)
Ministry of National Policies and Economic Affairs, WFP	WFP Support to human resource development and livelihoods through vocational training and reconstruction/resilience building activities in Sri Lanka (2016-2018 / USD 4 million)
Good Partners (NGO)	Tourism TVET support in Wattala (2017-2019)

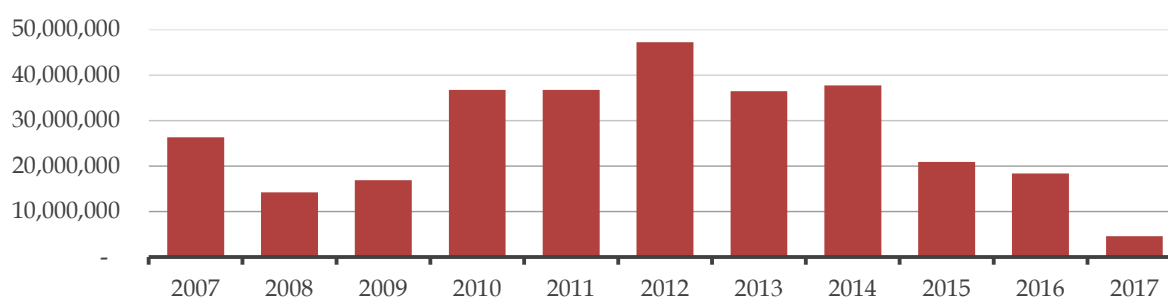
The lamp (NGO)	Water Quality Enhancement Project of Welioya DS, Mullaitivu District, Sri Lanka (2017-2019)
World Vision (NGO)	Natural Farming and Strengthened Market Mechanisms for Small Scale Farmers in Vaharai and KoralaiPattu (2016-2018)

Annual Commitments and Disbursements

The total commitment recorded from the Government of Korea during the last ten year period (2007 to 2017) was USD 700.86 million of which USD 557.81 million was loan assistance through EDCF and USD 143.05 million was from KOICA as grant

assistance. Korean development assistance is mobilized in the areas of water supply, vocational training solid waste management, highways and roads, health, education, higher education, public administration and ICT.

Chart 4.8: EDCF Loan Disbursements in USD (2007 -2017)



Source: Department of External Resources

KOICA Grant Aid Disbursement in USD million.

FY	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Disbursement	9.63	4.33	10.43	8.93	6.80	11.99	9.72	9.43	14.16	9.56

Source: KOICA

The loan commitment made in 2017 were amounted to USD 14 million that was for the Supply of 190 numbers of Garbage Collecting Compactors for 84 Local Authorities in Sri Lanka. The total

disbursement made under Korean loan assistance in 2017 was USD 4.6 million and USD 9.56 million has been disbursed under grant assistance.

5. WORLD BANK AND IMF DIVISION

Overview

World Bank Division of External Resources Department coordinates the financial and technical assistance from the five institutions which the World Bank Group consists of i.e. International Development Association (IDA), International Bank for Reconstruction and Development (IBRD), International Finance Cooperation (IFC), Multilateral Investment Guarantee Agency (MIGA) and International Centre for Settlement of Investment Disputes (ICSID).

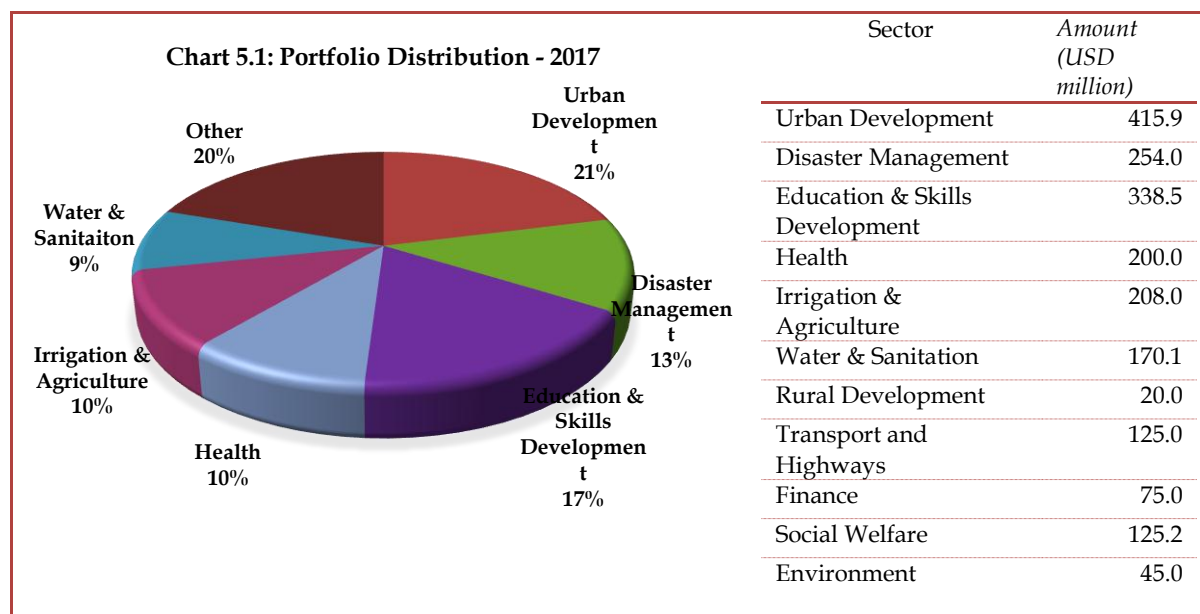
The partnership between Sri Lanka and the World Bank was established after the

country becoming a member of International Bank for Reconstruction and Development started in 1950. Since then the country has obtained World Bank's financing for projects as prescribed in country's public investment programme with the objectives of promoting competitiveness, inclusiveness and resilience for nearly six decades. At the end of 2017, there was USD 1,976.7 million worth active loan portfolio operating under the versatile World Bank financial assistance extended over different investment sectors.

Table 5.1: World Bank Active Loan/ Grant Portfolio in 2017

Programme/Project	Amount (USD million)
Skills Development Project	101.5
Strategic Cities Development Project - Original	147.0
Development Policy Loan with Catastrophe Deferred Drawdown Option (DPL with CatDDO)	102.0
Climate Resilience Improvement Project	110.0
Climate Resilience Improvement Project - Additional Financing	42.0
Transforming the School Education as Foundation of a Knowledge Hub Project	100
Second Health Sector Development Project	200.0
Metro Colombo Urban Development Project	213.0
Dam Safety and Water Resources Planning Project - Additional Financing	83.0
Early Childhood Development Project	50.0
Water Supply and Sanitation Improvement Project	165.0
North East Local Service Improvement Project - Additional Financing	20.0
Strategic Cities Development Project - Additional financing	55.0
Ecosystems Conservation and Management Project	45.0
Agriculture Sector Modernization Project	125.0
Accelerating Higher Education and Development Project	100.0
Transport Connectivity and Assets Management Project	125.0
Financial Sector Modernization Project	75.0
Social Safety Nets Project	75.0
Improving Poverty Estimation Project	0.16
Transforming the School Education as Foundation of a Knowledge Hub Project	37.0
GPOBA - Sri Lanka Access to Sanitation Project	5.1
PHRD Grant for Metro Colombo Towards a Flood Resilient Environment Project	0.9
Total	1,976.7

Source: External Resources Department



Source: External Resources Department

World Bank Group

World Bank Group is a unique global partnership consisting of five institutions working for sustainable solutions that reduce extreme poverty and promote shared prosperity in developing countries i.e., International Development Association (IDA), International Bank for Reconstruction and Development (IBRD), International Finance Cooperation (IFC), Multilateral Investment Guarantee Agency (MIGA) and International Centre for Settlement of Investment Disputes (ICSID).

The IDA and IBRD provides full range of lending and non-lending instruments. Alongside, International Finance Corporation (IFC) will play a major role in providing investment for private sector enhancement. The World Bank Group has extended Loans and Grants amounting to USD 45.9 billion to its 189 member countries and assisted to implement

approximately 12,000 development projects historically.

- IBRD**: World's largest development bank, IBRD provides financial products and policy advice to help countries reduce poverty and extend the benefits of sustainable growth to all of their people.
- IDA**: Part of the World Bank that helps the world's poorest countries to reduce poverty through boosting economic growth, reducing inequalities, and improving people's living conditions.
- ICSID**: World's leading institution devoted to international investment dispute settlement.
- IFC**: Largest global development institution focused exclusively on the private sector in developing countries.
- MIGA**: Help investors to protect foreign direct investments against political and non-commercial risks in developing countries.

Source: World Bank Group

World Bank Country Partnership Framework 2017-2020

The World Bank Group's Country Partnership Framework (CPF) aims to make the development with more systematic, evidence-based, selective approach, and focused on the World Bank's twin goals of ending extreme poverty and increasing shared prosperity in a sustainable manner.

The most critical constraints and opportunities facing Sri Lanka in the development trajectory were identified in the Systematic Country Diagnostic (SCD) conducted in 2105. Based on those

findings, the World Bank Country Partnership Framework (CPF) for 2017 to 2020 has been designed to support medium-term goals in several key policy areas of the Government such as supporting job creation in the private sector, enhancing income levels, developing rural economies, ensuring land ownership by the rural and estate sectors, advancing the country's global integration, improving governance, enhancing human development and social inclusion, and balancing development with environmental conservation.

The World Bank CPF for Sri Lanka is articulated within following three pillars;

- Pillar 1** Improving macro-fiscal stability and competitiveness
- Pillar 2** Promoting inclusion and opportunities for all
- Pillar 3** Seizing green growth opportunities, improving environmental management, and enhancing adaptation and mitigation potential

There are ten objectives under the above pillars and some of those are improving macro-fiscal stability and competitiveness, promoting inclusion and opportunities for all and seizing green growth opportunities, improving environmental management, and enhancing adaptation and mitigation potential. In this context, CPF will strengthen the Government's efforts to

improve public financial management, scaling up infrastructure through PPP solutions, improve education and training system, improve health and social protection systems and strengthen climate resilience and disaster risk management through strong relationship between Government and IDA, IBRD and IFC.

Sri Lanka - Transition from IDA to IBRD

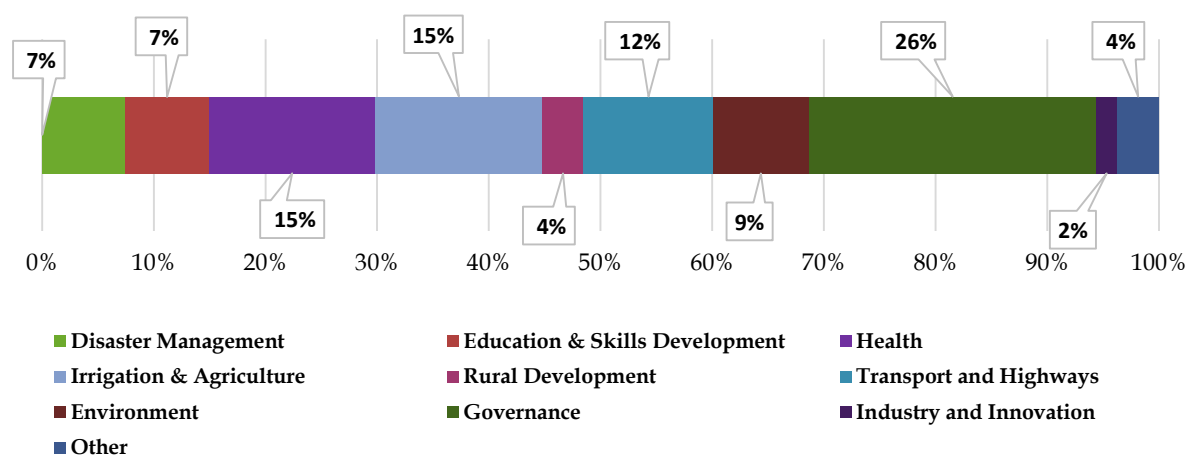
As Sri Lanka graduated to a Middle Income Country, potential to obtain blend borrowing from the IDA was narrowed and the avenues to borrow at commercial rates from IBRD were opened. Consequently, Sri Lanka graduated from IDA eligibility to IBRD eligibility in July, 2017. In order to smoothen the transition from IDA blend to IBRD-only status, IDA provides transitional support to graduating countries with leveraged IDA resources for a limited period of time in order to mitigate overall financing reduction.

The IDA transitional support package of USD 440 million and IBRD financing of USD 900 million for Sri Lanka is effective from July 01, 2017 to June 30, 2020 (IDA18 cycle). Therefore, the combined IBRD/IDA annual lending will be around USD 447 million per year during this period. IDA graduation with transitional support will ensure a smooth and successful graduation, avoiding instances of having an adverse impact on the country's development momentum by dropping available IDA concessional financing.

World Bank Project Pipeline for 2017-2020 has been prepared optimizing the increased financing cost associated with the graduation of Sri Lanka from concessional IDA borrowing to IBRD borrowing at commercial rates. Even though transitional IDA package is provided, the borrowing rates are similar to IBRD rates. Therefore, the proposed pipeline will spread among different sectors mainly targeting important policy

reforms and institutional strengthening which suits for an upper middle income economy, maximizing the future refinancing expenses of the Government. Accordingly, the proposed investments in the governance sector dominates in the pipeline at 26 percent with projected two development policy loans. This is followed by health sector and irrigation and agriculture sector contributing 15 percent each.

Chart 5.2: Sector wise Allocation of WB Pipeline 2017-2020



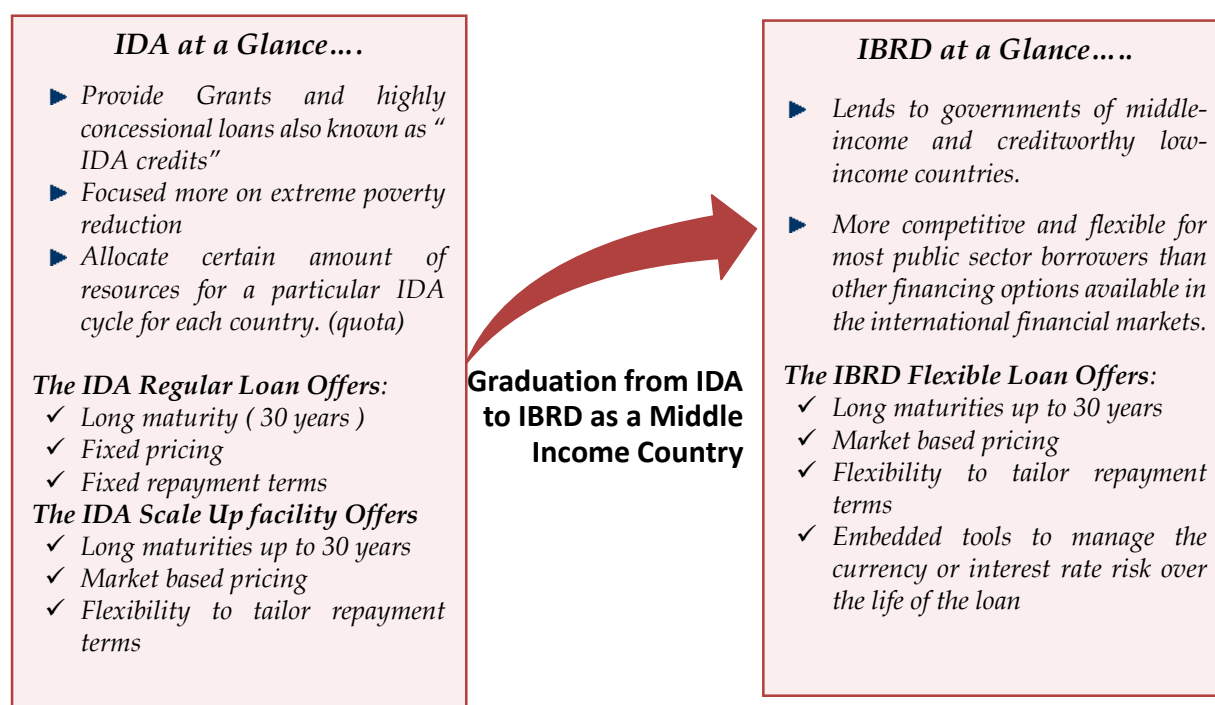
Source: External Resources Department

Both IDA and IBRD support for Sri Lanka extend as financial assistance for development projects and as technical assistance for analytical and advisory services. Under IDA 17 cycle (from 2014 - 2017), Sri Lanka had a total of USD 660 million of IDA assistance.

The World Bank has also opened up other financing instruments such as Development Policy Lending and Programme for Results (PforR) in addition to the traditional lending; Investment Project Lending (IPL) to offer the best solution for each situation. Sri Lanka obtained Competitiveness, Transparency and Fiscal Sustainability Development Policy Financing of USD 100 million in 2016.

International Bank for Reconstruction and Development (IBRD)

The International Bank for Reconstruction and Development (IBRD) is the largest development bank in the world with a membership of 189 countries. It was established in 1944 to assist the process of rebuilding the Europe after World War II. IBRD assists to Governments of middle-income and creditworthy low-income countries with financial solutions as well as transferring knowledge. Financial products include loans, guarantees and risk management products. Global knowledge transfer by advisory services and by coordinating responses to regional and global challenges. IBRD raises its funds in the global financial markets with a triple-A credit rating.

Table 5.2: USD Lending Rates & Loan Charges for the IBRD Flexible Loan¹

Variable Spread ²						
Reference Rate	6 - month LIBOR					
Average Maturity Period ⁴	<i>up to 8 years</i>	<i>Greater than 8 to 10 years</i>	<i>Greater than 10 to 12 years</i>	<i>Greater than 12 to 15 years</i>	<i>Greater than 15 to 18 years</i>	<i>Greater than 18 to 20 years</i>
Contractual Spread	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Annual Maturity Premium	0	0.10%	0.20%	0.30%	0.40%	0.50%
Actual Funding	-0.04%	-0.04%	-0.04%	-0.04%	-0.04%	-0.04%
Total Spread	0.46%	0.56%	0.66%	0.76%	0.86%	0.96%
Fixed Spread ³						
Reference Rate	6 - month LIBOR					
Average Maturity Period	<i>up to 8 years</i>	<i>Greater than 8 to 10 years</i>	<i>Greater than 10 to 12 years</i>	<i>Greater than 12 to 15 years</i>	<i>Greater than 15 to 18 years</i>	<i>Greater than 18 to 20 years</i>
Contractual Spread	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Annual Maturity Premium	0	0.10%	0.20%	0.30%	0.40%	0.50%
Market Risk Premium	0.10%	0.10%	0.10%	0.10%	0.15%	0.15%
Projected Funding Cost	0.10%	0.20%	0.20%	0.30%	0.35%	0.35%
Total Spread	0.70%	0.90%	1.00%	1.20%	1.40%	1.50%
Loan Charges						

Front-End Fee⁵	0.25%
Commitment Fee	0.25%
DPL DDO Fees⁶	0.25% Front - End Fee; 0.50% Stand-by Fee
Cat DDO Fees⁷	0.25% Front - End Fee; 0.50% Renewal Fee

Source: World Bank

Note:

1. The base lending rate for IBRD Flexible Loans in most currencies is currently the 6-Month LIBOR (London Interbank Offered Rate) in the relevant currency. It is the rate at which banks can borrow unsecured funds from other banks in the London wholesale money market. IBRD loans denominated in Euros will have the Euro Interbank Offered Rate, EurIBOR, as the base lending rate.
2. As of April 1, 2017, IBRD calculates the average funding spread component of the Variable Spread on a quarterly basis.
3. The fixed spread is determined at the loan signing and remains constant over the life of the loan.
4. As measured by average repayment maturity of the loan at commitment (i.e. Board approval). The calculation of the average repayment maturity for DDOs will begin at loan effectiveness for the determination of the applicable maturity premium.
5. When annualized, the front-end fee adds approximately 0.03% per annum assuming an average repayment maturity of 18 years.
6. Development Policy Loans with Deferred Drawdown Option
7. Catastrophe Deferred Drawdown Options

Commitments

Sri Lanka was able to mobilize USD 427 million from the World Bank by ways of loans in 2017 with 20 percent increase over the previous year.

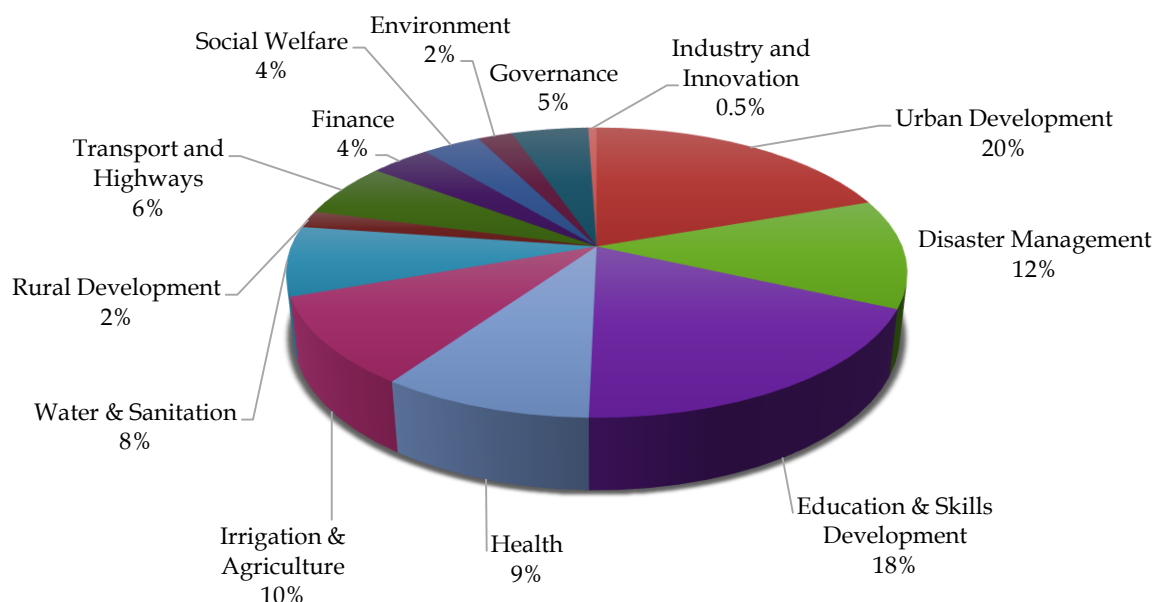
Table 5.3: World Bank Commitments - 2017

Project and Implementing Agency	Amount (USD million)	Objectives
Agriculture Sector Modernization Project <i>Implemented by:</i> Ministry of Agriculture Ministry of Primary Industries	125	Agriculture Sector Modernization Project will support increasing agriculture productivity, improving market access, and enhancing value addition of smallholder farmers and agribusinesses in the project areas through Agriculture Value Chain Development and Productivity Enhancement and Diversification Demonstrations.
Accelerating Higher Education Expansion and Development Project <i>Implemented by:</i> Ministry of Higher Education and Highways	100	Accelerating Higher Education Expansion and Development Operation Project will increase enrollment in priority disciplines, improve the quality of degree programs, and promote research and innovation in the higher education sector, supporting three strategic results areas i.e. increasing enrollment in higher education, broadening and deepening modern teaching and learning approaches that combine academic excellence with high-quality socio emotional skills; and promoting a vibrant research and innovation culture that can support economic development, especially the growth of higher-value industries and services.

Transport Connectivity and Assets Management Project	125	Transport Connectivity and Asset Management Project will strengthen the Road Development Authority's (RDA) capacity for asset management and improve the road service delivery on the road section from Ja-Ela to Chilaw on National Highway A003 in Sri Lanka using the Output and Performance Based Road Contract (OPRC) format and implement institutional and system changes necessary to sustain and expand the use of the DBM methodology using the OPRC format in the RDA and in the construction industry.
Implemented by: Ministry of Higher Education and Highways		
Financial Sector Modernization Project	75	Financial Sector Modernization Project will contribute to increasing financial market efficiency and use of financial services among micro, small and medium enterprises (MSMEs) and individuals. The first component supports selected mid-level reforms through disbursement-linked indicators (DLIs) and the second component, strengthening regulators' institutional capacity, upgrading the legal and regulatory framework and modernizing financial market infrastructure aims to strengthen the institutional capacity of the three financial sector regulators, i.e. Central Bank of Sri Lanka (CBSL), Securities and Exchange Commission of Sri Lanka (SEC), Insurance Board of Sri Lanka (IBSL).
Implemented by: Ministry of Finance and Mass Media Central Bank of Sri Lanka Securities Exchange Commission of Sri Lanka Insurance Board of Sri Lanka		

Source: External Resources Department

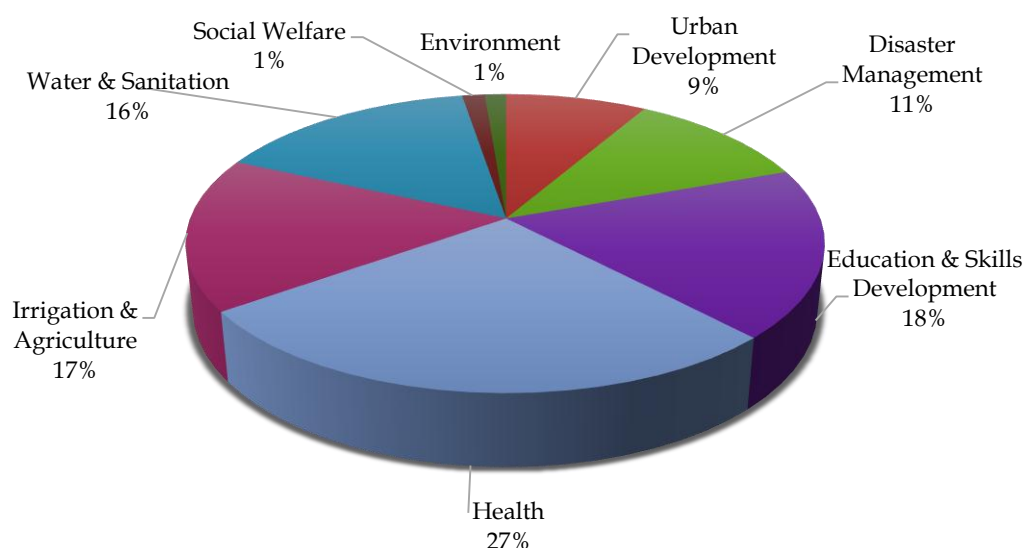
Chart 5.3: Sectoral Commitments 2012-2017



Source: External Resources Department

During the period from 2012 to 2017, the highest commitment of World Bank funding was recorded in urban development sector with a 20 per cent of the total commitments followed by education and skill development with a share of 19 per cent.

Chart 5.4: Sectoral Disbursement 2017



Source: External Resources Department

The total disbursement recorded from World Bank funded Projects in 2017 was USD 228 million and the largest share was reported in the health sector with a contribution of 27 per cent. This was followed by the investments in the education and skills development sector at 18 per cent.

New Development Initiatives

Programmatic Preparation Advance (PPA) for World Bank Funded Projects

The Government of Sri Lanka (GOSL) has identified that the long project preparation and inception times are having an adverse impact over the timely implementation of development projects and therefore, it is necessary to have funding assistance to provide liquidity support to carry out successful project preparation, design and other initial implementation activities prior to the loan signing of the projects.

Accordingly, the GOSL and the World Bank have agreed to establish

Programmatic Preparation Advance (PPA) facility under the supervision of National Planning Department of Ministry of National Policies and Economic Affairs and have recognized nine projects of the World Bank projects pipeline to be financed by this facility. Key objectives of this facility are improving the quality at the inception of projects, improving the implementation mechanisms and enhancing the capacity within implementing agencies of the GOSL to produce standard project preparation documents.

PPA will be implemented through Project Implementation Units (PIUs) established in respective implementing agencies and will fund for the establishment of new PIUs for preparatory activities; conduct reviews, assessments, studies and analyses on project designs; training and capacity building of PIUs for project management and design, procurement, financial management, environmental and social safeguards, citizen engagement, communications, monitoring and evaluation and other technical matters to improve project performance; for activities related to establishment of project steering

committees and preparation of project implementation manuals and information systems and also to hire of consultants and experts to support preparatory activities.

The amount of the PPA is United States Dollars (USD) 4 million, which is estimated based on requirements identified by the GOSL and the World Bank collectively, based on the objectives of the projects in the pipeline and anticipated activities. This will have a time frame of three years from July 2017 to June, 2020 and will expire at the end of the current Country Partnership Framework period (June 2020).

Resolving Elephant - Human Conflict

- Ecosystem Conservation and Management Project



Elephant Human Conflict has become more apparent. Habitat is shrinking daily and humans are encroaching on the territory of the elephants. At the same time, many poor farmers haven't changed their daily lives for hundreds of years but their crops and villages are being threatened. Recently, there is a public outcry and revived debate on protecting Sri Lankan elephants and specially tuskers (Elephas maximus maximus: a native species to Sri Lanka).

As an urgent solution for this issue, the movement of tuskers will be continuously monitored using radio collars. The first batch of collars will be delivered in March 2018 under the Ecosystem

Conservation and Management Project. In addition to that, several permanent and longer term solutions will be implemented soon. (i.e. elephant habitat improvement, effective electric fencing based on the distribution and behavior of elephants etc.)

Loan Amount : USD 45 million

Implementation Period: 2016 - 2021

State of the Art Social Registry to Empower Citizens

- Social Safety Nets Projects

Sri Lanka has more than 30 welfare programs operated by 11 different ministries. Due to the lack of coordination and non-availability of single central database, their capacity to coordinate, monitor and evaluate, prevent fraud and management is limited. Even though the cost of welfare programs increasing gradually, the effectiveness of such programs is not up to the expected level.

Under this project a Social Registry Information System will be developed to address the above issue. This is a single registry of citizens with information on family structure and economic characteristics. The project will make social spending more sustainable, while ensuring that targeted households receive the full benefit of the programs.

Loan Amount : USD 75 million

Implementation Period: 2016 - 2021



Smart Textbooks: Leap instead of a Step forward

- General Education Modernization Project



National Education Commission of Sri Lanka has formulated a comprehensive set of proposals for a national policy framework on general education for making the education sector a dynamic and vibrant sector that caters to the education needs of the country: professionalizing teacher service, teacher deployment and curriculum development.

The proposed General Education Modernization Project aims to modernize and diversify the curriculum of general education to make students' learning experiences more compatible with the changes in

Sri Lanka's society and economy with a greater emphasis on Mathematics and English. It has been suggested to modernize and diversify curricula through the development of a strong and effective English Language Learning Enhancement programme while reviewing and revising English language syllabus, textbooks and teaching materials. Mathematics will be introduced to GCE A-level arts and management students. Smart Textbooks that allows students to learn from their digital textbook which includes presentations, glossaries, exercises, and exams with cutting edge technology and could be read using any device. It will support school based professional teacher development and pre-service teacher education. This will also support the quality assurance of the school system.

To be Negotiated in 2018

Loan Amount: USD 100 million

Implementation Period: 2018 – 2024

Smart Irrigation:

- Climate Smart Irrigated Agriculture Project

The irrigation technology in ancient Sri Lanka, has a history which extends over 300 BC. Sri Lankans were among the first to build completely artificial reservoirs to store water. These cascade irrigation networks with interlinked medium and small scale tanks were designed to avoid seasonal variations and natural hardships faced by the people in the area. Most importantly, the beneficiary community managed the system with their own vibrant set of folklore, customs, traditions and rules.

This concept would be an alternative approach to address the limitations of modern irrigation technology and to build up resilience and productivity among farming communities in a country with vigorously changing weather patterns due to climate change. (Please refer to box article on page no. 61 for more details.)

To be Negotiated in 2018

Loan Amount: USD 100 million

Implementation Period: 2018 – 2023



STEM and Research in Universities

- Accelerating Higher Education Expansion and Development Project

GOSL provides free education to all citizens of Sri Lanka even at the university levels. As a result, the literacy rates and education attainments raised steadily since the independence. However, the research and innovation among Sri Lankan universities is inadequate for aspiring levels of an upper middle income country and there is an urgent demand to develop the higher education sector accordingly. At the same time the number of students enrolled in sciences, technology, engineering, and mathematics (STEM) is not satisfactory for future economic growth through higher-value-added industries and services.



As an urgent solution for the above issues, this project will develop a culture of research and development, innovation and commercialization in universities and promote the expansion of enrollment for STEM degree programs in existing and new faculties of state universities and advanced technological institutions. All state universities, Sri Lanka Institute of Advanced technological Education and private higher education institutions will benefit under this project.

To be Negotiated in 2017

Loan Amount: USD 100 million

Implementation Period: 2017 – 2023

Patient Record System

- Third Health Sector Development Project



Since the independence, the GOSL adopted free health policy which contributed immensely to the enhanced social indicators of the country. The success of the health system owes to the grass root level workers who visit households providing instructions on health, nutrition and control of communicable diseases as well as due to the effective and free health care services provided by National and Base hospitals located around the island.

As a step of advancing primary health care system further with a patient record system, reforms will be implemented to provide

integrated health care services to the citizens, improve IT linked information systems and most importantly ensure the beneficiary engagement in the system improvements.

To be Negotiated in 2018

Loan Amount: USD 200 mn

Implementation Period: 2018 – 2023

Matching Grants

- Agriculture Sector Modernization Project



Even though an approximately one third of the population engaged in agriculture, the sector contributes for around 10 per cent of total Gross Domestic Product (GDP) and 24 per cent of total exports. The agricultural sector is characterized by relatively low productivity, low diversification levels, limited capacity and limited technology choices for smallholder farmers to improve their productivity and to diversify. Moreover the relatively weak links between producers and domestic and international markets have led to under exploited opportunities for processing and value-addition.

As such, commercial and export-oriented agriculture is to be achieved by offering incentives and access to finance for farmers

through the provision of a matching grants scheme for agro business, fisheries, livestock and poultry. The aid is intended to facilitate private sector investment, provide technical assistance, strengthen farmer producer organizations and promote smallholder-agribusiness partnerships; to increase their competitiveness, business orientation and market position in order to make them more attractive business partners in the value chain.

Negotiated in 2016

Loan Amount: USD 125 million (Co financing from EU : EUR 30 million)

Implementation Period: 2016 – 2021

Public Private Partnerships (PPPs)**- Public Private Partnerships Project**

The interest for public private partnerships in both advanced and developing economies increased after the financial crisis in 2008, because of the constraints faced on public resources and fiscal space. Recognizing the importance of infrastructure investments for the economic growth, GOSL has identified private sector investments as an alternative financing source to fill the funding gap.

The PPP Project is designed to develop a robust and sustainable PPP programme in Sri Lanka. It will support the establishment of an enabling environment for PPPs by developing a robust pipeline of PPP projects and assisting for feasibility studies and transaction structuring as well as providing assistance through the project cycle up to the award of a project.

To be Negotiated in 2018

Loan Amount: USD 25 million

Implementation Period: 2018 – 2023

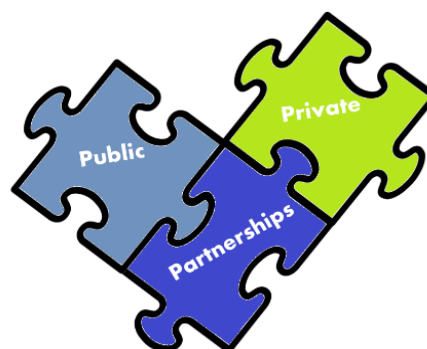


Table 5.4: World Bank Group Technical Assistance Missions Fielded during 2017

Mission	Mission dates
Enhance the competitiveness of Sri Lanka by creating a more favorable investment climate, a supporting trade policy and trade facilitation framework, and a more dynamic innovation and entrepreneurship ecosystem.	Jan 16-28, 2017 Mar 13-17, 2017 March 27-31, 2017 May 2-9, 2017 May 8-20, 2017 Sept 4- Oct 20, 2017 Nov 13 - Jan 26, 2018 Oct 25-27, 2017
- Enhancing the investment framework and regulatory simplification; - enhancing trade potential; - supporting firm growth, productivity, and jobs.	
Support to update and enhance key legislation of CBSL to ensure a stable and efficient financial sector.	June 19-28, 2017
Technical assistance to improve the measurement and analysis of poverty and welfare and to build the evidence base on the welfare impact of policy reforms and operations.	Jan 16-27, 2017 May 2-12, 2017 Sept 18-23, 2017 March 1- 17, 2018
Developing a programmatic platform for an integrated view of policy reforms and investments, and to prioritize and sequence interventions for the sustainable development of Metro Colombo.	Nov 2-10, 2017
Support the reform and strengthening of delivery systems for Sri Lanka's main social safety net programs.	Jan 23-27, 2017 Aug 21-Sep 1, 2017
Strengthen accountability by supporting the implementation of Sri Lanka's Right to Information (RTI) Act, by leveraging regional and global knowledge.	Jun 12-23, 2017 Nov 20-29, 2017
Strengthening the Sri Lanka Financial Sector, aiming at enhancing financial access and infrastructure, and strengthening financial systems and markets.	May 8-12, 2017 June 12-30, 2017 Sept 12-22, 2017 Nov 27-Dec 8, 2017

Restoring Traditional Cascading Tank Systems

The traditional cascading tank system in Sri Lanka is a connected series of small tanks to large reservoirs which plays an important role in the water management for agriculture in the dry zone of Sri Lanka for more than 2,000 years) and has been the back-bone of the hydraulic civilization. A 'cascade' is defined as 'a connected series of village irrigation tanks organized within a micro-(or meso-) catchment of the dry zone landscape, storing, conveying and utilizing water from an ephemeral rivulet' (*Madduma Bandara 1985*).

There are about 14,200 small tanks which provide water for irrigable lands in the country and the cascading tank system has been advanced through the traditional wisdom of the citizens which is interconnected with the ecological, socio-economic and cultural environment for ages.

However, the management and maintenance of these systems become weakened after the abolition of *Rajakariya System* by the British rulers in 1832 AD, and today of most of these small tanks in dry and intermediate zone of the country have failed to provide adequate supply of water for irrigation due to several reasons such as sedimentation, high tank water losses, and alteration of size and shape of the water bed that resulted in large but shallower water bodies which are prone to lose water easily through evaporation. These unfavorable circumstances resulted in low crop intensity in the irrigated lands.

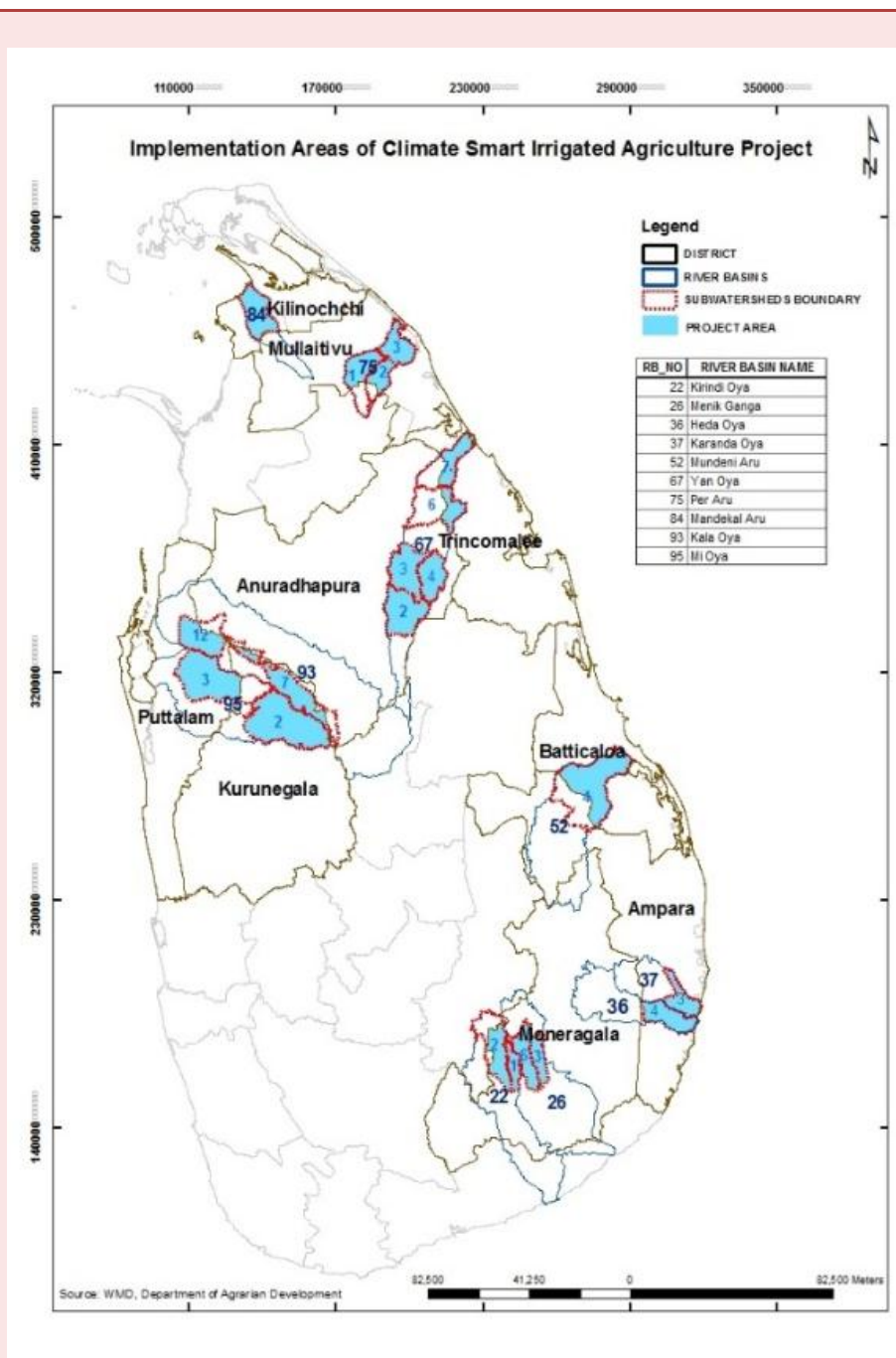
Understanding the necessity of rehabilitating and restoring of these cascading tank systems to improve climate resilience, GOSL has initiated following irrigation projects with the assistance of development partners.

Climate Smart Irrigated Agriculture Project (USD 100 million)

Proposed Climate Smart Irrigated Agriculture Project with World Bank Financing is expected to improve climate resilience of farming communities and to enhance productivity of irrigated agriculture in selected climatically vulnerable areas (Hot-Spot Areas) in Sri Lanka. The project will be implemented by Ministry of Agriculture.

- **Promote infrastructure planning, development and management for climate-smart agriculture** - develop climatically vulnerable areas (Hot-Spots) development plans, rehabilitation, modernization and development of infrastructure for climate-resilience and capacity enhancement of Government institutions and tank management community and coordination to plan and manage climate-smart infrastructure.
- **Promote climate-smart agriculture production systems and value-chains**- development of critical market infrastructure, establishment of demonstration plots, building individual and institutional capacity of those in the agriculture value chain, development and financing of Business Plans (BPs) of producer groups

Final achievement will be improved irrigation infrastructure facilities, increased adaptation of climate-resilient agricultural practices and technologies, improved agricultural productivity, and increased access to markets in targeted smallholder farming communities.



Left Bank Development Project in Kaluganga (USD 45 million)

GOSL plans to implement several rehabilitation and restoration activities such as, construction of Kaluganga Reservoir, increasing the capacity of Janaranjana Wewa, and augmentation of minor/medium tanks with the development of Irrigation Canal System to provide water to Kinniya and Kanthale Divisional Secretariat Divisions in Trincomalee District and Madirigiriya in Polonnaruwa District for irrigation purposes, under this proposed project. The project will be implemented by Ministry of Irrigation and Water Resources Management with the financing assistance of Saudi Fund for Development.

Formulating Cascade System Development Plan under North Central Province Canal Project (USD 1.76 million)

The project will be implemented by Ministry of Mahaweli Development and Environment with the financing assistance from Japan International Cooperation Agency (JICA). The objective of this project is to develop a cascade development plan under North Central Province Canal Project (NCPCP) which predicts irrigation development, flood and drought management, to improve livelihood of cascade communities of the target area by promoting agricultural activities.

Further, the basic water supply plan from NCP canal to cascade system will be reviewed, a rehabilitation and improvement plan for existing cascade irrigation related infrastructure will be prepared, a cascade operation and maintenance plan, an action plan for cascade system development and an agriculture and livestock plan will be prepared.

Minor Irrigation Improvement Project

Initial discussions have been started in 2017 to obtain ADB assistance to rehabilitate minor irrigation schemes in Sri Lanka. It is expected to upgrade Cascade-based irrigation systems including catchment management and integrated development to secure water for agriculture in both seasons.

In addition to the enhancement of agriculture productivity, this project will improve climate change resilience and adaptation. Further, the development of agricultural roads and related village infrastructure under the proposed project will promote eco-tourism and agro-business.

6. CHINA & ASIAN INFRASTRUCTURE INVESTMENT BANK DIVISION

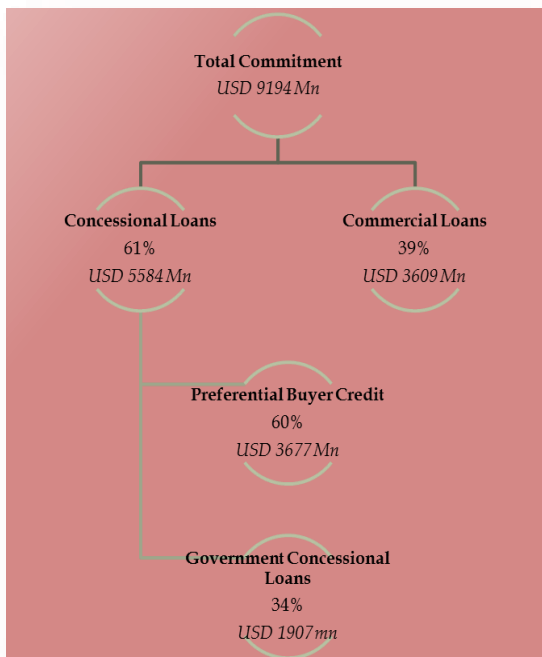
China and Asian Infrastructure Investment Bank (AIIB) Division of the ERD is responsible for mobilization of external resources from lending agencies of China and the AIIB to facilitate Government development initiatives. Ensuring smooth implementation of the projects through effective coordination is also among the major functions of the division.

Bilateral Relationship between Sri Lanka and China has shown a progressive development since the establishment of diplomatic relationship between two countries in 1957. Sri Lanka and China both celebrated 60th anniversary of its establishment of diplomatic relationship between two countries in 2017. The

relationship has benefited Sri Lanka in different economic, social and cultural aspects in way of strengthening the infrastructure development, trade, tourism and cultural exchanges facilitating pragmatic China-Sri Lanka cooperation. One of the most importance sector which has a remarkable Chinese presence is the development of infrastructure, including expressways, ports, airports, power plants and etc.

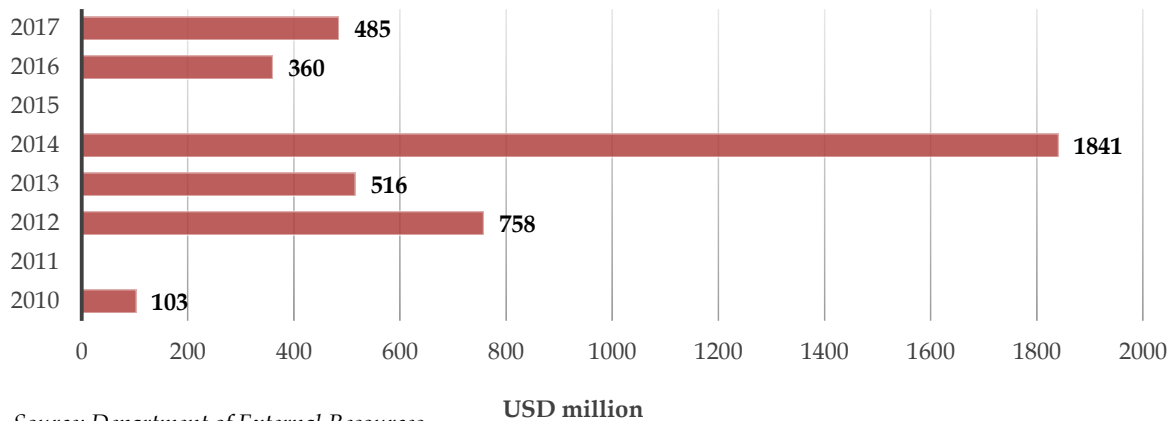
China has emerged as one of the major development partners of the country over the last decade committing USD 9.2 billion from 2001 to 2017. Chinese assistance are unique and significant with concessional characteristics of low interest rate and longer maturity even in the midst of declining trend of the concessional financing and graduation to the middle income states. Accordingly, out of total loans provided by the Chinese financial institutions during the period of 2001 to 2017, 61 percent amounting to USD 5.5 billion has been granted under concessional financing.

China extended their development assistance in form of loans and grants. The Ministry of Trade and Economic Co-operation of the Peoples' Republic of China is the responsible Government entity for all development assistance while the Economic and Commercial Counsellors office of the Embassy of the People's Republic of China is responsible for the co-ordination of the Chinese Aid programme to Sri Lanka.



Source: Department of External Resources
 Note: Included the loans obtained by SOEs

Chart 6.1: Concessional Loans Obtained From China 2010 - 2017 (USD million)

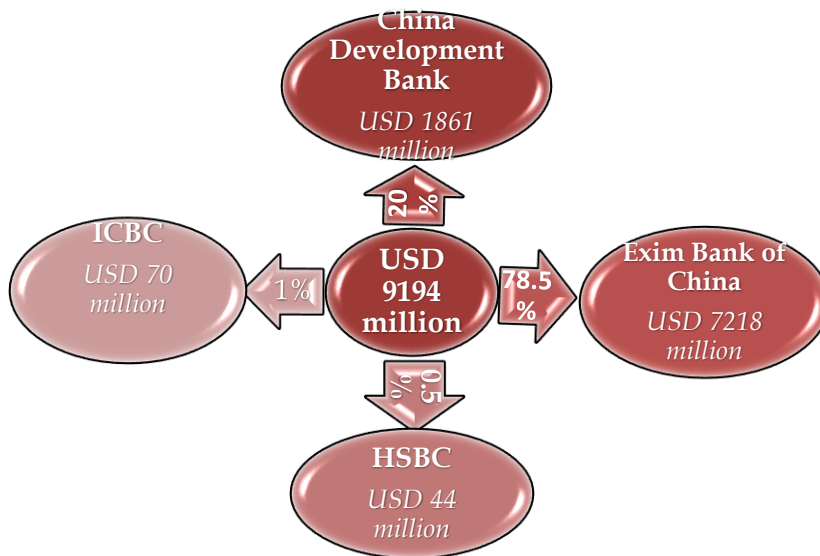


Source: Department of External Resources

Chinese loan facilities to Sri Lanka have been mainly channeled through two state owned banks namely, the Export-Import Bank of China (EXIM Bank) and the China Development Bank. (CDB). The EXIM Bank is the main Chinese stakeholder in development of infrastructure facilities in Sri Lanka. In line with the Government borrowing strategies, significant portion of development assistance obtained from EXIM Bank has been invested in high prioritized economic infrastructure projects. In addition, financial assistance

from CDB has been directed for high priority commercially viable projects. Further, new commercial lenders have been identified with a purpose of obtaining most favorable terms and conditions in respect of commercial borrowings. Thus, Industrial and Commercial Bank of China (ICBC), Bank of China, and Hong Kong and Shanghai Banking Corporation Limited (HSBC) are becoming as new Chinese lenders especially for projects which have been identified to implement with commercial borrowings.

Total commitment from China from 2001-2017



The financing facilities extended by Chinese financial institutions have been invested in priority development sectors in

the country such as highways, power and energy, irrigation and port development. Chinese grant assistance were utilized to

implement most landmark buildings and rehabilitation of building constructed with Chinese assistance. The most visible symbol of the Chinese assistance is BMICH. In addition, the Supreme Court

Complex, Nelum Pokuna Performance Art Center are some of the landmark projects implemented with Chinese Grant Assistance.

Development Assistance from the Export-Import Bank of China

The EXIM Bank of China as the largest bilateral financial institution in terms of development assistance to Sri Lanka, has provided approximately USD 7.2 billion commitments as at December 2017. EXIM Bank is the only Chinese financial institution which provides concessional financing in way of two preferential facilities, namely Preferential Buyer’s Credit (PBC) and Chinese Government Concessional Loan (GCL). The two

preferential facilities are an arrangement made by the Chinese Government to support developing countries with concessional funding. In addition, Buyer’s Credit (BC) which is commercial loan facility in nature also provided by the EXIM Bank of China in providing mix credit facilities to finance commercially viable projects. EXIM Bank of China is the only bank designated by the Chinese Government to implement such facilities.

- An official aid which has considerably high grant element.
- Low interest rate and longer repayment period.
- Denominated in Renminbi,
- The loan usually covers up to 100 percent of commercial contract value.



Government Concessional Loans

- Loan facility with a certain preferential terms.
- Denominated in US dollar.
- Low interest rate, long-term.
- Financing ratio up to 85 percent of commercial contract amount.



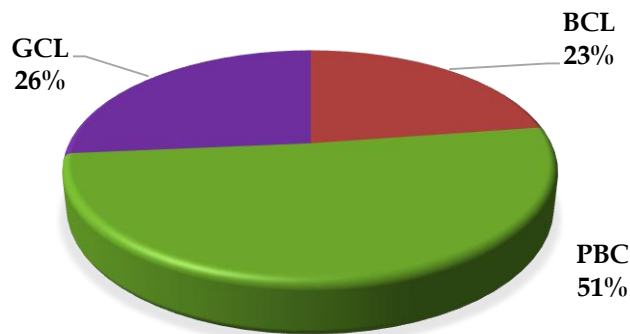
Preferential Buyers Credit

- Medium term and long term credit provided to foreign borrowers to finance their imports of Chinese products, technologies and services as well as overseas construction projects that can facilitate Chinese exports of equipment, construction machinery, material, technical and managerial expertise.



Buyer Credit

Chart 6.2: Types of Loans from Exim Bank of China



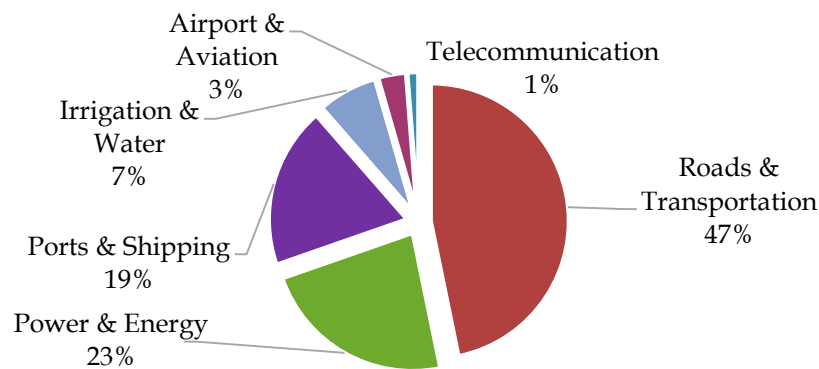
Source: Department of External Resources

Of the total loan assistance obtained from China including the loans to state owned enterprises during the period from 2001 to 2017, around USD 7,218 million has been obtained from EXIM Bank of China. USD 1,907 million under the GCL facility, USD 3,677 million under the PBC facility and USD 1,634 million under the BC facility have obtained from the EXIM Bank of China to implement number of significant large scale projects such as Puttalam Coal Power project, Hambantota Port Development project, Outer Circular Highway Project - Phase III, Extension of Southern Expressway (Matara to Hambantota) Project, Colombo Lotus Tower Project etc. In addition, negotiations are being conducted to obtain financial assistance

from EXIM Bank for the Section 1 of the Central Expressway Project, the loan facility of which will be the single largest concessional loan provided by EXIM Bank.

The funds from the EXIM Bank of China has utilized to implement development projects in various economic sectors, mainly in roads, power, ports, irrigation, water supply, airport and telecommunication sectors. Approximately 50 percent of the EXIM bank financing has been invested in roads and transportation sector constructing expressways and other priority roads which link the national road network creating significant economic and social benefits to the country.

Chart 6.3: Sector Distribution of Exim Bank Loans



Source: Department of External Resources

In addition to the aforementioned commitments, it is expected to finalize the financial assistance from the EXIM Bank of China for the following strategically important projects in the year of 2018. These projects are the

most priority projects of the Government which aims at strengthening infrastructure facilities of the country to generate significant social and economic benefits.

	Name of the Project	Loan Amount (USD million)
1	Section 1 of Central Expressway Project	1,164
	<i>"Rajarata Novodaya - Presidential Programme - Let's Awaken Polonnaruwa District Development Programme 2016-2020"</i>	
2	Agro - based Industries and Agro Economic Centre Project	234
3	Towns East of Polonnaruwa Water Supply Project	355
4	Maduru Oya Right Bank Development Project	475

Loan Assistance from China Development Bank (CDB)

The Government of Sri Lanka has obtained a considerable amount of financial assistance from the China Development Bank. Currently, CDB is the second largest Chinese financial assistance provider with a total commitment of USD 1, 862 million being second to the EXIM Bank of China. CDB, as one of the world's largest development finance institutions has come across to finance several urgent and priority development projects in Sri Lanka. The best example is the Moragahakanda Reservoir project which was successfully constructed with the financial assistance of USD 214.2 million from CDB.

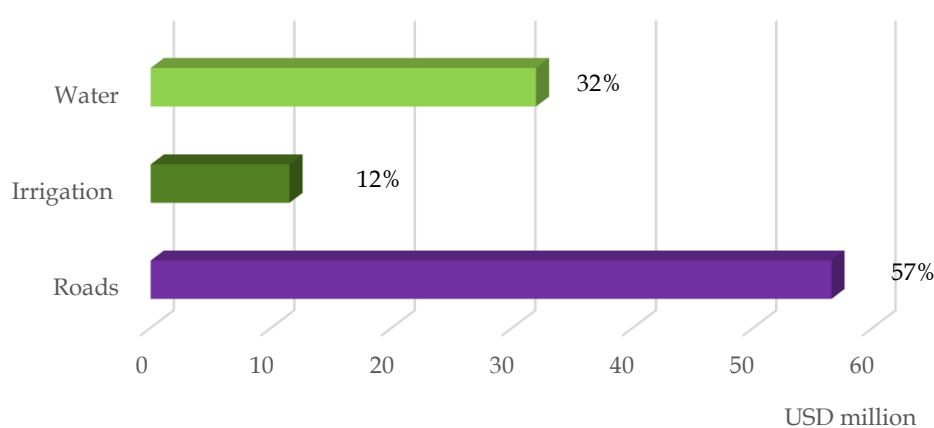
In contrary to the China EXIM Bank's Concessional loans and Preferential Buyer Credits, CDB provides commercial loans with variable interest rate. Due to the commercial nature, these loans are more suitable for implementing projects, which are more commercially viable such as water supply, power, irrigation etc. In addition, CDB takes considerably low

processing time for their loans. Therefore, these loans could also be recommended for implementing high priority projects which need to be implemented urgently. This flexible nature of the bank in negotiating loan facilities is also highly commendable.

The projects financed by CDB in Sri Lanka are mostly in the field of power generation, road rehabilitation, water supply and irrigation sectors. Moragahakanda Development Project is a major irrigation and power generation project funded by CDB and completed its implementation in 2017. At present there are five ongoing water supply projects financed through CDB loans namely;

1. Gampaha, Attanagalla and Minuwangoda Integrated Water Supply Scheme,
2. Katana Water Supply Project,
3. Thambuttegama Water Supply Project,
4. Valachchanai Water Supply Project and
5. Bandarawela, Diyatalawa and Haputale Water Supply Project.

Chart 6.4 Sector Distribution of CDB funded Projects - 2017




Source: Department of External Resources

Chinese Assistance Highlights in 2017



Greater Kurunegala Water Supply Project
 USD 79 million
 EXIM Bank of China



Gampaha, Attanagalla and Minuwangoda Integrated Water Supply Scheme
 USD 195 million
 China Development Bank



Katana Water Supply Project
 USD 54.8 million
 China Development Bank

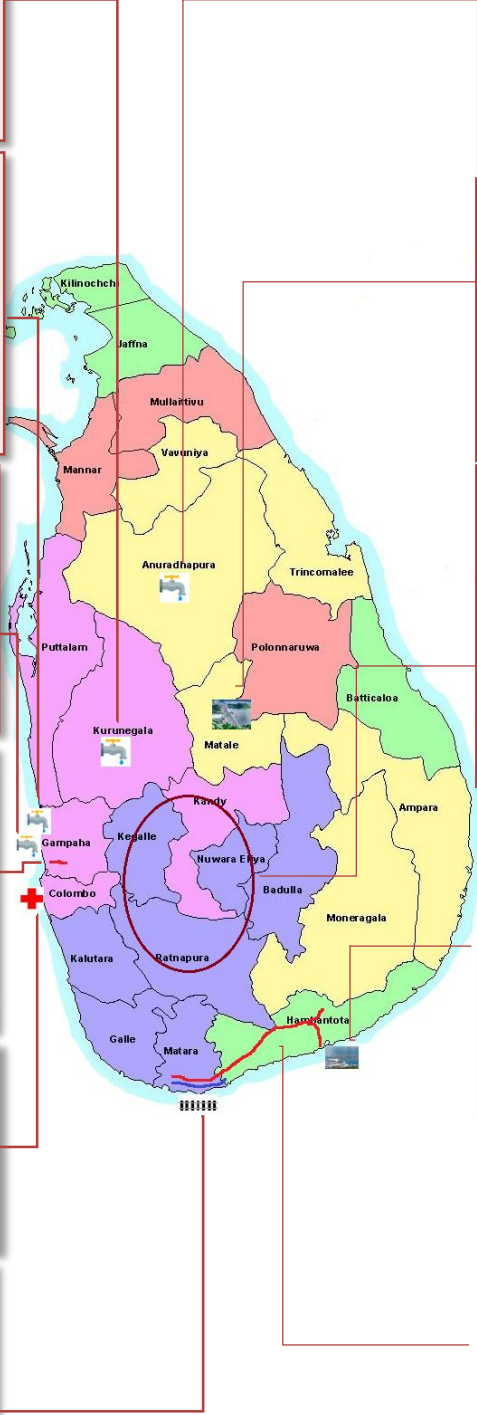


Outer Circular Highway Project - Phase III
 USD 494 million
 EXIM Bank of China

Construction of the Out-Patient Department (OPD) of the National Hospital (NHSL)
 USD 138 million (*Grant*)
 Government of China



Matara - Beliatta Section of Matara - Kataragama Railway Extension Project
 USD 283 million




Thambuttegama Water Supply Project
 USD 102.5 million
 China Development Bank




Moragahakanda Development Project
 USD 214 million
 China Development Bank



Rehabilitation and Improvement of Priority Roads Project - 3 (Phase 1 & 2)
 USD 300 million & USD 100 million



Hambantota Port Development Project- Phase 2
 USD 158 million
 EXIM Bank of China



Extension of Southern Expressway Project - Matara to Hambantota
 Section 1 - USD 683 million
 Section 2 - USD 360 million
 Section 3 - USD 252 million
 Section 4 - USD 412 million
 EXIM Bank of China

Loan Agreements signed in 2017



Thambuttegama Water Supply Project

Total Estimated Cost - USD 120.5 million

CDB Contribution (85%) - USD 102.5 million

Bank of Ceylon Contribution (15%) - USD 18 million (processing)



Katana Water Supply Project

Total Estimated Cost - USD 64.5 million

CDB Contribution (85%) - USD 54.8 million

Bank of Ceylon Contribution (15%) - USD 9.7 million



Balance of 400 million facility for priority Water Supply Projects

Total Estimated Cost - USD 242.7 million

CDB Contribution (100%) - USD 242.7 million

Implementing Agency - NWSDB



Kandy North - Pathadumbara Integrated Water Supply Project

Total Estimated Cost - USD 254.5 million

EXIM Bank of China Contribution (100%) - USD 254.5 million



Thalpitigala Reservoir Project

Total Estimated Cost - USD 174 million

EXIM Bank of China Contribution (85%) - USD 147.9 million

Peoples Bank Contribution (15%) - USD 26.1 million



Consultancy Services for Design Review and Construction Supervision of Civil Works on Extension of Southern Expressway Project (GCL)

Total Estimated Cost - USD 87.7 million

EXIM Contribution (100%) - USD 87.7 million



Runway Overlay & Associated Works at Bandaranaike International Airport Katunayake

HSBC Contribution USD 44.1 million



Procurement, Purchase and Delivery of 09 Nos Diesel Multiple Units for Upcountry Line Operations in Sri Lanka Railways Project

Total Estimated Cost - USD 93.9 million

HSBC Contribution (85%) - USD 79.8

HNB Contribution (15%) - USD 14.1 million

Commitments

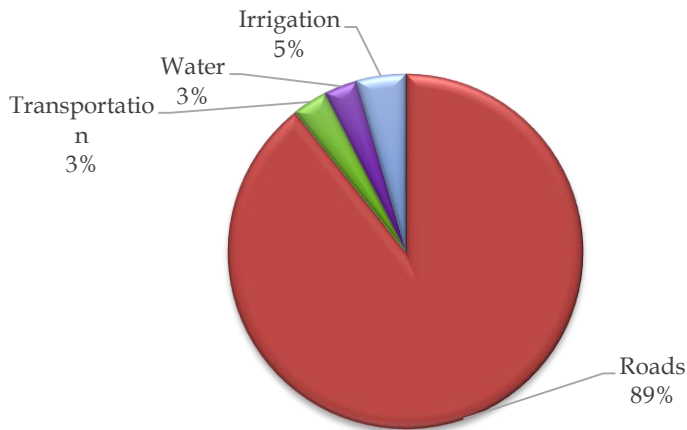
Total commitments made by Chinese financial institutions to Sri Lanka to implement various priority projects for the year 2017 was USD 987 million of which project loans amounted to USD 929 million and grant amounted to USD 58 million. These funds

obtained through seven loan agreements and one grant agreement. The total commitment made in 2017 was 44 percent higher than the commitment in 2016. The funds obtained from China in 2017 have been invested across the new development initiative in water supply, Irrigation and highways sectors. Out of total commitment in 2017, 49 percent amounting to USD 485 million was committed by the EXIM Bank while CDB commitment was USD 400 million. HSBC committed USD 44 million for Runway Overlay and Associated works at Bandaranaike International Airport project.

Disbursements

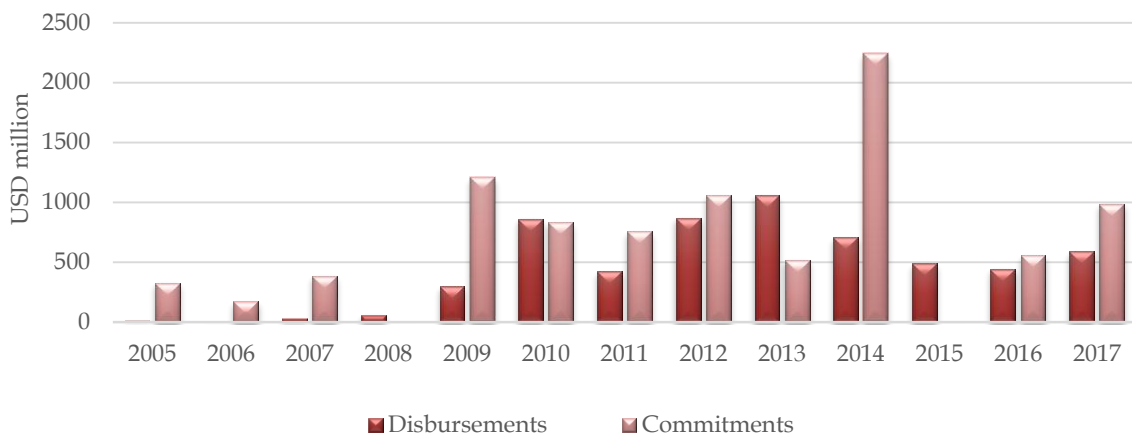
The total disbursement from China was USD 590.5 million during 2017 which is significant achievement, 24 percent increase compared to the previous year. The disbursed funds from Chinese donors were invested mainly in highways (89%), irrigation, and water and transport sector development initiatives.

Chart 6.5: Sector Distribution of Disbursement -2017



Source: Department of External Resources

Chart 6.6: Disbursements and Commitments (2005-2017)



Source: Department of External Resources
 Note: Included loans obtained by SOEs

Moragahakanda Reservoir Project



Largest Reservoir Project built with assistance of China Development Bank
Total Investment USD 214.2 million

Agricultural Productivity

- Provide irrigated water facility to 82 000 hectares of land in the Central and North Central provinces, and expect to produce 66,000 metric tons of additional paddy per year.



The Moragahakanda Project is the fifth and the last of the major reservoir envisaged under the Accelerated Mahaweli Scheme. The construction works have been successfully completed in 2017.

The project funds were utilized to construct the main dam of 61m height and 470 m length of main dam, two saddle dams, first with 58 height and 375 m length and the second with 21.5 m height and 275 m length to retain the 570 MCM of Water.

Power Generation

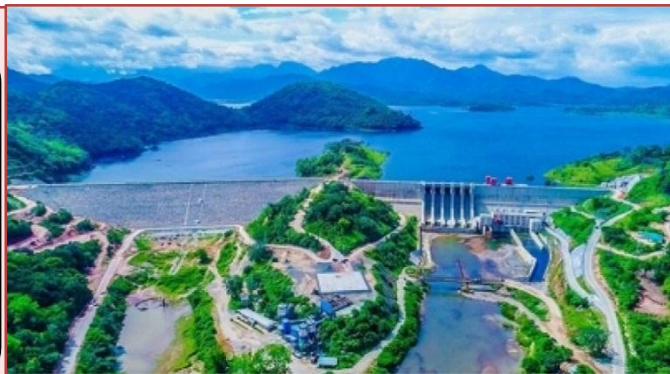
- Water Obtained from the reservoir will used to generate 25MW of hydro power to the national grid



The project will contribute to development of the agricultural productivity while producing hydro power to national grid and increasing living and health condition of the people by providing safe drinking water facility. This project will directly benefit the people in the Anuradhapura, Polonnaruwa, Mathale and Trincomalee districts.

Providing Drinking Water Facility

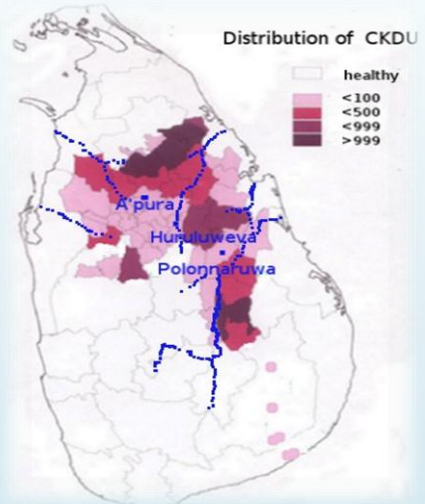
- The increased water will fill the industrial and domestic water requirement of the project area.



ADDRESSING Chronic Kidney Disease



Chronic Kidney Disease (CKD) unknown etiology has become a major health problem in rural Sri Lanka which is not associated with conventional risk factors such as diabetes, hypertension and glomerulonephritis. The prevalence of CKD in Anuradhapura and Polonnaruwa are fairly high compare to the other prevalence of the other districts. More than 15 percent of the population aged 15-70 years in the North Central and Uva provinces are affected with CKD. Over 22,000 deaths from the disease have been recorded in the Anuradhapura district in the North Central Province since CKD was first identified in 1991. Since, its root cause has still not been definitely established, prevention of CKD has been identified to reduce severe impact on community.



Development Partners' Contribution towards prevention of Chronic Kidney Disease

Research - To identify the Exact Causes for the Disease

- China - Sri Lanka Joint Research and Demonstration Centre for Water Technology *with Chinese Assistance*

Preventive Measures

- Construction of New Laboratory and Hospital Complex for Chronic Kidney Disease (CKD) in Polonnaruwa *with Chinese Assistance*



Safe Drinking Water Provision of Safe water for drinking and cooking

- Thambuttegama Water Supply Project with assistance of China Development Bank
- Town East of Polonnaruwa Water Supply Project with assistance of EXIM Bank of China
- Local Government Enhancement Project with assistance of Asian Development Bank
- Deduru Oya Water Supply Project with Korean Assistance
- Anuradhapura North Water Supply Project - Phase I with assistance of JICA
- Anuradhapura North Water Supply Project (Phase 2) with assistance of JICA



Grant Assistance from the Government of China

Government of People's Republic of China provides grant assistance to various development activities in Sri Lanka. These grants are mostly provided for non-revenue generating, public sector services such as health projects or other significant landmark projects which are of importance to the friendly relations of the two countries such as Bandaranaike Memorial International Convention Hall (BMICH), Nelum Pokuna National Performing Arts Theatre and Superior Courts Complex.

Construction of New Laboratory and Hospital Complex for Chronic Kidney Disease (CKD) in Polonnaruwa

During the last 10 years, there is a drastic increase of morbidity and mortality due to Chronic Kidney Disease (CKD) in the North Central Province and adjacent districts. The cause for this disease is not yet being established, however, proper treatment has become the only method of survival to these patients who suffer from this disease. The available healthcare facilities are not sufficient to effectively treat the patients and therefore, saving lives has become a tedious task.

The need for a dedicated tertiary level care centre comprising of facilities in terms of infrastructure, equipment and human resources to manage the increasing number of CKD patients was invaluable.

During H. E. the President's visit to China in March 2015, an MOU was signed for cooperation in health sector and CKD Hospital was one of the projects included.

During 2017, negotiations were held between the line Ministry and the Chinese Design Team and the design was finalized. In December 2017, the foundation stone was laid to implement this project. This project will cost approximately USD 100 million. It is proposed to construct a 500 bedded hospital with 150 dialysis machines, 8 operating theatres, 2 ICUs each with 20 beds, High Dependency Unit 20 beds, a fully-fledged laboratory and various other facilities under this project.



China - Sri Lanka Joint Research and Demonstration Centre for Water Technology

This project is aimed at establishing the possible causative factors for the incidence and distribution of Chronic Kidney Disease (CKD) prevailing in the North Central province of Sri Lanka and proposing immediate, medium and long term solutions to control the spread of the disease. Through this project it is planned to establish a research centre with advanced analytical laboratory facilities for water research in Kandy, which is a central location for accessing North Central, North Western, Uva, Eastern, Central and Northern Provinces.

Construction of the Out-Patient Department (OPD) of the National Hospital (NHSL)

The National Hospital of Sri Lanka is the largest hospital in the South East Asia. It has the capacity of 3300 beds and comprises of 95 wards, 39 operation theatres, 12 intensive care units. The hospital was first established in 1864, and later in 1948 it was moved to its current location. The Out Patient Department (OPD), which is also located at the same premises caters around 5000 patients per day; in General OPD with a daily attendance of 2000 patients and in Medical Surgical Clinic with a daily attendance of 3000 patients. The OPD was running 365 days round the clock for so many years without any major repairs to the existing old buildings under very cramped environment.

As a solution to this, the Chinese Government agreed to provide financial assistance to construct a new OPD, through their grant aid. The project work was initiated in 2017 and the construction is ongoing. The project is estimated at approximately USD 138 million. This 9 storied - OPD complex will consist of Emergency Department, Out Patient Department, Clinics (excluding Obstetrics, Gynecology and Paediatrics), medical and technology rooms, logistics and administrative offices and paid ward. The planned land area and gross floor area of the project are approximately 1.49 hectares and 49,150 square meters respectively.

China - Sri Lanka Friendship Village - Aranayaka

This project was initiated as a result of the devastating landslide occurred in May 2016 in Aranayaka where an entire village was destroyed. The Government of People's Republic of China through its Embassy in Sri Lanka donated USD 1.5 million as emergency assistance immediately after the catastrophe. Later, it has been decided to construct houses to the people who lost their houses.

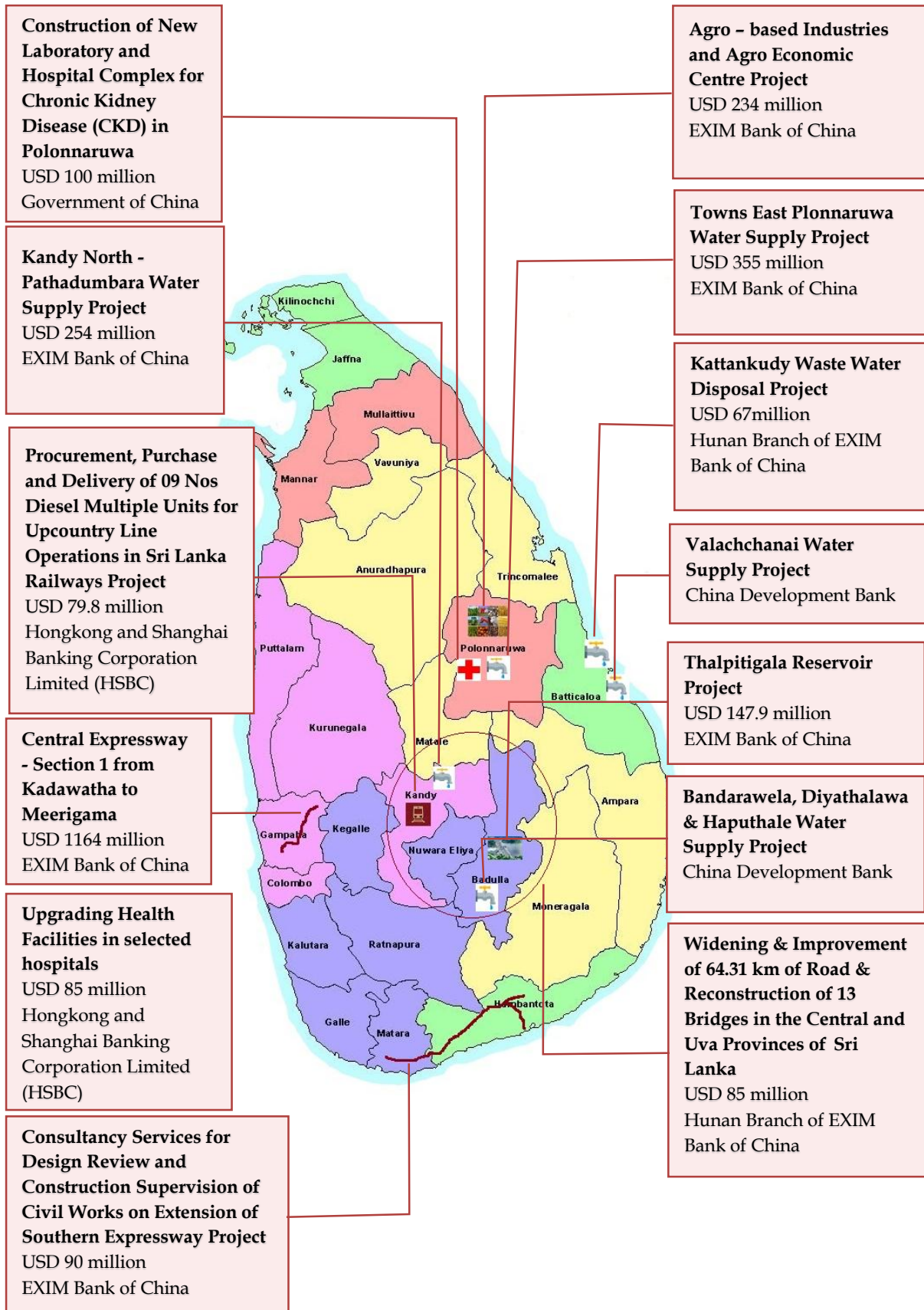
Accordingly, with the assistance of the Government of China 60 two storied houses were constructed for the families displaced by the above landslide in Aranayaka. The total cost of the project was USD 1.95 million. The construction work has been completed now and the houses are ready to be handed over to the prospective owners.



Grant for the Preparation of Solid Waste Management Project

The Asian Infrastructure Investment Bank (AIIB) provided a grant of USD 700,000 through their Project Preparation Special Fund for the preparation of Solid Waste Management Project. The Grant Agreement was signed on 27th December 2017. The objective of this special fund is to finance technical assistance for projects on grant basis. This grant shall be utilized to finance capacity building, including a) consulting services (technical advisory support to prepare the technical specifications, proposal and bidding documents for the selected subcomponents of the project, international consultancy to improve the environmental management plans and social impact assessment and other required safeguard assessment to ensure the timely commencement of the major project subcomponents construction and consultants to support the operations of PMU during the project preparation), b) PMU capacity building, including the study tours and other needed trainings and c) other incidental expenses of project preparation.

Proposed Projects to be implemented in 2018





Asian Infrastructure Investment Bank (AIIB)

Asian Infrastructure Investment Bank (AIIB) is a multilateral development bank with the aim of bringing countries together to address Asia's daunting infrastructure funding gap and thereby improving social and economic outcomes in Asia and beyond.

Headquartered in Beijing, AIIB commenced its operations in January 2016 and have now grown to 84 approved members from around the world. Having a strength of 84 member countries, AIIB has strong support from diversified global shareholder base. AIIB has USD 100 billion capital stock with 20% assigned to paid-in capital. AIIB is looking forward to improve the lives of billions and build a better future over time through improved connections of people, services and markets by investing in sustainable infrastructure and other productive sectors at present.

AIIB launched its operations on January 16, 2016, following a 15-month participatory process. During this participatory process the founding members of the Bank worked collaboratively to shape AIIB's core philosophy, principles, policies, value system, and operating platform. Sri Lanka was one of the founding members of the Bank. The core principles of AIIB are openness, transparency, independence and accountability and their mode of operation is "Lean, Clean and Green".

AIIB offers sovereign and non-sovereign financing for sound and sustainable projects in the areas of energy and power, transportation and telecommunications, rural infrastructure and agriculture development, water supply and sanitation, environmental protection, and urban development and logistics. The AIIB has so far finalized the financing for 24 projects in the South, Central and East Asian region. Further, there are 71 projects in the pipeline for 2018 and 2019 financial years.

Further, AIIB has partnered in various other Multilateral Financial Organizations such as the World Bank, the Asian Development Bank, the European Bank for Reconstruction and Development, the European Investment Bank, the Inter-American Development Bank and Inter-American Investment Corporation and the New Development Bank. AIIB has also partner with private financial institutions and cooperate with other partners in the public and non-governmental sectors.

Sri Lanka has submitted several project proposals to AIIB for their evaluation. At present, AIIB is working on co-financing several projects with other multilateral agencies. They are;

1. Metro Colombo Solid Waste Management Project - with the World Bank
2. Anuradhapura Sewerage Project - with French Agency for Development
3. Climate Resilience Improvement Project (CRIP) - with the World Bank

In addition to these projects, AIIB is currently in the process of carrying out preliminary analysis for financing the following projects;

1. Construction of Low Income Housing in the Western Province under the Urban Regeneration Programme of Ministry of Megapolis and Western Development.
2. Project of Reduction of Landslide Vulnerability Mitigation Measures

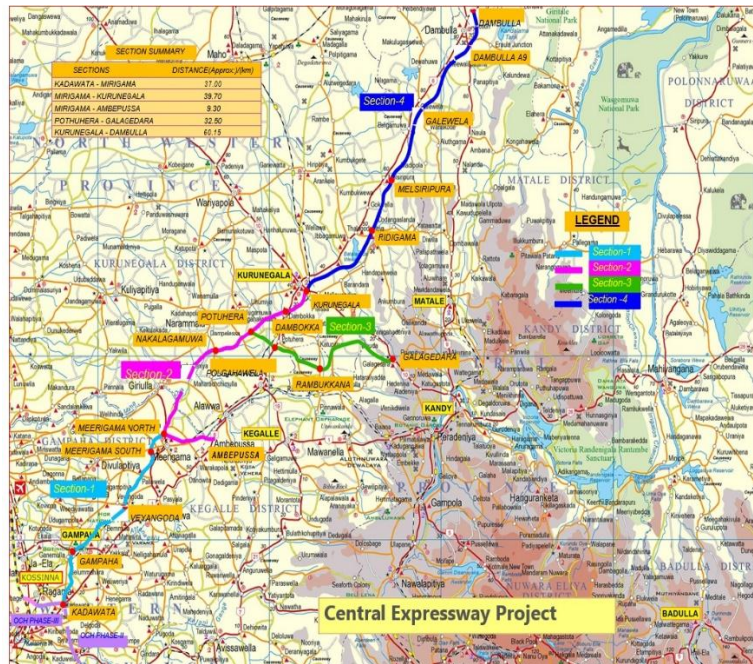
Sri Lanka was one of the founding member countries of AIIB. Sri Lanka is included in the Indonesian Constituency. The other constituencies are Saudi Arabia, Turkey, Russia, Thailand, China, Egypt, India, Australia, United Kingdom, Germany and Republic of Korea. The other member countries in the Indonesian Constituency are Cambodia, Indonesia, Lao People's Democratic Republic and Myanmar. Sri Lanka and Laos hold the position of Alternate Directors in the Indonesian Constituency. Mr. R M P Rathnayake, Director General of ERD acts in this position on behalf of the Government of Sri Lanka.

Central Expressway Project (CEP)

Investment for infrastructure underpins the growth momentum in many emerging economies. Government of Sri Lanka has also accord high importance to the development of infrastructure including expressway network with inter-connectivity as it will directly contribute to the economic growth and will have indirect effects in raising the productivity and efficiency in different economic sectors. To complement the existing expressway network, Central Expressway has been proposed with a purpose of linking Colombo with Kandy via Kurunagala.

Section Summary of CEP

Sections	Distance Approx./ km
Section 1 Kadawatha - Meerigama	37.0
Section 2 Meerigama- Kurunagala via Pothuhera (including Ambepussa link)	49.0
Section 3 Pothuhera- Galagedara	32.5
Section 4 Kurunagala- Dambulla	60.2



Section 1 of the CEP will start from Kadawatha where four expressways, namely Outer Circular Highway (OCH) II, OCH III and Colombo-Katunayaka Expressway and the Central Expressway link through the Kadawatha interchange. This will create an uninterrupted connectivity from Hambanthota to Katunayaka or Hambathota to Kandy linking several provinces and economically important Ports, Airports and commercial cities. The first section of the central expressway is expected to be financed by the EXIM Bank of China under the concessional financing. The total estimated cost of the project is Rs. 158.4 billion.

Section 2 of the CEP includes a main section and a link road. The main section will be a four lane 39.7 km expressway from Meerigama to Kurunegala via Pothuhera. The link road from Meerigama North Interchange of the main section to Ambepussa will be a two lane highway of 9.3 km.



Proposed Kadawatha Interchange

With the expectation of providing the local contractors the experience in construction of expressways, the Government decided to award the Section II contract to four consortiums of 12 local contractors under the financing of local banks. The section 2 of the expressway is the first ever experience of Sri Lanka for using in-country capacity for the expressways construction with domestic financing.

A brief summary of the Project is as follows;

Total Estimated Cost	Land Acquisition	Consultancy for Construction Supervision
Civil Construction Works		
Rs. 6.5 Bn	Rs. 137.10 Bn	Rs. 2.24 Bn+ USD 5.86 million
Contract Packages	Section	Contractor
Package - A	Meerigama - Riloluwa (9.71 km)	ICC/ Access/Nawaloka & KDESH Consortium
Package - B	Riloluwa - Rangallepola (10.20 km)	Sierra & Olympus/Tudawe & CEC Joint Venture Consortium
Package - C	Rangallepola - Hirpitiwala & Dewatagedara - Maditiyawala (10.88 km)	KDAW/NEM/Edward & Cristie Consortium
Package - D	Maditiyawala - Kurunegala (8.50 km)	MAGA-CML/VVK- Hovael Consortium
Expected Project Duration: January 2017 to August 2019		
Progress as at 31.12.2017	Physical	7.2%
	Financial	20.5%

Section 3 of the CEP will be constructed from Pothuhera to Galagedara with two interchanges in Polgahawela and Rambukkana with an estimated construction cost of Rs. 137.7 billion. The GOSL and the Government of Japan has agreed to make JPY 100 billion financing facility for the project through the Bank of Tokyo Mitsubishi UFJ of Japan.

The feasibility study and preliminary design of the 3rd section of the CEP have already been completed and the 32.5 km section of the expressway has designed with total 5 km via-duct length and 690m tunnels length to ensure the maximum operating speed of the expressway and to surpass the mountainous terrain with minimum environmental disturbances. The procurement of contractor and design and supervision consultant for the construction of third section of the expressway has completed and it is expected to establish the connectivity between Colombo and Kandy via the central expressway 3rd section by 2021.

Water Supply and Sanitation

Recognizing the significance of providing safe drinking water as an essential prerequisite for better health and socio economic development, number of water supply projects have been initiated and are being implemented though out the country. At present, the safe drinking water coverage in the country is around 86 percent of the population while the population having pipe borne water supply facilities is around 46 percent. Currently, around 35.2 percent of the population has been connected to the national pipe borne water distribution network of the National Water Supply & Drainage Board (NWSDB) and 10.8 percent of population served pipe borne water facilities through the CBOs, Local Authorities. In the context of sanitation, there are around 97,000 sewer connections connected to pipe sewerage system in the country covering around 2.4 percent of population and rest of the population uses individual onsite sanitation systems.

Recently Completed Water Supply Projects 2012 – 2017

	Project Name	Financier	Loan Amount (USD million)	Duration
1	Greater Kurunegala Water Supply Project	EXIM Bank of China	79.0	2013-2017
2	Badulla - Haliela and Ella Integrated Water Supply Project	United States	64.9	2013-2017
		Exim Bank		
3	Monaragala- Buttala Integrated Water Supply Project	Hatton National Bank	9.3	2014-2018
		KBC Bank- Belgium	17.6	
4	Kolonna- Balangoda Water Supply Project	Hatton National Bank	12.2	2011-2017
		FORTIS Bank NV-Belgium	13.9	
		Peoples Bank	14.8	



Greater Kurunegala Water Supply Project

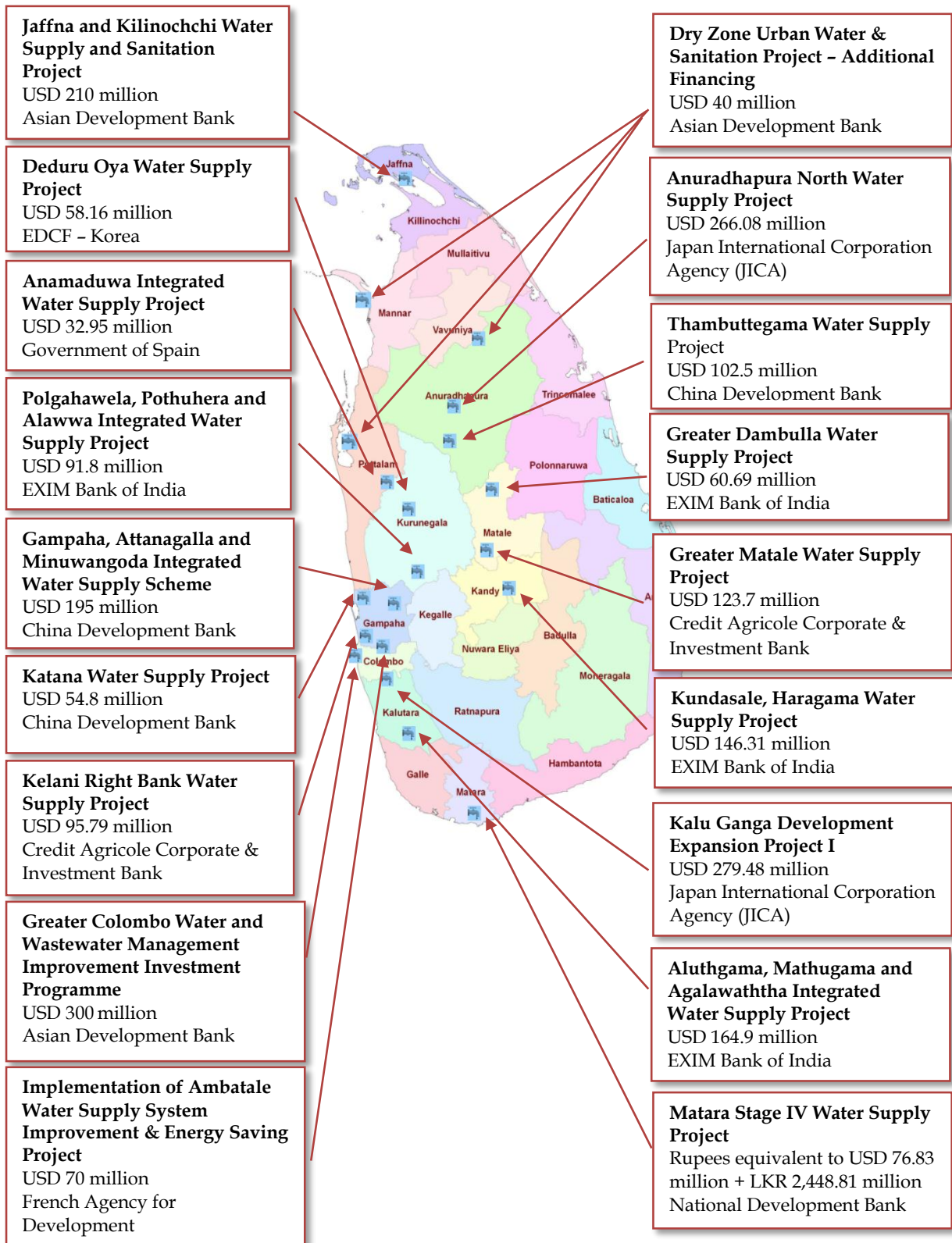


Badulla - Haliela and Ella Integrated Water Supply Project



Monaragala- Buttala Integrated Water Supply Project

Major Ongoing Water Supply Projects



7. MIDDLE EAST AND SOUTH ASIA DIVISION

Middle East and South Asia Division of the ERD is entrusted with the responsibilities of coordinating in mobilizing foreign grants and loans from the Development Partners in the Middle East and South Asia Region for the development projects of the country to support for economic and social

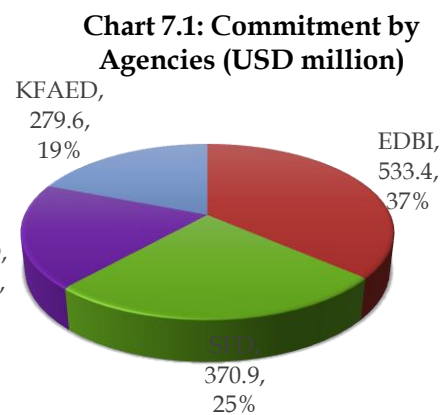
development of the country. The major development partners in this region includes India, Pakistan, Saudi Fund for Development, OPEC Fund for International Development, Kuwait Fund for Arab Economic Development and the Export Development Bank of Iran.

7.1. Middle East Countries

Development partners of the Middle East region have been playing a significant role in economic development in Sri Lanka since mid 1970s by providing concessional financing facilities taking into account the development priorities of the country.

Bilateral development partners such as Saudi Fund for Development (SFD), Kuwait Fund for Arab Economic Development (KFAED) and Export Development Bank of Iran (EDBI) as well as Multilateral development partners such as OPEC Fund for International Development (OFID) enrich the Middle East portfolio through concessional loans and Export Credits while Government of Bahrain, Kazakistan, Oman have also provided few grants to construct houses specially for the Internal Displaced persons resettlement. Moreover, with the purpose of expanding the bilateral relationship with Middle East Region; the initial negotiations has been taken place with Israel, Abu-Dhabi and Qatar.

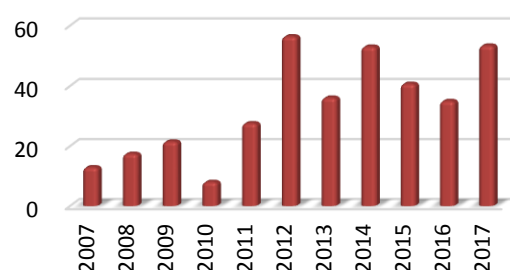
Since the commencement of development cooperation with Middle East Region, the EDBI became the highest financial provider by recording 37 percent contribution. However, due to international embargos, most of the committed resources couldn't utilized for the envisaged purposes. By recording 25 percent contribution, the SFD became the second largest financier in the region.



Meantime, the KFAED and the OFID are the third contributors by equally providing 19 percent of the total assistances.

Major portion of borrowings from Middle East has been invested in the sectors of irrigation, roads, bridges power & energy and health. The concessional and fixed financial terms, longer maturity as well as the flexible conditions of procurement guidelines of Middle East Donors are more advantageous to the country.

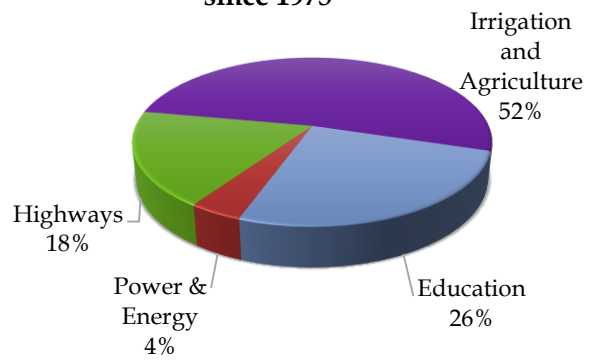
Chart 7.2: Disbursement 2007-2017 (USD million)



Kuwait Fund for Arab Economic Development (KFAED)

KFAED has commenced its lending to Sri Lanka in 1975 by extending KDR 7.5 million for Urea fertilizer manufacturing project which is one fifth of the total cost of the project. Since then GOSL has obtained fourteen numbers of loans worth of USD 279.6 million from KFAED and it has provided two grant assistance worth of USD 1.85 million for feasibility studies of Moragahakanda Irrigation & Agricultural Development Project and Moragolla Hydropower Project.

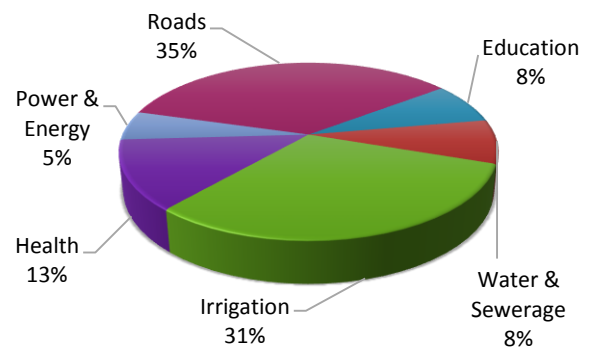
Chart 7.3: Sectoral Commitments of KFAED since 1975



Saudi Fund for Development (SFD)

The cooperation between GOSL and SFD was initiated with extending a loan of USD 29.7 million for Second Water Sector & Sewerage project in 1981. The total amount of loans extended by the SFD as at end of 2017 was USD 370.9 million. The priority areas of the SFD assistance are; Road, Health, Irrigation & community Development sectors etc.

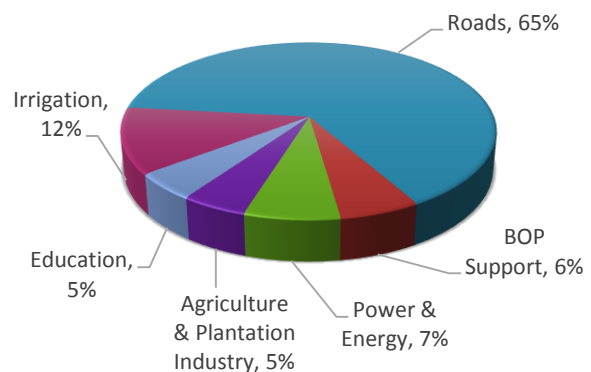
Chart 7.4 Sectoral Commitment of SFD Since 1981



OPEC Fund for Internatioanl Development (OFID)

The OFID was established by the Member States of the Organization of the Petroleum Exporting Countries (OPEC) in 1976. Since its inception USD 282.68 million has been extended as public sector loan facilities to Sri Lanka and out of which the majority has been given for development of roads. Other priority areas of OFID are; irrigation, Power & energy, tea development and science & technology.

Chart 7.5: Sectoral Commitment of OFID Since 1976



Export Development Bank of Iran (EDBI)

Uma Oya Multipurpose Development Project and the Rural Electrification-8 Projects were financed under two loans amounting approximately USD 530 million by EDBI.

The Government of IRAN has agreed to provide USD 450 million which is 85 percent of the total cost of the “Uma Oya Multipurpose Development Project”. However, imposing of sanctions on the Iran’s international relations, it has to stop

funding on this project. So far, around USD 50.62 million has been disbursed by the Iran for this project. The Government decided to continue the work with the deployed Iranian Contractor utilizing the Government Funds ensuring the bilateral ties between Iran and Sri Lanka.

Moreover, the project of “Rural Electrification Project – 8” has also been started under Iran financial assistance at a cost of EUR 77.14 million. Out of which, 75 percent of the TEC was agreed to be financed by the Iran which is EUR 57.85

million. However, EUR 31.74 million has been disbursed by Iran for this project.

Due to the sanctions imposed on Iran, Sri Lanka was not in a position to do transactions with Iranian banks. Therefore, due payments pertaining to the above two credit facilities could not be made as per the repayment schedule. However, after the sanction is removed Sri Lanka has taken necessary actions to settle all the dues to EDBI by mid of February 2018 and continue the next payments as per the repayment schedule.

Bilateral Cooperation with Qatar

The Qatar Fund for Development has donated of USD 500,000 to Sri Lanka as urgent assistance to cope with the severe drought that the country has experienced in 2017.

The GOSL has established a trustworthy and efficient drought relief distribution

mechanism to assist the affected families. Accordingly, a considerable amount of relieves have already been channelled to the drought affected families using the funds received from the Qatar Fund for Development.

Major projects currently being implemented with financing from Middle East Development Partners.

Establishment of the Faculty of HealthCare Sciences in Eastern University of Sri Lanka



Faculty of Health Care Sciences in the Eastern University was established in 2004 with six departments. The faculty is situated in the Batticaloa District and currently five batches of students are following the Bachelor of Medicine, Bachelor of Surgery (MBBS) course and four batches are following Bachelor of Science Nursing Degree Course. The present student population is about 510 and staff population is

about 68. 204 Medical students and 56 nursing students are graduated from this faculty by 31st December 2017.

Since the faculty is being operated at a temporary building taken over from the previous Paddy Marketing Board and the Mill house and the Paddy stores were renovated and being used as Laboratories and Lecture halls. The Government has identified that the establishment of the faculty is vital to the benefit of the country. As per the request made by Government of Sri Lanka, a loan agreement was signed with the KFAED to obtain KWD 10 million (approximately USD 34 million) in March 2016. The Eastern University of Sri Lanka is the Implementing agency of this project. The Project will be completed by end of 2020.

Kaluganga Development Project

The Kaluganga Development project is a part of the Mahaweli Development programme and is interlinked with the implementation of Moragahakanda Development project. The main objectives of the project are to increase the availability of irrigation and drinking water, expand the existing irrigable areas in Kaluganga basin and thereby increase food production and improve the standard of living in Matale, Anuradhapura, Polonnaruwa and Trincomalee Districts. The Implementing agency of this project is the Mahaweli Development Authority of Sri Lanka. The Project will be completed by end of 2018.



The Project is being implemented with the financial assistance of SFD, KFAED and OFID.

Colombo National Highways Project



The traffic congestion in the Colombo district specially in Colombo Metropolitan area results in low speed of vehicles, high cost of travel time and delivery of services, pollution, accidents, waste of fuel, as well as hindering the expansion of economic activities. This situation is created by uncontrolled roadside development, narrow roads and unmanaged road junctions. Considering these type of negative impact of the road network in Colombo district towards the economic activities of the Colombo district, OFID has provided USD 50 million to finance the

Colombo National Highways Sector Development Project.

This Project comprises of 13 road sections in Colombo district and the rehabilitation of Nawala Bridge. The project is implemented by the Road Development Authority. The Project will be completed by 2020.

Epilepsy Hospital Project

Epilepsy Hospital Project is financed by Saudi Fund for Development and this project is designed to treat Epilepsy patients in Sri Lanka. The project includes an eight storied building with state of art technologies and medical diagnosis equipment in the premises of National Hospital of Sri Lanka, Colombo. The hospital was ceremonially declared opened by His Excellency the President of Sri Lanka in October 2017. The project was implemented by the Ministry of Health, Nutrition and Indigenous Medicine. Officials from the SFD also participated for the occasion.



Badulla Chenkaladi Road (A05) Improvement Project

Peradeniya - Badulla - Chenkaladi Road has been identified as one of the major highways linking parts of the Eastern Province to Central Province which carries the bulk of the traffic between Batticaloa and Peradeniya via Badulla. Current Badulla - Chenkaladi road corridor is generally a very narrow, degraded portion with bottlenecks and poor quality road surface.



Therefore, the improvement of A 5 road segment is vital to improve mobility between Badulla to Chenkaladi.

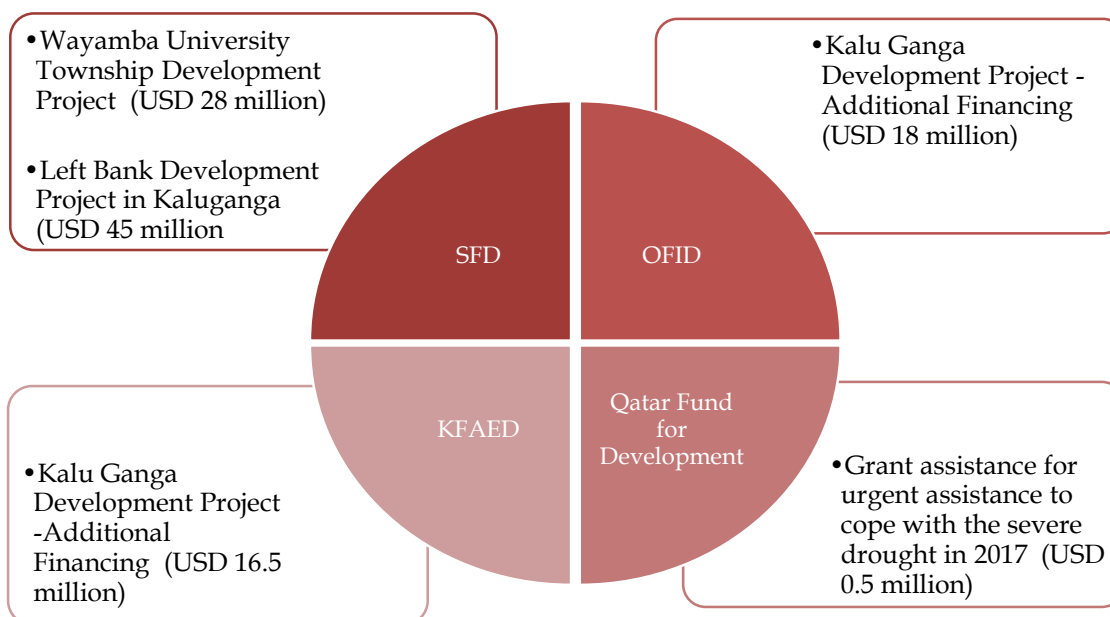
The total cost of the project is USD 140 million. SFD and OFID provide USD 60 million each and the Government provides the balance USD 20 million. The Road Development Authority is the implementing agency of this project. The project will be completed by 2020.

Extended Cooperation in 2017

Unforeseen geological conditions in the foundations and necessary design revisions have led to a price increase of the Kaluganga Development Project. KFAED has agreed to provide USD 16.5 million to finance a part of the additional funding requirement for the Kaluganga Development Project while OFID has

agreed to provide USD 18 million for the same and the shortfall will be covered under the financing of the SFD. In addition, SFD has provided two loan facilities amounting to USD 73 million to implement projects in Higher Education sector and Irrigation Sector.

The commitment from the Middle East Development partners in 2017 is as follows:



Disbursements in 2017

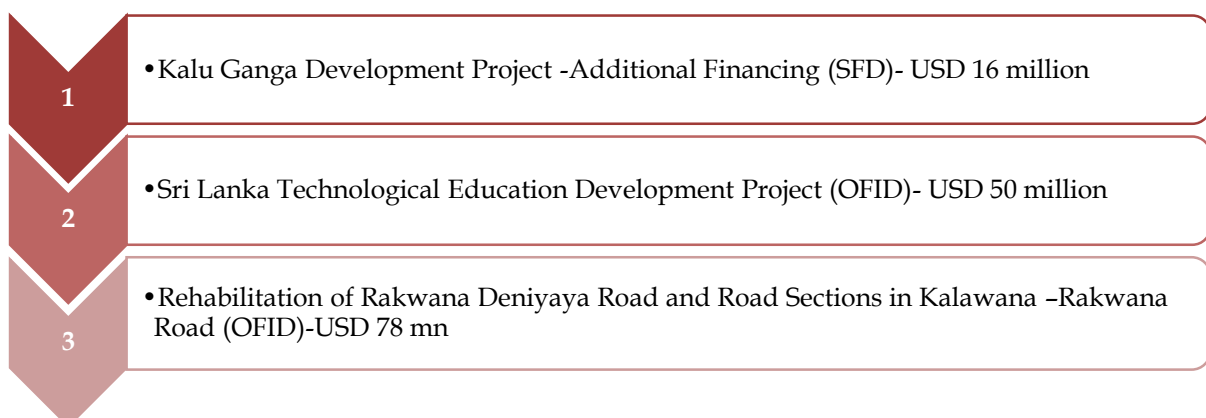
In 2017 USD 53 million has been disbursed from the Middle East Partners.

The Current Portfolio of the Middle East Partners

Table 7.1: Current Portfolio of the Middle East Partners

Name of the Project	Development Partner	Loan Amount (USD million)
Badulla Chenkaladi Road Improvement Project	SFD	60
	OFID	60
Road Network Development Project	SFD	60
	OFID	40
Colombo National Highways Project	OFID	50
Western Province Road Development Project	OFID	17
Reconstruction of 25 Bridges Project	KFAED	34
Epilepsy Hospital and Healthcare Centers Project	SFD	32
Kaluganga Development Project	SFD	46
	OFID	34
	KFAED	51
Left Bank Development Project in Kaluganga	SFD	45
Building Complex for the Faculty of Healthcare Sciences, Sri Lanka Eastern University	KFAED	34
Wayamba University Township Development Project	SFD	28
South Eastern University of Sri Lanka Development Project Phase I B	KFAED	11.1

Future Assistance from Middle East Partners



7.2. South Asian Countries

India

The Government of India is one of the major development partners of Sri Lanka in the South Asian region. The Government of India has provided the first credit facility to Sri Lanka by extending Indian Rs 46.35 million worth of import commodity loan in 1973. Currently Indian

development assistance flows by the ways of loans, grants and technical assistance, mainly focusing on improvement of economic infrastructural facilities, livelihood development, education, healthcare, capacity building and economic renewal.

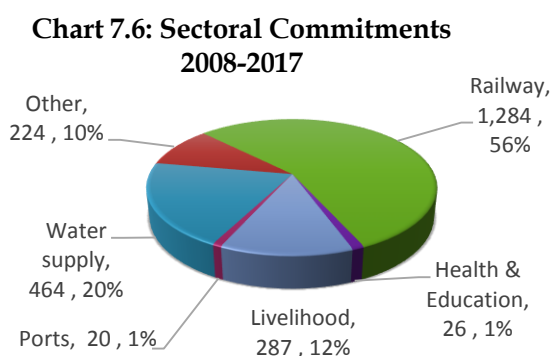
<p style="text-align: center;">Grants</p> <p>Grants are transfers made in cash, goods or services for which no repayment is required.</p>	<ul style="list-style-type: none"> •Emergency Pre Hospital Care Ambulance Service - USD 22.6 million •Construction of 50,000 housing units in Northern, Eastern, Central and Uva Provinces USD 267 million •Other Grant projects are listed in table No. 7.2
<p style="text-align: center;">Line of Credit</p> <p>A line of credit is an account can have with a bank or credit union that allows to borrow money when need it, up to the preset limit for the line. Interest is only charged once borrow money. When pay back any borrowed funds, available credit line is replenished.</p>	<ul style="list-style-type: none"> •Purchase of Equipment /Supplies to Three Forces and Sri Lanka Police- USD 100 million •Improvement of Southern Railway line and procurement of DMUs and Locomotives - USD 167 million •Northern Railway Line - USD 416 million & USD 382 million •Railway Sector development - USD 318 million
<p style="text-align: center;">Buyers Credit</p> <p>loan for procurement of goods or services</p>	<ul style="list-style-type: none"> •Greater Dambulla Water Supply Project - USD 60.69 million •Procurement of two AOPV Ships to Sri Lanka Navy - USD 124 million •Alawwa, Pothuhera and Polgahawela Integrated Water Supply Project - USD 91.8 million •Kundasale - Haragama Water Supply Project - USD 146.31 million •Aluthgama, Mathugama and Agalawaththa Integrated Water Supply Project - USD 164.9 million

Indian Grant Initiatives

Currently, the loan assistance is provided by the Export Import (EXIM) Bank of India which is the official lending arm of the Government of India while the grant

assistance is provided by the Government of India through the scheme of Special Development Projects and Small Development Projects.

Sectoral Commitments 2008-2017



During the period under reviewed, Indian assistance has mainly been channeled for the Railway Sector development by committing 56 percent out of total assistance. Meantime, Water Supply & Sanitation, and Livelihood sectors have been supported by committing 20 percent and 12 percent of total assistance respectively.

Special Development Projects

The Government of India has financed number of development projects under its



Salambaikulam Housing Project- Vaouniya

grant scheme. The grant of USD 267 million has been extended to Government of Sri Lanka for the purpose of construction of 50,000 housing units in Northern, Eastern,

Central and Uva Provinces under the Special Development Project Scheme. This project is implemented by UNHABITAT, IFRC, Habitat for Humanity Sri Lanka and the National Housing Development Authority.



Dunsinane Housing Project- Central Province

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. Hon. Prime Minister of India during his visit to Sri Lanka in March 2015 agreed to provide a grant of USD 7.6 million (Rs. 1,000 million) to initiate an Emergency Pre Hospital Care Mobile Ambulance Service in Sri Lanka

Government of India has consented to donate USD 7.6 million to implement phase I of the project which covers 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. The project was launched on 28th July 2016 with the participation of Hon. Prime Minister of Sri Lanka. Hon. Prime Minister of India also joined the occasion through satellite communication. The Government of India has agreed to provide additional grant of USD 15.02 million for a one year period with the view to expand the project in the other provinces of the country. This project is planned to be implemented in 4 Phases by deploying 297 ambulances islandwide.



In future, this project will be handled by the “1990 Suwaseriya Foundation” which is to be established under an Act passed by the parliament. The main objective of the foundation is to deliver an islandwide free ambulance services in order to ease the mobilization of needed patients. Arrangements have been initiated to enact the 1990 “Suwaseriya Foundation” bill during the first quarter of 2018.

The Construction of 150 bed base hospital at Dickoya, Hatton at an amount of USD 10 million was completed and ceremonially opened for the general public with the participation of His Excellency the President of Sri Lanka and Hon. Prime Minister of India in 2017. The project was implemented by The Ministry of Health, Nutrition and Indigenous Medicine.



Small Development Grant Projects

The Government of India intended to provide a maximum of Rs 300 million for a project under Small Development Projects category. There are number of projects implemented under this category specially concerned to the sectors like Resettlement, Shelter, Livelihood development, Employment, Women empowerment, Vocational training, Education & Research, Cultural activities, Sports, Industrial development, Infrastructure development of medical centers and Hospitals and supply of medical equipment.

Table 7.2: Recently signed grant projects

Project Name	Grant Amount (Rs. million)	Disbursement at 31 Dec 2017 (Rs. million)	Status
Construction of New Jaffna Cultural Center	1,600	454	Expected to be completed by February 2019
Renovation of 27 schools in Northern Province	250	79.5	Expected to be completed by June 2018
Construction of a Surgical Unit and Supply of Medical Equipment at Teaching Hospital Batticaloa	275	-	Tender process ongoing
Construction of 200 bedded ward complex and providing of medical equipment to the District Hospital Vavuniya	254	187	Building completed. Equipment supply will be completed by April 2018
Supply of 150 fishing boats and equipment to Mullaithivu Fishermen	75	-	Expected to be completed by June 2018
Support to livelihood of fishing and farming communities in Hambantota District	300	-	Supply orders issued. Supply will be completed by May 2018
Training school for Dalada Maligawa at Pallekele Kandy	145	-	Contracts awarded in March 2018

Building complexes and necessary facilities for the Faculties of Agriculture and Engineering at the Jaffna University	600	533	Buildings completed and equipment supplied. Skill development component under progress.
State of Art Auditorium at the Ruhuna University	265	-	Expected to be completed by April 2018

Sources: Government of India

Loan assistance to Sri Lanka

Government of India through its EXIM Bank provides loan assistance under the schemes of Line of Credits and Buyer's Credits. Government of India has extended Line of Credit facilities for the railway sector development in Sri Lanka through its EXIM Bank. The EXIM bank of India has already offered approximately USD 1,285 million worth of financial assistance

through four Lines of Credit for the same purpose at the concessional terms since 2008 and these were utilized for the improvement of Southern & Northern railway lines. Further, The EXIM Bank of India has provided four loan facilities amounting to USD 463.7 million for the development of water sector in the country under its Buyer's Credit scheme.

Procurement of two Advanced Offshore Patrol Vessels (AOPV) for Sri Lanka Navy

A Buyer's Credit facility agreement at a cost of USD 124.03 million was signed on November 11, 2013 with the Government of India to procure two Advance Offshore Patrol Vessels (AOPV) to Sri Lanka Navy with the objective of maintaining the security of the seas around Sri Lanka and the international sea lines that pass close to the shores of Sri Lanka.

The construction of the first AOPV was completed and handed over to Sri Lanka Navy in 2017. The Sri Lanka Navy is the implementing agency of this project. The construction work of the second AOPV will be completed in March 2018.

Commitments in 2017

Government of Sri Lanka entered into Memorandum of Understandings with the Government of India to obtain grants worth of approximately Rs 1.8 billion for the following projects.

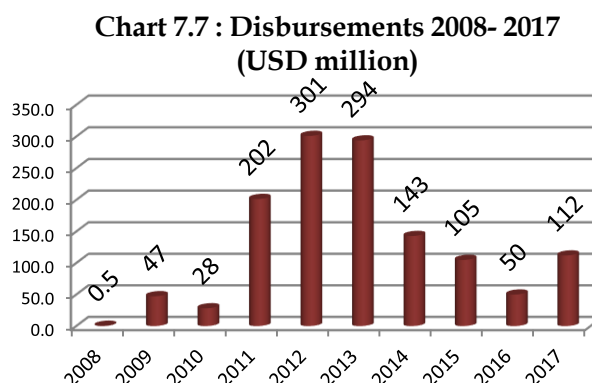
- Construct 3000 rain-water harvesting systems in Jaffna District (Rs. 300 million)
- Construction of 600 Houses under Model Village Housing Project in 25 District of Sri Lanka (Rs. 300 million)
- Up-gradation of Saraswathy School in Pussellawa, NuwaraEliya (Rs. 95 million)
- Construction of 153 Houses and Infrastructure facilities in Sobhitha Thero Village in Anuradhapura (Rs. 296.5 million)
- Construction of Trilingual School at Kaduruwela, Polonnaruwa (Rs. 300 million)
- Upgradation of Thondaman Vocational Centre in Hatton, Sri Lanka (Rs. 199 million)
- Grama Shakthi/Poverty alleviation housing project in Southern Province of Sri Lanka (Rs. 300 million)

Further, Government of Sri Lanka entered into an agreement with the EXIM Bank of India to obtain USD 318 million for the development of Sri Lanka Railway Sector.

In addition to the above development assistance, Government of India has extended its support to the drought and flood relief activities.

Disbursements in 2017

In each year between 2011 – 2013, the annual disbursement exceeded over USD 200 million, while the highest disbursement was recorded in 2012 which is around USD 301 million. The main reasons behind this remarkable trend are due to the disbursements made in respect of reconstruction of Tsunami devastated railway lines in the Southern part of the island, procurement of equipment/supplies to three forces and Sri Lanka police, housing construction & livelihood developments, and reconstruction of railway lines in the war affected Northern region.



The total disbursement by means of loans and grants for 2017 has been recorded approximately USD 112 million.

Table 7.3: On- going Indian Assisted Projects

Name of the Project	Allocation USD million
Line of Credits (LOC)	
Purchase of Equipment /Supplies to Three Forces and Police	100
Reconstruction of Northern Railway Line	798
<ul style="list-style-type: none"> • Omanthei-Pallai. • Medawachchi-Madhu, Madhu-Tallaimannar. • Track-laying at Pallai to Kankasanthurai • Signaling and telecommunication systems from Anuradhapura to KKS & from Medawachchiya to Talai Mannar peir. • Procurement of 10 Nos Locomotives. • Procurement of 6 Nos DMUs. • Procurement of 500 bus engine kits. • Supply of 20 Nos container Carreir wagons and 30 Nos fuel Tank wagons. 	
Railway Sector development.	318
<ul style="list-style-type: none"> • Upgradation of Railway line from Maho-Omantahi (2 stages Maho-Anuradhapura & Anuradhapura-Vavuniya). • Anuradhapura- Omanthei line with signaling. • Supply of 160 passenger Coaches to Sri Lanka Railway 	
Buyer's Credit	
Greater Dambulla Water Supply Project.	60.7
Procurement of two AOPV Ships to Sri Lanka Navy.	124
Alawwa, Pothuhera and Polgahawela Integrated Water Supply Project.	91.8

Kundasale - Haragama Water Supply Project.	146.3
Aluthgama, Mathugama and Agalawaththa Integrated Water Supply Project.	164.9

Source: External Resources Department

Future Assistance from India

Rehabilitation of Kankesanthurai Harbour

The Government has identified that the Rehabilitation of Kankesanthurai (KKS) Harbour would contribute to promote traditional commercial linkages, both domestic and regional and give an incentive to economic activities by encouraging trade in northern Sri Lanka. Kankesanthurai will be the nearest port for all eastern ports in India, as well as for Myanmar and Bangladesh.

The Government of India has agreed to provide a Line of Credit amounting to USD 45.3 million for financing the KKS Harbour into a commercial port and strengthening the country's efforts to become a regional maritime hub. All the arrangements have been made to sign the credit facility agreement in early January 2018.

Construction of Double Track between Polgahawela to Kurunegala

Despite the fact that the northern and southern railway lines as well as the railway fleet has been developed under the Indian financial assistances, the Government of Sri Lanka has recognized that improvement of some other railway lines are also essential to maintain the sustainability of aforementioned development initiatives. Construction of double track between Polgahawela to Kurunegala is essential to avoid bottlenecks between Polgahawela and Kurunegala by connecting Colombo to

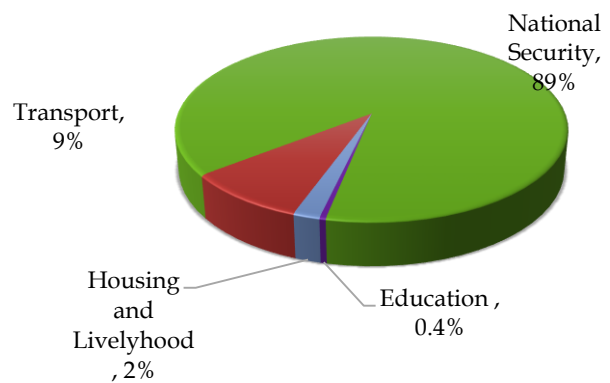
northern and eastern railway lines. Booming of urban and sub-urban cities in these provinces created higher demand for interacting with the Capital of Colombo. In this backdrop, the GOSL has requested from the Government of India to finance this project by using the savings coming under ongoing Indian Line of Credits. The initial project preparatory works have already been started by the Sri Lanka Railways. The estimated cost of this project is around USD 50 million.

Pakistan

Sri Lanka has obtained Assistance from Pakistan by way of Grants and Loans. The first Loan assistance from Pakistan was obtained in 1991 amounting USD 5 million for railway wagons. Further, the Government of Pakistan has offered USD 50 million as a Line of Credit in 2006. A grant assistance of USD 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 USD 350,000 has been offered as grants for 6 development projects by 2014.

Further, the Government of Pakistan has agreed to provide a Credit facility of USD 200 million to Sri Lanka to implement development projects in areas of construction, Science and Technology,

Chart 7.8. Sectoral Commitment since 1991



Roads, Livestock Development with a national priority. The bilateral discussions were taken place in Islamabad, Pakistan.

8. ADVANCED ECONOMIES DIVISION

Development Assistance from Western Countries

Advanced Economies Division is the most diversified division of ERD in terms of number of donor agencies involved and types of assistance mobilized. Basically, division coordinates financial and technical assistances received from all countries in western hemisphere and Oceania region. Types of assistance received from such countries includes concessional loans, grant assistance, export credit facilities and technical assistance.

Sri Lanka used to receive large amounts of grant aid from European countries during late 20th century to develop economic and social infrastructure in the country. However, with the elevation of Sri Lanka's development status to a middle income country, grant assistance and concessional loans from these western countries have been declined limiting to fewer countries

and international agencies. Global economic crisis and Euro Zone crisis may also resulted in this gradual decline of grant and concessional financing from western development partners.

Today, most of the financial assistance from western countries coming to Sri Lanka are in the form of Export Credits which are fairly non-concessional in nature. However, associated other benefits including advanced technologies and quality infrastructures may off-set non concessional. Most of these assistance are utilized to implement development projects which are in advance technological nature especially in the sectors of health, bridges & flyovers, water & wastewater treatment, power & energy, transportation and etc.



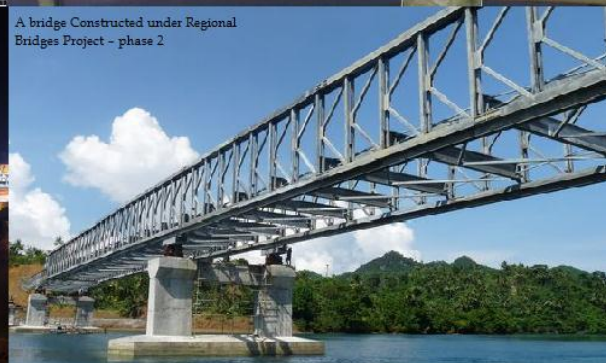
Hambanthota General Hospital



Ja-Ela Waste Water Treatment Plant



Polduwa Bridge



A bridge Constructed under Regional Bridges Project - phase 2

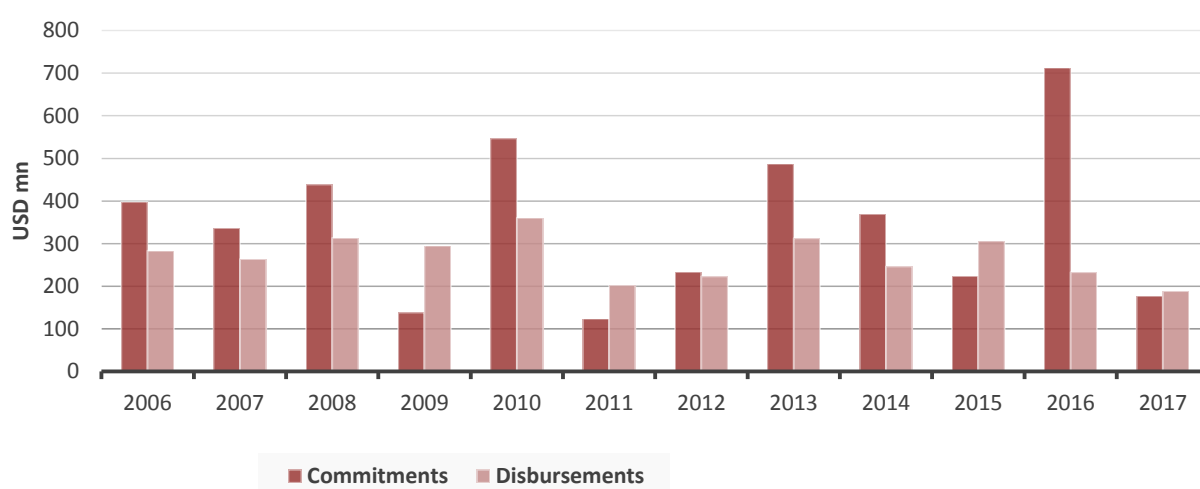
Commitments and Disbursements

The total commitments from the western countries development partners over the last 10 years from 2008-2017 was around USD 3,400 million. A major portion of this financial assistance has been allocated for development of water supply and sanitation projects of the country. A sizable portion of the above allocation has invested in transport sector, particularly bridges as well as power and health sectors.

The total disbursement of foreign financing from Western countries during last ten years was around USD 2,700 million.

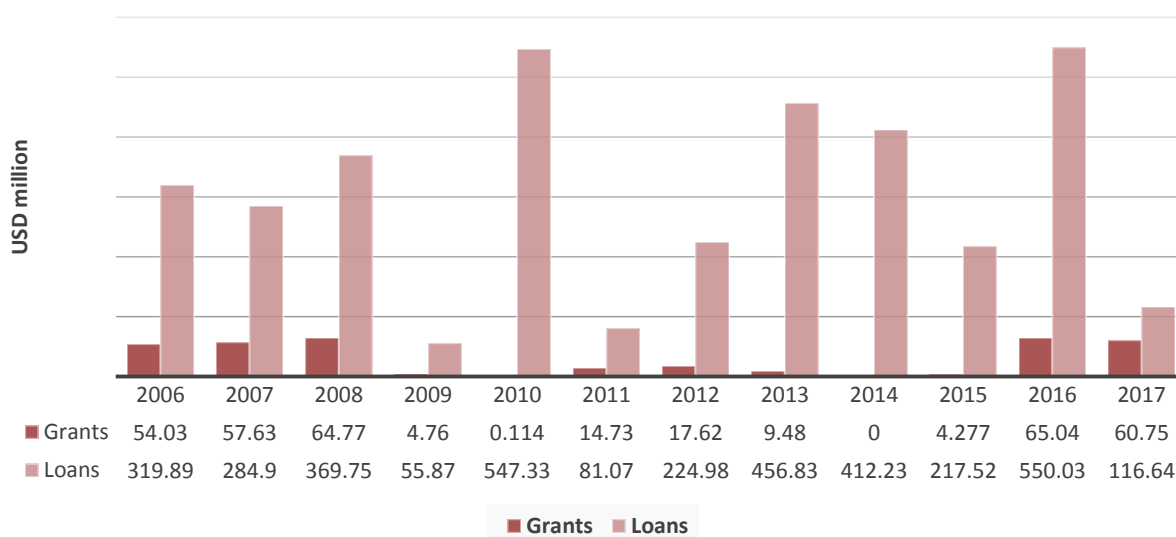
The highest disbursement recorded in 2017 was accounted under the Construction of 537 Rural Bridges Project which was being implemented under the United Kingdom Export Finance (UKEF) assistance.

Chart 8.1: Commitments & Disbursements Movements from 2006 to 2017 (USD million)



Source: Department of External Resources

Chart 9.2: Loans vs Grants 2006 - 2017

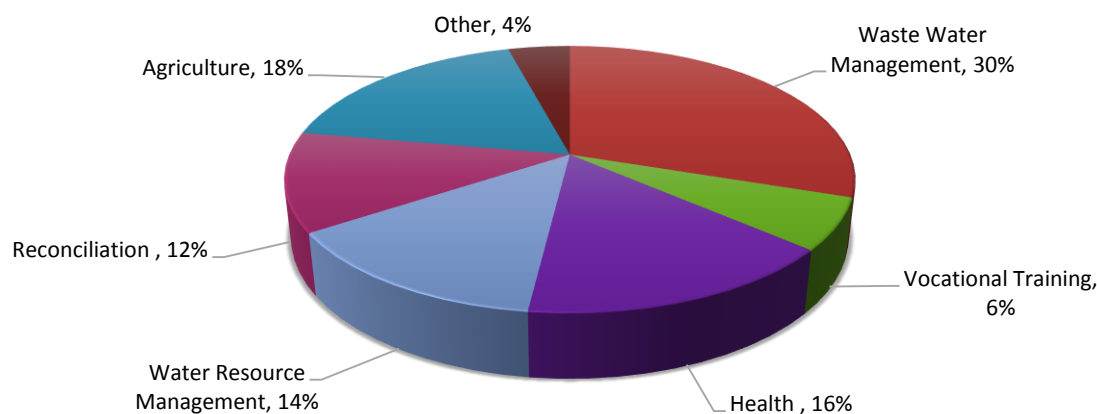


Source: Department of External Resources

Table 8.1: Commitments Made in 2017

Development Partner	Project	Amount (USD million)
Credit Facilities		
Cooperative Rabobank U.A	Pilot Project on Establishment of a Groundwater Monitoring Network in Three Selected Districts	20.81
European Investment Bank	Implementation of Greater Colombo Water and Waste Water Management Improvement Programme - Project 3	53.37
Raiffeisen Zentral Bank	Enhancement and Upgrading of Technical Training Institute of Engineering Technology at Katunayaka	11.07
	Obtaining 100 Ambulance Cars for Government Hospitals	11.72
KFW Bank	Mahamodara Maternity Hospital Project - Additional Financing	15.97
Hatton National Bank	Pilot Project on Establishment of a Groundwater Monitoring Network in Three Selected Districts	3.67
Sub Total (Loan)		116.64
Grant Assistance		
United States	Development & Facilitation of Implementation of MCC	7.40
	Strengthened Partnership for Domestic Reform and Social Integration	8.50
European Union	Strengthening Reconciliation Process in Sri Lanka	12.81
	Support to the Modernization of Agriculture Sector in Sri Lanka	32.03
Sub Total (Grant)		60.75
Total Commitment		177.27

Chart 8.3: Sector Wise Commitments 2017



Key Projects Negotiated in 2017


A list of key projects negotiated during 2017 under loan assistance from western countries are as follows,

Table 8.2: Major Projects Negotiated in 2017


Development Partner	Project	Amount (USD million)
Government of France	Development of Mini Dairy Cooperatives	17
ING Bank N.V. of the Netherlands	Expansion of Pipe Borne Sewerage Coverage in Dehiwala - Mount Lavinia	112
UniCredit Bank Austria	Kirama Kauwana Water Supply Project	13
	Augmentation of the Water mains from Orugodawaththa to Kaduwela	62
	Supply of Medical Equipment to Rajarata, Eastern and Peradeniya Universities	6
	Supply of Railway Bridges, Turn Tables, Auxiliary Supplies, and services for the Maintenance and expansion of the Railway Network	9.4
Erste Bank der oesterreichischen Sparkassen AG	Upgrading of Operation Theatres and ICU Equipment	12
Raboank U.A. of the Netherlands	Establishment of a Ground Water Monitoring Network in three selected districts - Export Credit Facility	22
French Agency for Development (AFD)	Green Power Development and Energy Efficiency improvement Investment Programme - Phase II	32
	Construction of Rathmalana - Moratuwa Waste Water Management Project	90
HSBC Bank	Construction of Nuwara - Eliya High Altitude Sports Complex - Export Facility	58
United Kingdom Export Finance	Construction of Nuwara - Eliya High Altitude Sports Complex - Commercial Facility	56
Standard Chartered Bank	Implementation of a Neonatal and Obstetrics Reference Center for the de Zoyza Maternity Hospital Project - Export Facility	22
Sampath Bank PLC	Implementation of a Neonatal and Obstetrics Reference Center for the de Zoyza Maternity Hospital Project - Export Facility	10
People's Bank	Construction of Nuwara - Eliya High Altitude Sports Complex - Commercial Facility	21
	Augmentation of Water Pipelines along with the Orugodawatta - Ambatale Road Development Project	9
Total		317

Recently Completed Development Projects


Importation of Dairy Animals Project – phase I & II
USD 33.67 million
Rabobank of the Netherlands under EFIC guarantee
Duration- 2013-2016




Regional Bridge Project - Phase II
GBP 45 million
HSBC Bank PLC UK under ECGD guarantee
Duration- 2013-2017




Vocational Training Institute in the North of Sri Lanka
USD 10.5 million
Government of Germany
Duration- 2013-2015




210 Rural Bridges Projects
GBP 35 million
HSBC Bank PLC under ECGD guarantee
Duration- 2011-2015




Modernization of Processing Factories of MILCO
USD 43 million
HSBC Bank PLC UK under EKF guarantee
Duration- 2013-2015




Rajagiriya Flyover Project
Euro 28.57 million
Government of Spain and BBVA Bank
Duration- 2016-2018




Development of Nuwara Eliya General Hospital
Euro 41.66 million
Rabobank of Netherland under Atradius guarantee
Duration- 2013-2017




Greater Rathnapura Water Supply Project
Euro 25.8 million.
BBVA of Spain under CESCE guarantee
Duration-2011-2017




Monaragala - Buttala Water Supply Scheme
Euro 23.98 million
KBC Bank of Belgium
Duration- 2014-2018




Upgrading of Peripheral Blood Banks Project
Euro 21.68 million
Rabobank of the Netherland under Atradius guarantee
Duration- 2012-2016

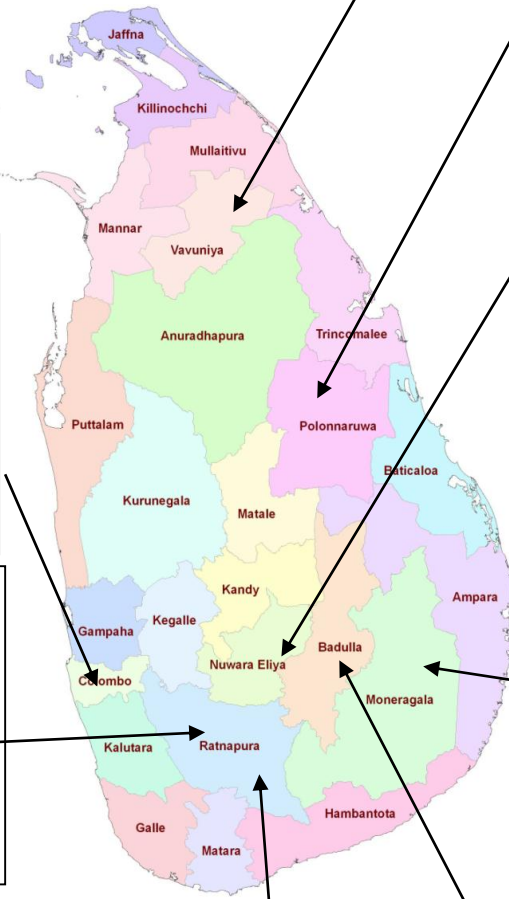


Kolonna-Balangoda Water Supply Project
USD 13.9 million
Fortis Bank NV / Fortis Banque SA
Duration- 2011-2017



Badulla - Haliela and Ella Integrated Water Supply Project
USD 64 million
Exim Bank USA
Duration- 2013-2016





France

Sri Lanka has been receiving financial assistance from France since 1971 for large number of development projects in telecommunication, power, water supply, waste water management, health and road transport sectors etc. In 2005, the Government of France started to increase its assistance to Sri Lanka in the aftermath of the tsunami to contribute to efforts on reconstruction works of Sri Lanka.

French assistances are generally extended to Sri Lanka through,

1. French Agency for Development (AFD)
2. Concessional Financing Facilities from Government of France.
3. Export Credit Facilities under guarantees extended by Bpifrance.

In most instances, France is involved in funding development projects for which the implementation requires the expertise and know-how of French companies. AFD and Government of France have been providing relatively concessional financial terms for the development assistance to Sri Lanka.

In 2017 Government of Sri Lanka signed a financial protocol agreement with

Government of France to obtain a concessional credit facility of euro 13.9 million for the implementation of Development of Six Mini Dairies Project.

This project aims to modernize six mini dairy cooperative societies and organizations by establishing state of the art equipment chains. In addition, technical assistances will be extended to dairy farmers in order to improve the breeding process by a French non-profitable entity and to carry-out a proper market survey on the dairy sector of Sri Lanka. It is expected that, the proposed project will support the Government's ambitious target to achieve self-sufficiency in dairy production and to contribute to closing the gap between demand for dairy and local supply.

Moreover, preliminary studies are in progress with respect to several other projects in new different sectors including irrigation, fisheries, integrated urban development etc. to be implemented under French assistance. These projects are scheduled to be implemented during 2019-2024 period.

Table 8.3: French Funded Ongoing Projects

Project	Objectives	Amount (USD million)
Implementation of Ambatale Water Supply System Improvement and Energy Saving Project - AFD	Extending water supply access and fostering the water system sustainability for Greater Colombo.	70
Renewable Energy Absorption Transmission Development Project - AFD	Increasing the energy absorbing capacity level especially for absorbing energy from mini hydro power plants that are being built in the Central region.	37
Green Power Development and Energy Efficiency improvement Investment Programme - AFD	To enhance the transmission infrastructure capacity of the national electricity network.	27
Sanitation Hygiene Initiative for Towns Project - Phase I [Loan] - AFD	Extend wastewater collection and treatment systems, and improve access to sanitation services for 73,000 people living in Negambo	94

	area and facilitate access to the service for disadvantaged households through the development of policies designed to fight poverty, Preserve (coastal and marine) ecosystems, and maintain biodiversity.	
Sanitation Hygiene Initiative for Towns (SHIFT) Project - Phase I [Grant] - EU / AFD	To provide support to carry-out detailed analysis of NWSDB requirements in order to ensure the best institutional environment for NWSDB's further expansion, especially towards wastewater management sector.	7
Anuradhapura Integrated Urban Development project - AFD	To promote a balanced mode of co-development between the sacred and modern parts of Anuradhapura City, with the objective of preserving its cultural and natural heritage, key to the site's attractiveness.	64
Greater Matale Water Supply Project - Credit Agricole Corporate & Investment Bank , Unicredit Bank, BNP Paribas Bank and Natixis Bank	To enhance the existing capacity and bring the drinking water quality standards to an acceptable level, and expand the water distribution network in Matale District.	152
Kelani Right Bank Water Supply Project - Credit Agricole Corporate & Investment Bank	Providing reliable and safe water supply service for the areas identified in the Gampaha District.	118

Overview of AFD Assistance in Sri Lanka from AFD's View Point

The *Agence Française de Développement*, AFD, has been intervening in Sri Lanka since the aftermath of the Tsunami in 2004. As a bilateral donor, AFD has been drawing on the French know-how whether it is in the areas of public policies, engineering, equipment or construction. Over the last seven years, AFD has committed an average of 50 million euros of concessional loans per year.



Figure Annual consultation in 2017

The global aim of AFD five-year strategy is to *promote green growth and social cohesion*. It's about funding development at national and local levels, supporting public policies, capacity building and projects implemented by the GOSL and public entities which contribute to economic growth, social cohesion and environmental protection.

AFD funding systematically seeks an impact on climate change, whether it is mitigation or adaptation. In order to maximize impacts of its projects, AFD will also seek to partner with other donors, such as EU (to provide grants to support public policies), ADB or AIIB.

To achieve this global aim, AFD will support four types of operations	
Promote Sustainable Development for Attractive and Inclusive Cities	Investment decisions that will be made in the coming years will determine urban trajectories and therefore their vulnerability and impact on climate change, economic momentum and social inclusion for the next decades. AFD will support one or several cities in their planning, including risk prevention and climate action plans. AFD will finance strategic investments in dynamic cities facing rapid expansion due to tourism boom, having an urban or natural heritage to profit from and to conserve, facing mobility issues or climate risks (drought and flood).
Support Integrated Management at the Watershed Level	In the context where water resource is unequally distributed throughout the country and all along the year, where use conflicts exist and will increase, AFD will support projects which will promote Integrated Water Resource Management: alongside multipurpose investments to increase storage and regulation capacities, development of decision-support tools and multi stakeholders approach will be promoted. In a country where agriculture is a key sector for jobs, promotion of cropping systems that are resilient to climate change will be developed
Develop Renewable Energies and Energy Efficiency	AFD will continue to provide support to increase renewable energies share in the mix and to reduce energy loss in transmission. The introduction of smart grid solutions will be promoted, on one hand to save energy and on the other hand to improve the financial performance of CEB.
Boost the Blue Economy Potential	<p>Blue Economy is a major source of foreign currency, jobs but also food security. It is also a challenge for the environment and the sustainability itself of its strong potential. 70 percent of the already 2.2 million tourists and 4 million expected by 2020 are focusing on the coastline. Fisheries, a strategic sector, are facing an underinvestment from both the Government and the fishermen. Furthermore, more than a quarter of the 10 million urban inhabitants live less than a kilometre away from the coast. In that context, AFD will provide support to projects which will mitigate negative impacts of human activities (water pollution above all) while enhancing Blue Economy potential.</p> <p>Sewerage: wastewater management is today a priority for the GOSL. There is an urgent need to invest heavily in these key facilities. AFD, already very committed, will increase its support to this key sector. Public health issues will be addressed with support to relevant awareness-raising policies.</p> <p>Fisheries: AFD will support GOSL policy to increase fishermen revenue, to create job opportunities and to implement strategies to sustain the fisheries sector.</p>

To implement this five-year strategy, for the benefit of Sri Lanka and Sri Lankan population, AFD has indicated their readiness to double its annual commitment up to 100 million euros.

In 2017, AFD:

- Committed a new project in the sewerage sector, for Euro 75 million , for the benefit of Ratmalana/Moratuwa population;
- Hosted in Paris, for the first time, the Annual Consultation Meeting between the GOSL and AFD;
- Organized an official visit for a High Level Sri Lankan Delegation to Reunion Island (Overseas French Territory in the Indian Ocean);
- Finalized its Sri Lanka 2017-2021 strategy.

Australia

Sri Lanka has been receiving assistance from Australia since the establishment of the Colombo Plan Scheme in 1950, signifying more than 70 years of development cooperation between the two countries.

The Government of Sri Lanka has significantly benefited from development assistance from Australia, particularly from technical and grant assistance which is channeled through the Australian Department of Foreign Affairs and Trade (DFAT).

The current Australian aid programme in Sri Lanka is managed through an economic partnership approach which focuses on catalyzing economic opportunities for all Sri Lankans, and contributes towards achieving the 2030 Agenda for Sustainable Development and Sustainable Development Goals. Most of the Australian grant assistance programs are implemented through multilateral agencies such as the World Bank, IFC or UN, or international NGOs such as the Asia Foundation, or managing contractors, depending on the type of the assistance.

The Government of Australia is the main provider of long-term scholarships to

public sector officials, as well as individuals in the private and community sectors the prestigious Australia Awards programme. One of the main goals of this programme is to empower women to participate in the policy-making and decision making process with enhanced knowledge and skills. Currently, around 60 students are reading their post-graduate degrees at reputed Australian universities.

Australia also provides a considerable amount of export credit financing through Export Finance Insurance Corporation (EFIC) to implement development projects of the Government of Sri Lanka. The first export credit facility was extended in 1999 to provide assistance for implementation of the Ampara Integrated Water Supply Scheme - phase 1. Recent loan financing has also facilitated the importation of dairy herds into Sri Lanka by the Ministry of Rural Economy. Currently, the Establishment of Clinical Waste Management Systems in Needy Hospitals project is being implemented with EFIC assistance.

Subsidiary Arrangements for the following Australian funded programs were recently signed with respective Ministry:

Table 8.4: Recently Signed Subsidiary Arrangements with Australian

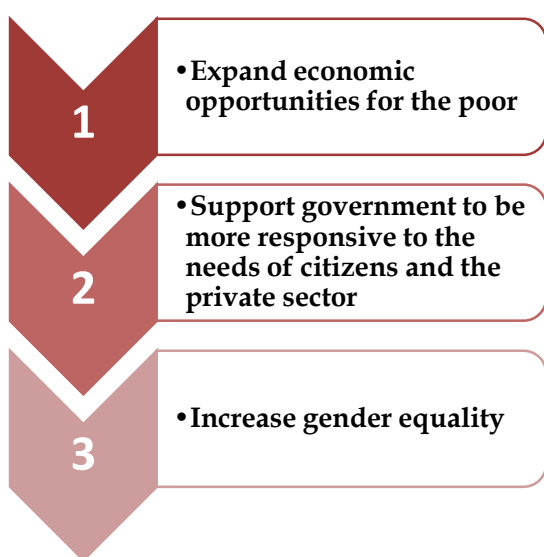
Project	Grant Amount	Implementing Agency	Objectives
Market Development Facility	AUD 12 million	Ministry of Tourism Development & Cristian Affairs	Improve the economic base for tourism in lagging areas and thereby reduce the poverty. Improve the global image of Sri Lanka and to attract more tourists to the country. Increasing job opportunities and income of the tourism sector.
Skills for Inclusive Growth (S4G)	AUD 15 million	Ministry of Skills Development and Vocational Training	Promote access to quality skills development services linked to the economic opportunities that have been identified within the tourism value chain in Ampara, Batticaloa, Trincomalee and Polonnaruwa Districts.

Governance for Growth Programme	AUD 31 million	Ministry of Finance & Mass Media	Support Sri Lanka's efforts to increase economic growth and spread the benefits of that growth to reduce poverty and inequality in the country. The programme will support activities that improve the policy formation and delivery capabilities of Government at national, provincial and local levels to bring about inclusive economic growth.
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Sri Lanka Aid Program- 2017-2018 (A Report from Australian High Commission)

Total Australian Overseas Development Assistance to Sri Lanka in 2017-2018 is AUD 27.7 million. Out of this, AUD 19.9 million is bilateral funds and AUD 7.8 million is regional and global funds.

Australian grant assistance is provided in accordance with Australia's current three aid objectives in Sri Lanka:



Key Investments:

Economic Opportunities for the Poor Investment (EOP), AUD 32 million, 2014 - 2022

This investment reduces poverty through private sector-led growth and comprises three projects:



Australian Government
Department of Foreign Affairs and Trade

- **Market Development Facility (MDF)**
- **Skills for Inclusive Economic Growth (S4IG) program**
- **Local Empowerment through Economic Development (LEED)** - this project has successfully linked fisheries and agricultural cooperatives in northern Sri Lanka with export supply chains.

Governance for Growth (G4G) Investment, Total AUD 31 million, 2016-2021

- **Eliminating Barriers to Sustainable and Inclusive Growth** (delivered by the World Bank) supports the Sri Lankan Government's economic reform agenda by helping to unlock the potential of the private sector through support for trade policy and trade facilitation, improving investment climate and business environment, reforming State Owned Enterprises, tourism development and innovation and entrepreneurship.

- **Strengthening Sub-National Governance Program** (delivered by The Asia Foundation) - assists local governments to promote economic development, increase their tax base, deliver services, and be responsive to citizens.
- **Women in Local Government Program** - supports the International Foundation for Electoral Systems (IFES) and Search for Common Ground to work with the Elections Commission, police and media to implement the legislated quota increasing women's participation in local government from less than 4% to 25% (ending in June 2018).

Women in Work, Total AUD 15 million 2016-2020.

This program aims to improve the understanding of medium-to-large Sri Lankan companies of the compelling business case to hire more women; increase access to, and use of, financial services for Micro, Small and Medium enterprises owned by or employing significant numbers of women; and improve the desirability of large companies to invest in women and their supply chains.

Other Current Bilateral Aid Program Investments:

- **Australia Awards Scholarships and Fellowships** (AUD 3.9 million in 2017-2018)

Government of Australia awarded 150 long-term and short-term Australia Awards for Sri Lankan students to study in Australia in 2017. It is anticipated that 207 awards will be endowed in 2018.



Signing of Subsidiary Agreement for Governance for Growth Program

This program operates in close partnership with ERD.

- **Volunteers** - 32 Australian volunteers worked in Sri Lanka through the Australian Volunteers for International Development program, between 2015-2017. Volunteer numbers for 2018 are yet to be finalized. ERD is the Sri Lankan Government counterpart for this program.
- **Response to the current dengue outbreak in 2017**, led by the World Health Organisation (USD 500,000), and longer-term action research partnership between the Monash World Mosquito Program and the Sri Lankan Health Department (AUD 1 million).
- **Reconciliation Package** (approximately AUD 1.5 million over the next 3 years) supports technical assistance to establish an Office for Reparations and Office of Missing Persons.

Global and Regional Programs:

- Australia provides support through a number of global funds in the areas of health, education and environment, with a proportion of these funds flowing to Sri Lanka. Just two examples include: USD 12.4 million for Sri Lanka (2017-19) through the **Global Fund to Fight AIDS, TB and Malaria**, and USD 11 million worth of biodiversity, land degradation and climate change projects in Sri Lanka through the **Global Environment Facility** (2014-2018).
- **The Australian NGO Cooperation Program-** provides AUD 4.04 million of support in 2017-2018 to Australian NGOs working in Sri Lanka, such as Caritas Australia, Oxfam Australia, Plan International, World Vision and Palmera Projects.
- Two **Government Partnerships for Development** (AUD 3.6 million, 2014-2018): *Improving the Capability of National Search and Rescue Services in the Indian Ocean*, delivered by the Australian Maritime Safety Authority in partnership with relevant Sri Lankan Government authorities; and *Developing Community-Based Waste Recycling*, delivered by the University of Western Australia in partnership with three Sri Lankan universities.
- Through the **Private Infrastructure Development Group (PIDG)** the Australian aid program is funding Singapore-based InfraCo Asia Development to invest USD 5.4 million into the Sri Lanka Kotte Waste to Energy Project. This facility will convert around half of Colombo's municipal solid waste to 10 megawatts of power.
- **Bloomberg Data for Health Initiative** - The bilateral aid program has contributed AUD 500,000 of the AUD 4 million dedicated by DFAT/innovationXchange to the current phase of the program (2015-2019). The initiative collects accurate and complete health data for more effective health policy.
- **Prevention of Chronic Kidney Disease** - In May 2017, the Australian Nuclear Science and Technology Organisation (ANSTO), signed an MOU with the Presidential Taskforce for this project to assist in the fight against Chronic Kidney Disease (CKD) of unknown aetiology. The bilateral aid program funded planning workshops in Colombo in November 2017 to facilitate development of this partnership.

United Kingdom

The development cooperation between Sri Lanka and United Kingdom (UK) commenced with the joining to the Commonwealth. Sri Lanka entered into first bilateral agreement with UK for the construction of the Victoria Dam and Power station for a sum of USD 247.1 million in 1979. Since then, Sri Lanka has received a sum of around USD 925 million financial assistance mainly in the form of, grant assistance, loan assistance and export credits. The Government has given priority for development of economic

infrastructure such as bridges with the financial assistance of United Kingdom.

During the past few years, UK Government has extended export credit financing through commercial banks to implement major bridge construction projects covering entire country.

In addition, United Kingdom Export Finance (UKEF) has recently extended its Direct Lending Facility scheme to Sri Lanka under which several priority development projects are being negotiated to be implemented in future.

Table 8.5: UK Funded Projects 2012 – 2017

	Project	Objectives	Amount (USD million)
2012	Construction of 210 Rural Bridges in Sri Lanka	Design, manufacture, supply, installation, erection and commissioning of 210 permanent steel bridges varying in lengths from 06-30 meters.	44.14
2013	Construction of Regional Bridges Phase II	Replace weak bridges in the road network and enhance carrying capacity of roads by Constructing 104 Bridges	70.67
2014	Construction of 618 Rural Steel Bridges.	Design, manufacture, supply, installation, erection and commissioning of 618 permanent steel bridges varying in lengths from 06-30 meters.	161.72

Construction of Rural Bridges Project

Government has accorded high priority for connectivity improvement within the country with a view to provide full benefits to the remote villages as well from mainstream development activities in the country. In view of that, 'Construction of Rural Bridges Project' aims at connecting rural areas to the developed regions providing access to the services for rural communities by constructing 1,210 steel bridges under three separate phases.

Under phase 1 of the project, 210 permanent steel bridges varying in lengths from 06-30 meters have already constructed at a total project cost of GBP 45 million.

In order to implement the remaining phases of the project, Contract Agreements were signed with Cleveland Bridge UK Ltd. to construct 618 bridges at a cost of GBP 100 million and with Janson Bridging International of the Netherlands to construct 475 bridges at a cost of Euro 105 million. Deutsche Bank AG, London branch and Rabobank of the Netherlands have provided financial assistance to implement these projects respectively.

With the completion of this project 120,000 families will benefit and the average distance travelled to obtain major services will reduce by 7.3 km. The average transport cost saving per km will be Rs.34 and 400 vehicles per day will be served by a bridge.



In addition, Government is planning to construct 4,000 bridges on rural roads in the medium term as an extension to the current project. It is expected that this whole project will enhance the quality of living standards of the people in rural areas by improving the access of rural communities to market, education and health facilities through developing transport connectivity.

The Netherlands, Belgium, Austria, Hungary and United Kingdom authorities have agreed to provide its financial assistance to achieve this ambitious target of current Government.

Spain

Development partnership between Sri Lanka and Spain began in 2006 with the signing of a loan agreement for supply and construction of pre-fabricated metal bridges for a sum of Euro 14.6 million.

Subsequently, the development partnership with Spain has been further strengthened by entering into export credit agreements with Spanish commercial banks to implement various strategic infrastructure projects in different sectors i.e. Construction of the Veyangoda railway crossing fly-over (Euro 11.2 million), Greater Rathnapura water supply scheme (Euro 21.9 million). In addition Government of Spain has recently supported Government of Sri Lanka to

implement several projects including construction of flyovers at the Rajagiriya, Polgahawela and Ganemulla Project (Euro 37.60 million) and Anamaduwa Integrated Water Supply Project (Euro 29.50 million) under its concessional financing scheme.



Recently completed Polgahawela Flyover under Spanish assistance

Table 8.6: Key Development Projects funded by the Spain 2012 - 2017

Year	Project	Objectives	Amount (USD million)
2012	Veyangoda Railway Crossing Flyover Project.	Construction of 255 m long and 11.9 m wide flyover with dual carriage way and foot walks.	14.14
2013	Implementation of the Greater Rathnapura Water Supply Project	Construction of 13,000m ³ /day capacity treatment plant and related distribution line.	29.37
2015	Construction of Flyovers at Rajagiriya, Ganemulla and Polgahawela	Construction of a flyover in Rajagiriya junction with four lanes traffic structure two lanes each way. Construction of flyovers which will consist in a two lanes traffic structure at the Polgahawela railway crossing and at the Ganemulla railway crossing junction.	58.91
2016	Implementation of Anamaduwa Integrated Water Supply Project	Construction of modern full water treatment plant with a capacity of 11,000m ³ /day and other necessary infrastructure. Laying of 61 km long clear water transmission main line and 328 km long water distribution system	32.95

The Netherlands

The development assistance from the Government of the Netherlands has been extended in the form of loans, grants and export credits covering diverse range of sectors such as fisheries, plantation, roads & bridges, rural development, water supply, tsunami rehabilitation, healthcare and disaster management. Since 1975, Government of Netherlands has extended nearly USD 360 million of grant assistance and USD 84 million loan assistance to Sri Lanka. In addition, Rabobank and ING Bank of the Netherlands have extended USD 418 million and USD 35 million worth of export credit facilities respectively.

Several health sector projects are currently being implemented under the Netherlands assistance.



Newly constructed Nuwara Eliya District General Hospital

Concessional Financing Facilities from Netherlands Enterprise Agency

The Government of the Kingdom of the Netherlands has recently expressed its willingness to provide concessional financial assistance to Sri Lanka under its “DRIVE” programme (Development Related Infrastructure Investment Programme). DRIVE is an applicant driven programme under which entrepreneurs who wish to qualify for public infrastructure construction in one of the DRIVE countries may submit applications for DRIVE. Projects are sized between euro 5 million and euro 60 million (including finance cost)

The objectives of this programme are to promote sustainable economic development and improve the business climate in developing countries by facilitating investment in their economic and social infrastructure. The programme reduces the cost of developing countries of eligible projects through the award of grants for the purchase of capital goods, service of works. These grants are qualified as ODA according to international standards.

The eligible grant amount is based on the DRIVE country’s income category (OECD-DAC classification). The subsidy is expressed as a percentage of the nominal value of the loan for the financing of the DRIVE project. This percentage is ranged from 20 percent to 50 percent depending of the country category. All financial costs (such as premiums and insurance) have to be included in the project total cost and it does not cover the operational and maintenance costs.

Following five projects have been selected to be implemented under this programme in Sri Lanka,

- Construction of Rural Bridges Project
- Construction of Polonnaruwa Vocational Training Institute
- Strengthening of the Health Service in the Northern Province
- Supply of Cutter Section Dredgers to Ceylon Fishery Harbors Corporation
- Construction of Bridges on National Road Network.

Table 8.7: Key Development Projects funded by the Netherlands 2012 - 2017

Year	Project	Objectives	Amount (USD million)
2012	Development of Nuwara Eliya General Hospitals	Construction of 6 storied building with all modern amenities which will consist of 600 beds, new wards, surgical theatres and an administrative complex.	47.00
	Development of Hambantota General Hospitals	Construction of 10 storied building with all modern amenities which will consist of 850 beds, new wards, surgical theatres and an administrative complex, Construction of advance diagnosing and treatment facilities with supporting infrastructure and residential facilities for all categories of staff.	55.50
2013	Upgrading the National Blood Transfusion Service of Sri Lanka with State of the Art Technology	Upgrading the National Blood Transfusion Services (NBTS) of Sri Lanka by establishing state of the art technologies including cord blood banking, frozen blood cell facility, aphaeresis units, therapeutic issuing division, sample archiving freezers for sample archives at 16 regional blood centers giving special emphasis to North and East.	32.60
	Upgrading of Peripheral Blood Bank coming under the National Blood Transfusion Services	Construction of building for 5 cluster centers, 20 level II blood banks and 5 level III blood banks. To provide urgently needed equipment and blood transportation vehicle to identified peripheral centers.	24.71
2014	Construction of Rural Bridges Project	Design, manufacture, supply, installation, erection and commissioning of 475 permanent steel bridges varying in lengths from 06-30 meters.	129.95
2016	Development of General Hospital Kaluthara	Development of Kalutara General Hospitals as a specialized maternal and children care hospital with all necessary infrastructures.	27.21
2017	Pilot Project on Establishment of a Groundwater Monitoring Network in Three Selected District.	Establishing a ground water monitoring network in Anuradhapura, Polonnaruwa and Monaragala Districts and implement the project as a pilot project.	20.81

Austria

Sri Lanka initiated bilateral cooperation with Austria in 1995. Since then, economic and technical assistance have been extended to Sri Lanka through a soft loan scheme covering the main sectors of Health, Water Supply, Waste Water Management, Infrastructure and Power Generation. The most important characteristic of Austrian soft loans is that they are given at zero interest through Austrian commercial Banks. These banks

charge a nominal amount of commitment fee and management fee which is less than one percent for the loan amounts extended.

The Government of Sri Lanka has obtained Austrian Development Assistance especially to improve water supply and sewerage facilities taking into consideration the Austrian expertise in providing safe drinking water as well as ensuring sewerage disposal.

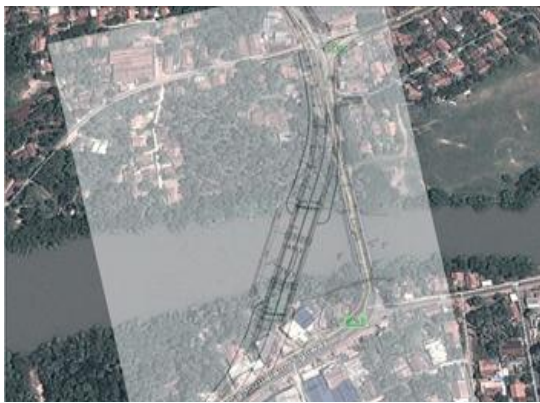
Table 8.8: Key Development Projects Funded by the Austria 2013 - 2017

Year	Project	Objective	Amount (Euro million)
2013	Supply of Cardiac Catheterization Systems and Cardiography Machines to the Cardiology Unit of the NHSL	Provision of modern treatment facilities to cardiac patients at the NHSL.	3.1
	Mahiyangana Water Supply Project	Construction of 6,500 m ³ /day treatment plant and 250km distribution line to provide safe drinking water for the people living in Ridimaliyadda D.S division and unserved areas of the Mahiyangana D.S Division.	13.5
2014	Development of sewerage Infrastructure for Kataragama	16km collection network and 3,000m ³ /day wastewater treatment plant will be constructed.	10.5
2015	Construction of Bridge at Kochchikade over Mahaoya Project	Contraction of Bridge No.38.3 on Peliyagoda - Puttalam Road (A3) at Kochchikade over Mahaoya which provides only two lanes creating a bottleneck on the Peliyagoda - Puttalam road.	8.7
2017	Enhancing and Upgrading of Institute of Engineering Technology, Katunayake	to enhance and upgrade the IET, Katunayake to support meeting the huge unmet demand for middle level technicians who have national diplomas equivalent to NVQ level 6.	9.5
	Obtaining 100 Ambulance Cars for Government Hospitals	to provide emergency healthcare to patients within golden hour to prevent from deaths, reduce injuries/disabilities and transfer to patient efficiently and safely to the nearest hospital with required healthcare facilities	9.8

Construction of Bridge at Kochchikade over Ma-Oya Project

In view of the development activities in the region it is expected that the traffic volume on the Peliyagoda – Puttalam Road (A 3) will increase. Accordingly, existing bridge which is not only narrow and structurally weak but also located at a sharp curve to be reconstructed in order to cater to the increasing traffic volume on the Peliyagoda – Puttalam Road (A 3).

Funding	Raffaisen Bank International AG
Contractor	M/s MCE GmbH, Austria
Loan Amount	Euro 8.7 million
Width	4 lane at 3.5 m
Centre Median Width	1.55 m
Length of the Bridge	105 m with three spans
Footwalks	1.5 m on either side



Construction of 4 lane bridge across Ma-Oya to replace the existing one – ongoing construction works



The United States of America (USA)

The United States has been a longstanding Development Partner of Sri Lanka, providing a rich blend of development assistance beginning in the late 1950s, with grant aid and the extension of loans under PL 480 wheat flour assistance.

Since then, United States assistance has led to achievements in many sectors, including agriculture, business, environment, health, education, infrastructure and

transportation. Most grant assistance is provided through the United States Government’s development arm, the United States Agency for International Development (USAID), and channeled through multilateral agencies and non-governmental organizations. Currently, United States grant assistance is being extended to improve social services to vulnerable populations, support public

sector governance, foster peace and security, strengthen partnerships for social integration, clear communities from landmines and explosive hazards, and increase equitable economic growth.

In the past, the United States also extended loan facilities to Sri Lanka, primarily for food importation, agriculture, hydro power generation, fertilizer importation, watershed management, township development, Mahaweli development, defense, and health.

Millennium Challenge Compact program

A Grant and Implementation Agreement between the Millennium Challenge Corporation and the GOSL to provide USD 10 mn was signed in year 2017 to facilitate the development and implementation of Millennium Challenge Compact program. Compact Programmes consist of investments designed to address one or more binding constraints to the country's potential for long-term economic growth. Under this grant programme Sri Lanka will get grants to invest in the development of priority areas within a period of 5 years.

USAID Development and Humanitarian Assistance to Sri Lanka

During Financial Year 2017 (October 2016 – September 2017), the United States Agency for International Development (USAID) supported the Government of Sri Lanka to strengthen economic growth, advance good governance, promote reconciliation, and provide humanitarian assistance.



Livelihoods

USAID's enterprise development project created 778 direct jobs and income earning opportunities for 6,263 individuals. It also assisted 1,091 households, and benefited 457 micro-enterprises and micro-entrepreneurs. Another USAID project empowered 504 rural women in 42 villages in a successful village calf-lending program. USAID's dairy project assisted 1,233 milk producers in 13 districts to improve cattle feeding practices, leading to a 32 percent increase in milk output and a 25percent increase in household income for these families.



Economic Governance Reforms

To improve public financial management, USAID provided internal audit training to 515 government officials from 54 ministries and 37 government departments in modern anti-corruption techniques. USAID also provided assistance in updating the 1998 Public Private Partnership Guidelines and trained 1,600 government officers to serve as public procurement resource persons. USAID provided assistance to the government in the drafting of 13 legislative documents related to public financial management reform, some of which have already been approved and gazetted. To streamline investment approvals, USAID is providing assistance to the Sri Lanka Tourism Development Authority to increase transparency, reduce costs, and cut the approval time required for tourism investments.

 <p>Democratic Governance</p>	<p>USAID provided a range of support to Parliament, including preparations for a Parliamentary Budget Office, training Parliament staff in open governance principles and Right to Information procedures, and improving public communication. USAID conducted a case management and court automation reform workshop and created an online database of case reports, key legislation, and resources for judges. USAID worked with the Women Parliamentarian Caucus and Sectoral Oversight Committee for Gender to raise awareness on the historic 25 percent quota for women in local elected office. USAID supported the introduction of gender responsive budgeting into the 2018 budget through assistance to the Departments of National Budget, National Planning, and Project Monitoring. USAID also supported the Election Commission to develop its strategic plan and the Anti-corruption Commission to launch its corruption prevention initiative.</p>
 <p>Social Cohesion</p>	<p>USAID supported 16 District Inter-Religious Committees to bring Buddhist, Hindu, Muslim, and Christian religious leaders together to address conflict and promote peace in their communities. In addition, 16 civil society organizations built island-wide awareness on reconciliation and proposed transitional justice mechanisms. USAID also supported a local think tank to produce six research publications on best practices in preventing inter-religious and inter-ethnic conflict in Sri Lanka and 12 short films on conflict mitigation.</p>
 <p>Humanitarian Assistance</p>	<p>USAID provided resettlement and livelihood assistance to 1,397 internally displaced persons after the Government released occupied land in the North. USAID provided counselling, medical support, and physiotherapy to 2,385 survivors of trauma and upgraded the abilities of 267 care providers. During the May 2017 floods, USAID assisted more than 40,000 people with non-food relief and shelter support, responded to water and sanitation needs, and supported government hospitals to manage the outbreak of dengue in flood-affected districts. USAID provided 13,819 people with disaster-resilient water supplies via 129 rainwater tanks and 1,029 pipe-borne water connections.</p>

Table 8.9: USA assistance to Sri Lanka - A Report from the USAID

Donor Agency	Project
U.S. Department of the Treasury	commenced three resident advisory programs with counterparts, respectively, at the Ministry of Finance and the Central Bank of Sri Lanka
U.S. Department of Commerce, Commercial Law Development Programme (CLDP)	continued support to Sri Lanka Customs and the Department of Commerce on advance rulings and origin determinations and helped with implementation of the WTO Agreement on Trade Facilitation. Helped to strengthen intellectual property rights and promote innovation in Sri Lanka. worked to strengthen commercial mediation through trainings

U.S. Department of State, Conventional Weapons Destruction (CWD)	supported NGOs to remove explosive devices, landmines, and unexploded ordnance assistance provided explosive risk education to at-risk communities and the assistance of mine-detection dog expertise to the Sri Lankan Army
U.S. Department of State, Bureau of Democracy, Human Rights, and Labor (DRL)	supported reconciliation efforts supported “The Sri Lankan Memory Project” started funding a project to empower and engage marginalized populations, young people, and war-affected communities in the North, East, and South of Sri Lanka
U.S. Department of State, Bureau of International Narcotics and Law Enforcement Affairs (INL)	supported UNDP to operationalize the GOSL National Victim and Witness Protection mechanism and improve support to victims of gender-based violence funded a Resident Legal Advisor, who provided training on corruption and mutual legal assistance provided support to the Stolen Asset Recovery Initiative
U.S. Department of State, International Military Education and Training (IMET)	Approximately fourteen Sri Lankan student officers attend U.S. professional military education courses annually
U.S. Department of State, Export Control and Related Border Security (EXBS)	provided nonproliferation awareness training and conducted a senior policy exchange seminar to foster future export control cooperation with the Sri Lankan Government. worked closely with Sri Lankan Customs and Coast Guard and provided training in targeting and risk management, maritime law enforcement and boarding officer procedures, and strategic trade control enforcement.
Department of Defense Humanitarian Assistance Projects	worked with local Sri Lankan communities for steady-state humanitarian assistance projects, designed to meet the basic needs of civilian populations provided humanitarian assistance and disaster relief in response to the 2017 Flood
Department of Defense Humanitarian Mine Action (HMA)	conducted technical demining training with Sri Lanka military forces

The European Union

The European Union (EU), with their presence in Sri Lanka since 1994, has been reconstruction of the areas affected by conflict as well as natural disasters.

Development Partnership between Sri Lanka & the European Union mainly consist of Grant Assistance received from European Union and Credit Lines extended by European Investment Bank (EIB). In the past, Grant assistance under bilateral cooperation supported mainly early recovery and rehabilitation needs, paving the way for long term development

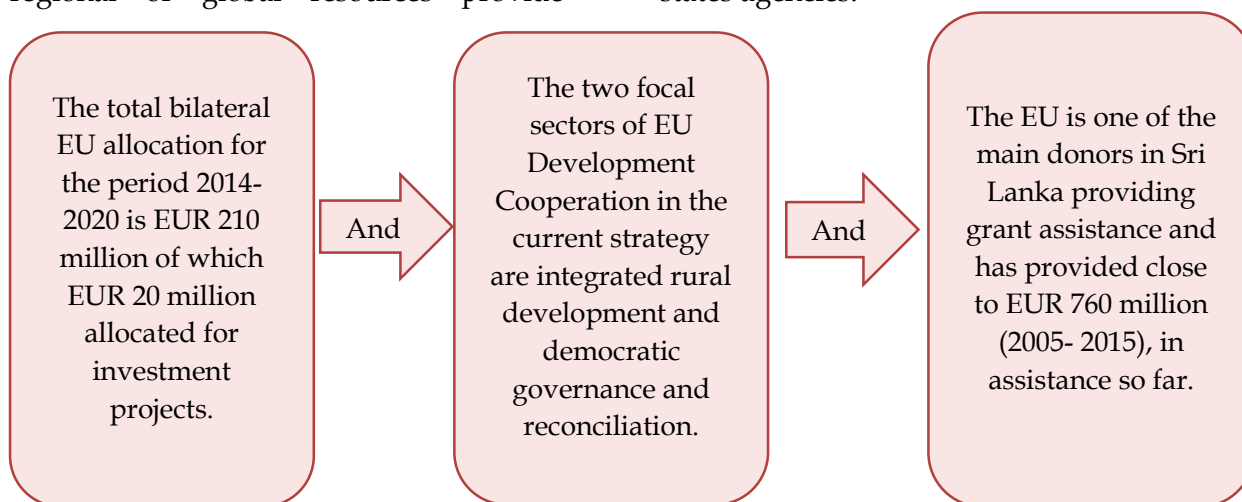
a longstanding development partner providing assistance to rehabilitation and assistance in the North and the East of Sri Lanka. The EU support has therefore transitioned from humanitarian assistance to cooperation in long term development needs, in line with the principles of partnership and ownership. In this regard the upcoming programmes on the Modernisation of Agriculture Sector and Support to Public Finance Management aim to support Government reform process, further cementing European

Union - Government of Sri Lanka partnership.

In 2017, EU development activities were largely steered by the EUR 60 million Programme "Support to District Development Plans (SDDP)" that has been implemented over a period of 5 years. Other programmes funded from EU regional or global resources provide

assistance in the areas of aid to uprooted people, environment, trade, support to civil society organisations gender equality and empowerment, and promotion of human rights and democracy.

The EU also works closely with range of implementing partners - CBOs, NGOs, international organisations such as the World Bank, the UN and EU member states agencies.



Credit-lines extended by European Investment Bank were instrumental in providing much required financial support and stimulation to SME & private sector development. Accordingly, five Credit-lines namely: DFCC Global Loan (EUR 40 million), Post-Tsunami Line of Credit - Contract A & B (EUR 60 & 20 million), DFCC Global Loan II (EUR 50 million) and Sri Lanka SME and Green Energy Global Loan (EUR 90 million) had been materialized before year 2017. Proceeds of the Credit-lines were mainly utilized to refinancing of enterprises carrying out SME projects in the industrial, productive

infrastructure, tourism, mining sector and related services as well as health and climate change mitigation projects. Further, reviving the tsunami affected private enterprises in Sri Lanka by financing tangible capital assets such as buildings, plants, machinery and equipment of the private enterprises that were directly affected by the Tsunami was also done under these Credit-lines. A Loan agreement amounting to EUR 50 million was finalized in year 2017 for co-financing the tranche 3 of the ADB funded Greater Colombo Waste Water Management Project.

**Table 8.10: Key Development Projects Funded by EU and European Investment Bank
2016 - 2017**

Year	Project	Objective	Amount Euro million
2016	Support to Integrated Rural Development in the Most Vulnerable Districts of the Central and Uva Provinces in Sri Lanka (EU)	Leading to integrated, sustainable, climate-resilient and inclusive socio-economic development for the most vulnerable rural and estate communities within the districts of Monaragala, Badulla, Nuwara Eliya and Matale	30
	Developmental Housing Reconstruction Support to Sri Lankan IDPs - Homes not Houses (EU)	to facilitate access of returnees and host communities to affordable and appropriate incremental housing solutions, social infrastructure and livelihood protection	14
2017	Trade Related Assistance in Sri Lanka (EU)	Help Sri Lanka to reap the benefits of further integration into the global and regional trading system	8
	Support to the Modernization of Agriculture sector in Sri Lanka (EU)	to contribute to the creation of the enabling conditions for small-holder farmers in poverty-stricken districts to move towards a more sustainable, resilient and productive agriculture	30
	Strengthening Reconciliation Processes in Sri Lanka (EU)	to advance reconciliation processes in Sri Lanka by facilitating the establishment of an effective coordinated mechanism to address key-elements of the reconciliation and non-recurrence including reducing language barriers, psychosocial support and memorialization.	12
	Implementation of Greater Colombo Water and Wastewater Management Improvement Programme (EIB)	to support improvement and expansion of sewage networks across the Sri Lankan capital Colombo to provide full sanitation coverage to benefit people living and working in the greater Colombo area.	50

Development Cooperation and highlights of the EU in year 2017



EU-Sri Lanka Working Group on Development Cooperation

The second meeting of the EU-Sri Lanka Working Group on Development Cooperation (WG-DC) was held in Colombo on 17 January 2018.

- The EU introduced the new approach in development cooperation consisting in a shift from aid and delivery of assistance to partnership which involves government ownership.
- The indicative allocation for the new MIP focal sector of Democratic Governance and Reconciliation is EUR 80 million of which EUR 22 million has already been committed.
- The EU and Sri Lanka agreed with the proposed addition of a second focal sector on 'Democratic Governance and Reconciliation' and the extension of the geographical scope to the entire country. Integrated Rural Development remains the key priority of the EU's MIP.
- Both parties commit to work closely in order for the country to meet the requirements for introducing budget support in the relevant sectors.

Norwegian Financial Assistance for the Socio Economic Development of Sri Lanka A Report from Norwegian Embassy

project	Disbursements in year 2017 (NOK)
1 Norway - Sri Lanka Music Cooperation 2014 - 2017	1,500,000
2 Employment Generation and Livelihoods through Reconciliation	9,900,000
3 Advocacy & support to address GBV gender discrimination & LGBT Rights	1,200,000
4 North & East Women's Engagement in TJ Process & in addressing gendered viola	947,000
5 Advocating for Freedom of Expression & Professionalizing Journalism	550,000
6 NGI-NBRO Technical Support for Disaster Risk Reduction	1,500,000
7 Strengthening the Civil Society Contribution to Governance	600,000
8 Stronger Democracy through Anti-corruption, Open & Inclusive Governance	927,000
9 Overseas Sri Lankans as Partners of Development	69,000
10 Capacity Building and Establishment of Research Consortium	1,414,000
11 Imme/Med Needs of Children/ their families affected by Floods/Landslides	5,000,000
12 Resettlement in Newly Released Areas	8,190,000
13 Technical Assistance to improve management of the fish resources in SL	1,107,000
14 ICT Industry Development between Sri Lanka and Norway	300,000
15 Formulation of a New Fisheries and Aquaculture Policy for Sri Lanka	3,391,000
16 Study Visit to Oslo for Ministers and parliamentarians from Sri Lanka	526,000
17 Supporting Sustainable Democracy & Good Governance	300,000
18 Technical cooperation within key sectors; Uma Oya Multipurpose Dev Project	200,000
19 Changing Minds: Inclusive Governance -Increase Women's Repres in Politics	630,000
20 Technical Assistance for defending Sri Lanka's submission to UNCLCS	550,000
Total (NOK)	38,801,000

**These Grants have not been recorded in the ERD Database since they have been directly channeled to the project buyers*

Belgium

Belgium was one of the first countries who strengthened relationships with Sri Lanka once open economy was introduced in 1977 by entering into a number of agreements such as an agreement on

Development Cooperation in 1977, an Investment Protection Agreement in 1982 and an Avoidance of Double Taxation Agreement in 1983. In 1998, both Governments signed an Air Transport

Agreement and in 2001 two agreements were signed to promote investment and to strengthen bilateral cooperation in the fields of technology and financial assistance.

At the time of the 2004 Tsunami, Belgium was the one of the 1st countries came to Sri Lanka's assistance. Soldiers of the Belgian

Army were engaged in the 'Sri Lanka Southern Coast Reconstruction Programme and to support the tsunami recovery efforts to assess the operationalization of Belgium aid on the ground.

Table 8.11: Belgium Founded Projects from 2012 to 2017

Year	Project	Objective	Amount (Euro million)
2012	Reconstruction of 7 railway Bridges BNP PARIBAS	Seven railway bridges namely Wellawatta, Polgahawela, Narahenpita, Ganewatta, Katugoda, Dehiwala and Angulana to be reconstructed.	44.38
2014	Buttala – Monaragala Integrated Water Supply Project KBC Bank of Belgium	3,800 m ³ /day treatment plant and 26km distribution line will be constructed	23.98

Hungary

Hungary has provided loan assistance of USD 46 million on concessional terms to Sri Lanka for the rehabilitation of the Labugama and Kalatuwawa water supply projects. Financial assistance from Hungary is channeled through EXIM Bank of Hungary.

The Government of Hungary has agreed to offer a tied aid credit programme in order to finance development projects of the Government of Sri Lanka. This credit programme is offered under the

Organization for Economic Cooperation and Development (OECD) Arrangement on Officially Supported Export Credits. In this connection, an agreement of Establishment of a Framework Programme for Financial Cooperation was signed on 22 December 2017 between the Government of Hungary and the Government of the Democratic Socialist Republic of Sri Lanka. Accordingly, the Government of Hungary agreed to finance the projects in table no 8.10.

Table 8.12: Hungarian Agreed projects under agreement of Establishment of a Framework Programme

Project	Implementing Agencies	Objective	Amount (Euro million)
Electronic Court Management System	Ministry of Justice	01.Introduce fully automated case management system 02.Ensure more efficient and speedier access to Justice 03.Improve quality of the judicial	32

		service and the efficiency of the Judicial system	
Establishment of Bell and Light Protection System for Railway Level Crossing	Department of Railway	To enhance the safety of railway transportation and 300 protected level crossings	12
Construction of 3 Flyovers (Kohuwela, Kirulapana, Yangalmodara (Kurunegala)	Road Development Authority	To construction three flyovers in kirulapona, kohuwela, yangalmodara which are the considered either as bottle necks of traffic and /or location with potential safety risks for users of the roads.	52
"Bingiriya - Udubaddawa Water Supply Project	National Water Supply and Drainage Board	By developing pipe water supply scheme & providing safe and reliable water to the project area, the project aim to upgrade the living standards of the people and contribute to the industrial development and economic growth in the project area.	53

Table 8.13: Hungarian Funded Projects from 2012 to 2017

Year	Project	Description	Amount (USD million)
2013	Rehabilitation of Labugama Water Treatment Plant.	The existing water treatment plant from 40,000 cu.m/day upto 60,000 cu.m/day to increase the supply of treated water to Greater Colombo and its suburb area.	22.5
	Rehabilitation of Kalatuwawa Water Treatment Plant	The existing water treatment plant from 71,000 cu.m/day upto 90,000 cu.m/day to increase the supply of treated water to Greater Colombo & Suburb area.	23.4

Germany

The Development cooperation between the Government of Sri Lanka and the Federal Republic of Germany dates back to year 1966. Construction of the Embilipitiya Paper Mill (in 1973), purchase of eleven Locomotives (1978), Construction of Randenigala and Rantambe Dams (1981 & 1986) are some of the highlights of development cooperation between Sri Lanka and the Federal Republic of Germany since 1966. Grants, loans & technical assistance have been main forms of development cooperation between two countries.

Up to now grant assistance amounting to US D 487.02 million has been provided by Germany mainly through the GIZ covering the sectors of Agriculture, Education & Training, Environment, Finance, Insurance, Fisheries, Ground Transport, Health & Social Welfare, Housing & Urban Development, Private Sector Development, Livestock Development, Labour & Vocational Development, Management & Institutional Development, Industrial Development, Plantation, Rural Development, Rehabilitation, Science & Technology, Sewerage, Trade, Tsunami Rehabilitation, Women's Affairs, Water Supply.

Loan assistance amounting to US D 808.66 million received from Germany has been invested in sectors such as Agriculture, Energy (Electricity), Finance & Insurance, Ground Transport,

Health & Social Welfare, Private Sector Development, Irrigation & Related Activities, Industrial Development, Water Supply.

Construction of Mahamodara Maternity Hospital Project (Euro 41 million) and Supporting Wilpattu National Park and Influence Zone Management in Sri Lanka (Euro 8 million) are two vital ongoing projects.

Table 8.14: Germany Funded Projects from 2015 to 2017

Year	Project	Description	Amount USD million
2015	Wilpattu National Park and Buffer Zone Management in Sri Lanka	the development of a Management Plan for Wilpattu National Park, capacity development for key stakeholders and initial steps to promote livelihood development in region.	2.2
2016	Wilpattu National Park and Buffer Zone Management in Sri Lanka	to support the implementation of prioritized areas of the management plan	6.58
2016	SME Sector Development II	Initiating inclusive and eco-friendly SME development in the buffer zone of Wilpattu National park	2.63
2016	Facilitating Initiatives for Social Cohesion & Transformation (FLICT)	Facilitating initiatives by the Government and non-government actors for enhancement of integration, national dialogue and reconciliation	0.65
2016	Vocational Training in the North and East of Sri Lanka (VTN)	The project provide improved, needs-based training opportunities for the people living in the areas around Wilpattu National Park, especially for women and young people	4.38
2017	Construction of Mahamodara Maternity Hospital Project (Additional financing)	A new 6 storied and 600 bedded hospital with an area of 400,000 sq.ft.	14.25

German Development Cooperation Project “Supporting Wilpattu National Park and Influence Zone Management in Sri Lanka”:

Project Period	11/2016 – 10/2020
Technical Cooperation	EUR 8 million
Commissioned by	Federal Ministry for Economic Cooperation and Development (BMZ)
Implemented by	Department of Wildlife Conservation and GIZ
Project region	Wilpattu National Park and its influence zones: Districts of Mannar, Vavunia, Anuradhapura and Puttalam
Line Ministries	National Policies and Economic Affairs;



Sustainable Development and Wildlife

Background- With 131,667 hectares, Wilpattu National Park is one of the largest and oldest protected areas in the country. The diverse communities in the National Park's periphery depend on natural resources and mainly live on subsistence agriculture. Alternative sources of income and employment are still limited. This leads to high biological pressure on the park, especially in the form of poaching, illegal fishing practices, the expansion of agricultural land and the removal of timber. Wilpattu National Park provides an opportunity for economic development and for peaceful coexistence of its surrounding diverse communities.

Objective- The project aims at the creation of requirements necessary for a socially-integrating and sustainable management of Wilpattu National Park and its influence zones.

Approach - The project engages in four fields of activity:

- 1) Participatory preparation of a management plan
- 2) Capacity Development for various stakeholders
- 3) Pilot measures for improvement of socio-economic conditions of the local population (e.g. Water purification, eco-tourism concept)
- 4) Implementation of selected activities of the management plan

New Maternity Hospital Galle

The Helmut-Kohl-Galle Maternity Hospital Foundation initiated, after the disastrous tsunami at the end of 2004, the construction of a New Maternity Hospital in the city of Galle on the South-West coast of Sri Lanka. The contract for design and construction works was awarded to SENOK Trade Combine (PVT) LTD. Construction works mainly for piling and Foundations have been conducted in 2006/2007. The construction works at the site were interrupted and finally completely stopped in 2008 due to financial constraints.

Thereafter a loan worth of Euro million 28, from KfW bank (Kreditanstalt für Wiederaufbau) of Germany has been obtained through the loan agreement on 16 August 2012 to complete the construction of the New Maternity Hospital, Galle.

Under this project, it is to provide Maternity and Gynecology health care services to the female population of the southern province by reconstructing the hospital with a 600 bed capacity and 800 patients' treatment facilities at the Out Patients Department (OPD). Total physical progress of the Hospital is 56 percent.

Further, a Supplementary Credit Facility Agreement for obtaining an additional loan in an amount of Euro 13 million to finance the above project has been signed by the Government of Sri Lanka with the KfW bank of Germany on 19 December 2017.

This project has to be completed by the end of December 2018.



Design of New Maternity Hospital, Galle



Construction works of Maternity Hospital, Galle

Denmark

Sri Lanka initiated bilateral development cooperation with Denmark in 1968. The Development Cooperation Agreement signed in 1979 with Denmark was reviewed in 2003 by replacing the previous agreement. Accordingly, Denmark provides financial assistance, material resources, export credits and training opportunities to implement development activities in Sri Lanka. To date, Denmark has extended USD 336.5 million worth of financial assistance (Excluding ongoing MILCO project) since the commencement of bilateral cooperation in 1968. The total financial assistance comprises of export credits of USD 208.9 million, loans of USD 79.26 million and grants USD 48.34 million.

The Government of Sri Lanka (GOSL) has obtained Danish Assistance especially to improve water supply and sewerage facilities taking into consideration the Danish expertise in providing safe drinking water as well as ensuring sewerage disposal.

GOSL implemented the Colombo Sewerage Rehabilitation, Towns South of Kandy Water Supply, Nuwara Eliya District Group Water Supply and Keleani

Right Bank Water Treatment Plant Projects under Export Credit Facilities of Denmark.

Further, the Government borrowed Euro 46 million from Denmark for the construction and development of Oluvil Port which is an important investment towards reducing regional imbalances. The project caters to large ships with in-built tanks exceeding the eight meter depth level mark.

Another significant project that is being implemented under an Export Credit Facility of Denmark is the Modernization of Processing Factories of MILCO (Pvt) Ltd for a sum of Euro 33.7 million. As the available machinery and the equipment in all four factories (of MILCO) in Narahenpita, Ambewela, Polonnaruwa and Digana factories are 30 - 40 years old, It has been adversely affected the efficiency of milk production for a long time. Therefore, modernization of processing factories of MILCO (Pvt) Ltd has been an urgent need to achieve the Livestock sector development objectives in the Country. Accordingly, processing factories located at Digana, Polonnaruwa & Ambewela were modernized under this project.

Table 8.15: Denmark Funded Projects from 2012 to 2017

Year	Project	Description	Amount USD million
2015	Establishment of Dairy Processing Plant at Badalgama	It is proposed to establishing plant to produce pasteurized milk, yoghurt, ice-cream, butter, cheese ect in the new factory at Badalgama together with all necessary infrastructure and amenities	36.96

Canadian International Assistance to Sri Lanka in 2017 (A Report from Canadian Embassy)

Canada-Sri Lanka relations are underpinned by a bilateral partnership of almost 70 years, shared participation in the Commonwealth and other multilateral forums such as the United Nations, and deep people-to-people ties. With the release of Canada's *Feminist International Assistance Policy (FIAP)* in June 2017, Canada is placing women and girls at the heart of its international assistance, recognizing their key role as agents of change.

Canadian-supported projects in 2017 include:

Gender Equality and the Empowerment of Women and Girls

- *Addressing Sexual and Gender-Based Violence through Public Institutions* project (2017-2020, CAD 900,000, UNFPA), support to Sri Lanka's efforts to respond to sexual and gender-based violence (SGBV).

Growth that Works for Everyone

- *Advancing Specialized Skills for Economic Transformation* (2014-2019, CAD 11.5 million, World University Service of Canada): provision of skills development and vocational training in high demand sectors to unemployed young women and men.
- *Establishment of an Entrepreneur Financial Expertise Centre* (2016-2021, CAD 8.6 million, Development international Desjardins): assistance to micro, small and medium-sized enterprises, particularly those owned by women, to stimulate private sector development and job creation.
- *Agro-Economic Development Project* (2014-2018, CAD 6 million, UNDP and FAO): assistance to former Internally Displaced Persons in Northern Province to engage in sustainable agriculture and agri-businesses.



Training for a career in automotive repair

Post-Conflict Reconciliation

- *Mine Clearance for Resettlement and Restored Livelihoods* (2017-2019, CAD 1.9 million, The HALO Trust) support for mine clearance in Northern Province.
- *Promoting Human Rights, Inclusion and Religious Harmony in Sri Lanka and Beyond: Equipping Communities to Resist Violent Conflict* (2016-2019; CAD 660,000, Equitas): support to local efforts to address inter-religious conflict and conduct human rights education activities.



*Mine clearance in Northern Province
Photo credit: HALO Trust*

Humanitarian Assistance

- In 2017, Canada provided CAD 624,000 in emergency assistance in response to flooding and an outbreak of dengue fever.

Examples of 2017 results:

- 154,325 m² of minefields were cleared, and 1,058 anti-personnel mines safely destroyed, in Jaffna and Kilinochchi Districts.
- Approximately 1,500 unemployed men and women were trained and awarded National Vocational Qualification Diplomas in the ICT, hospitality, construction and automotive industries.

Highlights of Foreign Development Assistance for the Health Sector

The Government policy on health sector is to improve National Health Service targeting a healthy nation with necessary institutional & policy reforms and increased investment on health.

In line with the above policy, number of projects have been implemented during the past few years. Some of the key foreign funded projects implemented from 2012 – 2017 are given below;



Actions have been taken in the last couple of years to initiate number of health sector projects for implementation with foreign financing.

Project	Donor/Lender	Amount (USD million)	Commencement
Supply of 100 Ambulance cars	Austria	12	2018
Upgrading of Operation theatres and ICU equipment in selected hospitals	Austria	11.5	2018
Third Health Sector Development Programme (THSDP)	The World Bank	200	2019
Health Sector Assistance Project	ADB	50	2018
Health & Medical Service Improvement Project	JICA	95	2018
Development of De-Zoysa Maternity Hospital	SCB/Sampath Bank	29	2019

Development of Panadura Base Hospital	COMMERZBANK - Germany/BOC	120	2019
Strengthening Health Care Services in Northern Province (DGH, Kilinichchi, DGH, Vavuniya, BH, Point Pedro, DGH, Mannar, BH, Mankulum)	Netherlands	66	2019
Supplying an MRI Scanner to the Ragama Teaching Hospital	China	2	2018
Upgrading Health Facilities in Selected Hospitals of Sri Lanka	China	85	2018
Maternal and Childcare Hospital in Ragama	China	32	2018

9. UNITED NATIONS AND TECHNICAL ASSISTANCE DIVISION

The United Nations and Technical Assistance Division of the ERD is one of the most diversified divisions in the department as it coordinates with a large number of UN Agencies to secure financial and technical assistance to implement projects and programmes in different nature as part of Government's development efforts. Furthermore, it involves in mobilization of foreign training opportunities and services of Volunteers offered by the development partners.

The Government of Sri Lanka (GOSL) has been benefiting from the United Nations (UN) supported programmes since 1955 for the socio economic development of the country. UN programmes specifically addresses the needs of poor and creates opportunities for the most vulnerable and the young.

The UN, collectively and through its specialized agencies, Funds, programmes and offices in Sri Lanka, has been supporting the Government through the implementation of programmes identified under the "Development Assistance Framework" which

is jointly signed by GOSL and UN agencies in each five years period. This framework guides individual UN agencies to prepare their country programmes with more specific targets and detailed implementation programmes, and provides a strategic direction to UN agencies to closely work with the GOSL to implement the projects and programmes.

The current partnership in between the GOSL and the UN continues with the "United Nations Sustainable Development Framework (UNSDF)" - 2018-2022 which provides the overarching framework for the work of the United Nations in Sri Lanka in line with the national priorities of the Government of Sri Lanka. The programmes of the UN have been scattered across various sectors.

The programmes and the projects under the 5 year Development Assistance Framework are carried out through many implementation modalities such as National Implementation Modality, Direct Implementation Modality, etc.

United Nations Development Assistance Framework (UNDAF) (2013-2017)

The United Nations Development Assistance Framework (UNDAF) for the period from 2013 to 2017, was signed in between GOSL and UN agencies, in October, 2012. UNDAF was conceptualized around the broad goal of "sustainable and inclusive economic growth with equitable access to quality social services, strengthened human capabilities and reconciliation for lasting peace".

The UNDAF (2013-2017) which was developed in line with the then national priorities of the country, was revised subsequently to accommodate the changes in the Government's development priorities after

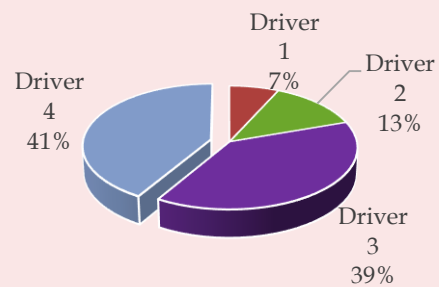
the parliament election held in 2015. It also taken into consideration the global shifts to the post-2015 development agenda, the Sustainable Development Goals (SDGs) in September 2015. The SDGs are wide-ranging incorporating Millennium Development Goals (MDGs)-like targets into a broader agenda of equality, rights-based approaches and safeguards for both people and the planet. The UNDAF has invested around USD 312.04 million (*According to the UN data*) during 2013-2017 through the Country Programmes of individual UN agencies by the way of grants and technical assistance towards the Country.

Way Forward: UNSDF (2018-2022)

The United Nations Sustainable Development Framework (UNSDF) which pegs UN assistance to Sri Lanka’s development priorities for the period of 2018 – 2022, has been signed in between the GOSL and the UN agencies in August 3, 2017. This coherent development framework will guide the collaborative work of the UN agencies in the forthcoming period. This framework will be implemented through the Country Programmes of individual UN agencies and monitored under the joint leadership of the GoSL and the United Nations in Sri Lanka. It also serves as a common strategy under the following four major areas.

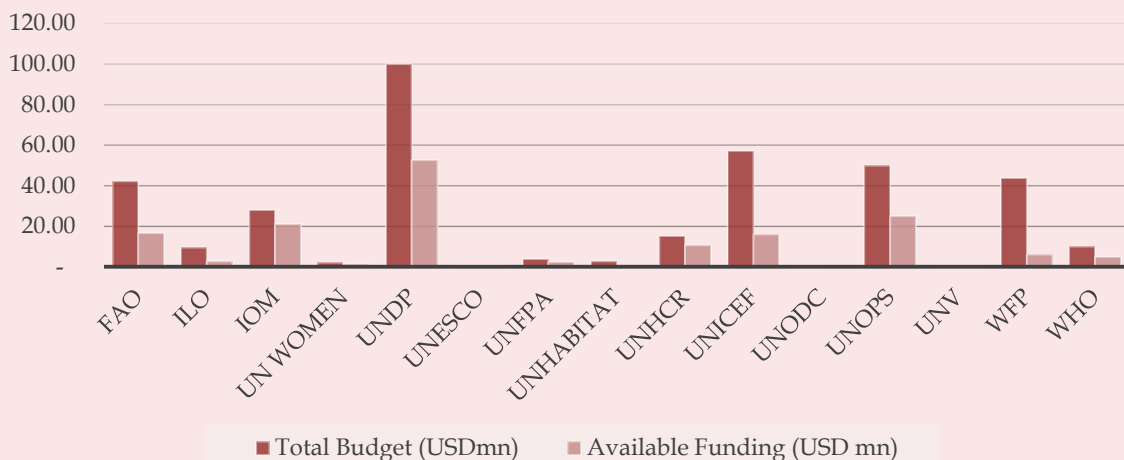
- Driver 1**
 - Towards improved data, knowledge management and evidence-based policy
- Driver 2**
 - Strengthened Innovative public institutions and engagement towards a lasting peace
- Driver 3**
 - Human Security and Socio - economic resilience
- Driver 4**
 - Enhancing resilience to climate change and disasters and strengthening environmental management

Chart 9.1: UN Investment through the UNSDF 2018-2022



The estimated budget for the UNSDF for the period of five years is USD 366.84 million. It has been projected that 44 percent of this cost will be available at the start of UNSDF implementation, leaving 55 percent to be mobilized during UNSDF implementation. The overall resource requirement to achieve the programmatic results under the four drivers of UNSDF and UN agency-wise resource allocation is summarized as Chart 9.1 and Chart 9.2 respectively.

Chart 9.2: Common Budgetary Framework - Agency Breakdown



“The United Nations Family has been working closely with the Government of Sri Lanka for over 60 years. We are committed to shared and sustainable peace and development, and we will continue to work with the Government and the people of the island to build a peaceful and prosperous Sri Lanka.”
 Late Ms. Una McCauley, Former UN Resident Coordinator and UNDP Resident Representative

Commitments and Disbursements

The UN assistance received during the last 5 years have been utilized to provide relief, rehabilitation and reconstruction activities mainly for social and community development through specific projects aimed at improving agricultural productivity, fisheries development activities, improving livelihoods of rural communities, improving child and maternity health, early childhood development and primary education, rural development, providing disaster relief, environment protection and women affairs etc. As recorded, major share of total disbursement has been recorded in IFAD,

UNICEF and WFP assisted programmes especially in the area of child and maternity health, education, water and sanitation etc.

In 2017, UNDP has committed the largest grant worth USD 38.08 million (through GEF funds) on “Climate Resilience Integrated Water Management Project (CRIWMP)” to strengthen the resilience of smallholder farmers, particularly women, in the Dry Zone through improved water management to enhance lives and livelihoods.

Chart 9.3: Comitments for 2017 (USD million)

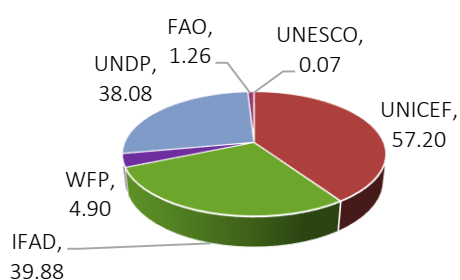
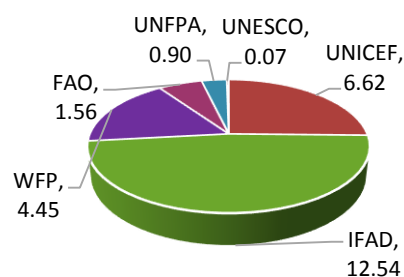


Chart 9.4: Disbursement for 2017 (USD million)



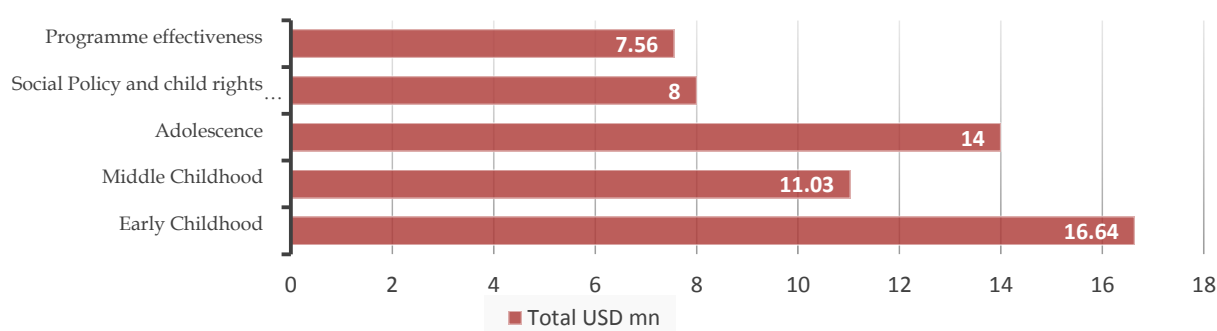
Source: Department of External Resources

Note: Includes Commitments and Disbursements made only through Department of External Resource. However, above UNDP’s commitment is under process to be taken under ERD records (it excludes DIM Projects’ commitments).

United Nations Children’s Fund (UNICEF)

The programmes funded by UNICEF have been very active in Sri Lanka, ensuring equal access to quality education of all children with the provision of safe drinking water and hygiene facilities. The Country Programme Action Plan (CPAP) for the period of 2018-2022

Chart 9.5: Summary of Indicative Country Programme Budget 2018-2022



Source: Country Programme Action Plan (CPAP) for 2018-2022

was signed by the GOSL and UNICEF on 05th December 2017. This framework includes the programmes and projects jointly agreed by the Government and UNICEF which contribute directly to each of the four main drivers of the UNSDF. The

UNICEF Executive Board has approved, a total commitment not exceeding the equivalent of USD 57.235 million to support the activities detailed in this CPAP.

Food and Agriculture Organization (FAO)

The Food and Agriculture Organization (FAO) has endeavored to assist GOSL in its efforts to address issues and priorities the sectors of agriculture, livestock, fisheries and forestry etc. The FAO emergency assistance has played a vital role in providing urgent and effective relief assistance in various natural disasters. Meantime, many Sri Lankans have benefited from the local capacity building programmes as well as from the overseas training programmes and international

conferences funded by the FAO. In addition to that FAO is providing technical assistance to fill the gap in the sector of agriculture, fisheries, forestry, and livestock sectors.

The key FAO funded projects implemented in line with the Government's broader strategy on food and nutrition security within last five years are summarized below.

Table 9.1: FAO Funded key Projects from 2013 to 2017

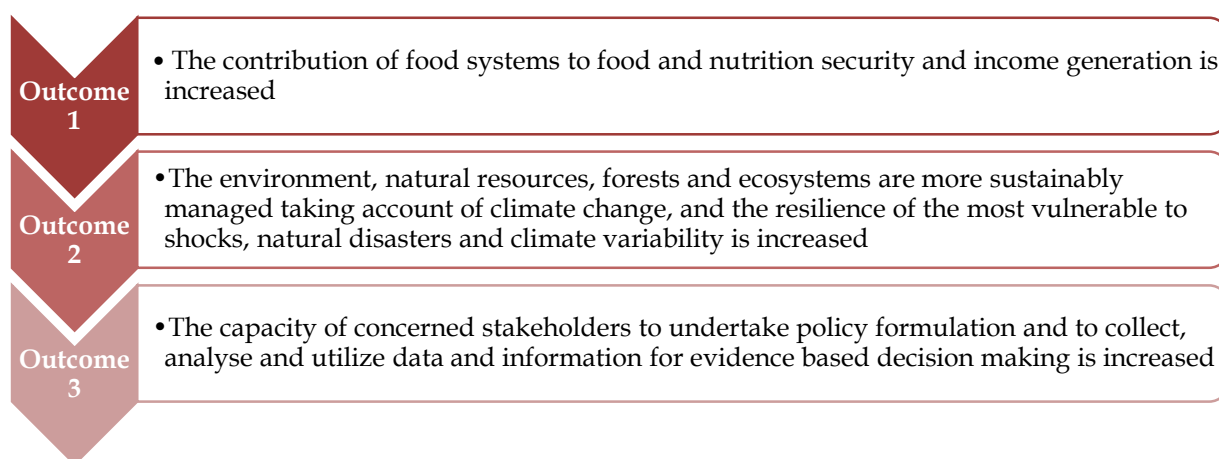
Year	Name of the Project
2013	Management of Risks Associated with Pesticide Use in Agriculture in Sri Lanka
	Food Security in the Northern Province
2014	Technical Assistance for the Introduction of Quinoa Towards Food Security
	Reduction of Post-Harvest Losses Horticultural Chains in SAARC Countries
	Promotion of Appropriate Feeding Techniques to Dairying Cattles
	Improving Seabass Aquaculture in Sri Lanka
2015	Agro Economic Development Project
2016	Strengthening the e Agriculture Environment and Development ITC Mediated Agricultural Solutions for Countries in Asia and Pacific
	Rehabilitation of Degraded Agricultural Lands in Kandy, Badulla and Nuwara Eilya Districts of the Central highland
	Implementation of the National bio Diversity Framework
2017	Development of Site Specific Fertilizer Management Systems for Sustainable Crop Production
	Emergency Assistance to Restore Agricultural Livelihoods of Vulnerable Households affected by the Drought
	Promote Scaling up Innovative Rice Fish Farming and climate resilient Tilapia pond culture practices



Country Programming Framework for Sri Lanka

The Country Programming Framework (CPF) has been formulated by the FAO for the implementation of the FAO funded projects and programmes for the period of 2018-2022. The overarching goal of this framework is to be the reduction of food

insecurity, malnutrition and vulnerabilities, and sustainable management and use of the country's natural resources. The estimated resources requirement for the implementation of the CPF is USD 28 million. This CPF will revolve around three country outcomes as follows.



World Food Programme (WFP)

Since 1968, World Food Programme (WFP) has provided its assistance to Sri Lanka in many formal ways such as programmes on children, lactating mothers feeding, rehabilitation of agricultural asset and supporting food aid in emergency situations and development phases in order to improve the food security throughout the country. Since the food security is one of the well highlighted thematic areas under the present Government's Development Policy Framework, Government and WFP have taken effective collaborative measures to increase the availability and accessibility of food for needy people. WFP supported School Meal Programme (SMP) has contributed towards one of the main social protection programmes in the most war affected districts, which helped restore the education system. Until the end of 2017, the WFP-supported school meals

programme serving about 160,000 students in the Northern Province.

WFP also provided capacity and technical support to Sri Lanka in the area of resilience building for climate shock affected communities through income generation activities and productive assets creation to improve agriculture based livelihoods.

Technical assistance was provided in the field of food fortification (rice) and improvement of locally produced fortified foods (Thriposha) both in quantity and quality. In addition, WFP also assisted in reviewing nutrition policy and conduct of nutrition survey among school children as well as pregnant women nation-wide.

In the field of emergency preparedness and response, WFP provided support in emergency assessments, situation exercise and early warning system using remote

sensing technique and platform for real-time for shock monitoring known as PRISM.

The Platform for Real-time Information and Situation Monitoring (PRISM), a disaster management information system,

was recently developed and is being installed in the Ministry of Disaster Management of the Government of Sri Lanka, based on a similar system in Indonesia known as the Vulnerability Analysis Monitoring Platform for the Impact of Regional Events (VAMPIRE).

Table 9.2: WFP Funded key Projects from 2013 to 2017

Year	Name of the Projects
2013	Climate Change Impact on Communities Living in the Mahaweli River Basin
2014	Protracted relief and Recovery Operation (PRRO)
2015	PRRO Enhancement
2016	Country Programme Action Plan (CPAP)- (2016-2017) Emergency Operation (EMOP)
2017	Emergency Operation (EMOP)- Drought & Flood

WFP Assisted Emergency Operation

Drought Assistance

In response to the requests by the GOSL, WFP has agreed to extend their assistance and support for 6,250 of the poorest and most vulnerable households (approximately 25,000 beneficiaries) in the four worst impacted districts from the drought, Moneragala, Kurunegala, Vavuniya and Mannar. Assistance were targeted on women-headed samurdhi beneficiary households who have not received the drought relief assistance previously. This assistance are provided by way of cash transfers in four installments of approximately Rs.



10,000 per household per month. This programme is executed by the Ministry of National Policies and Economic Affairs and implemented through the Ministry of Social Empowerment, Welfare and Kandyan Heritage with the support of the Ministry of Disaster Management and the Ministry of Agriculture. For this purpose, a Letter of Understanding (LOU) was signed on 12th May 2017 by GOSL and WFP.

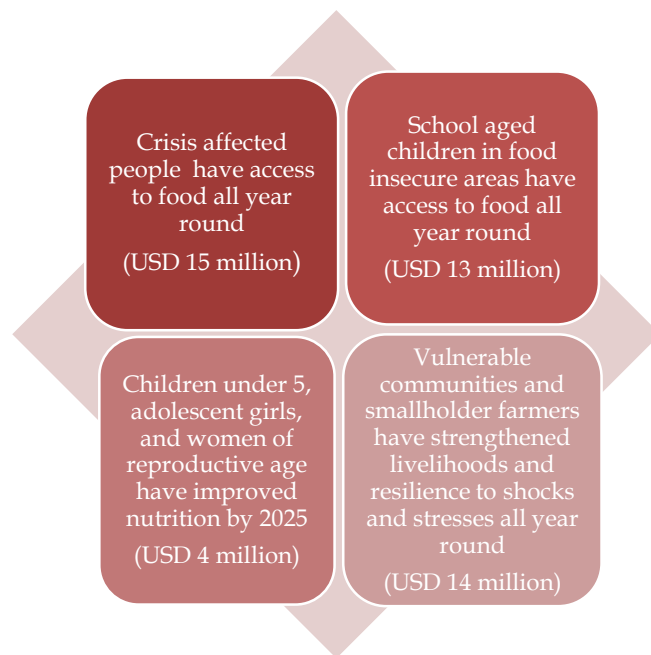
Flood Assistance

In addition to the above, WFP has agreed to provide USD 2.4 million for the vulnerable households affected by the floods and landslides that occurred in Sri Lanka during the end of May and beginning of June 2017. Accordingly, an addendum to the previously signed LOU was signed on 28th June 2017 including additional four districts (Matara, Rathnapura, Kalutara and Galle). The beneficiaries received Rs. 10,000 monthly assistances per household for two months period. An immediate one-off in-kind ration of pulses (Dhal) was provided across the most flood affected districts to people taking refuges in the camps covering a portion of the basic basket with 100g rations for 75,000 people for three days. Accordingly, the total number of beneficiaries targeted in the drought and flood response has increased to 25,000 households (equivalent approximately 100,000 beneficiaries).



Sri Lanka Country Strategic Plan for 2018 -2022

WFP has developed a new Country Strategic Plan for 2018-2022, in consultation with all relevant line Ministries, Departments and Agencies under overall coordination of the Ministry of National Policies and Economic Affairs in line with the Government National Priorities and UNSDF. This country Strategic Plan seeks to achieve the following four strategic outcomes. The budget required to implement this Country Programme for its 60 month duration is USD 46.8 million.



United Nations Population Fund (UNFPA)

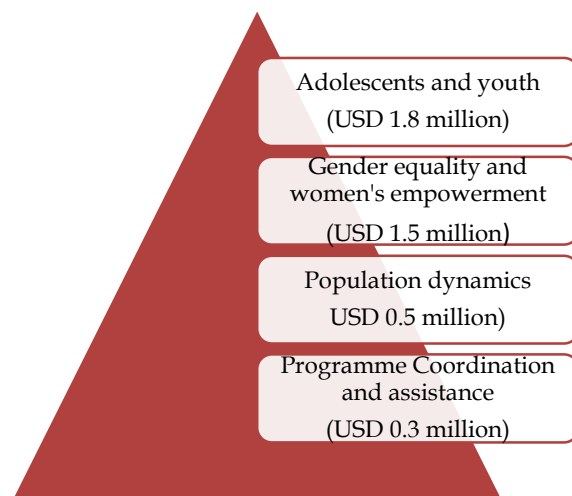
UNFPA extends their supports to Sri Lanka since 1969 to improve maternal and child health services and promote safe motherhood by improving access to modern family planning, counseling and treatment procedures of sexually transmitted diseases etc. The existing Country Programme Action Plan (CPAP)

which was implemented up to 2017, has focused on policy and advocacy in the areas of reproductive health, comprehensive reproductive health education, youth empowerment and peace building, prevention and response to gender based violence and population dynamics.



Country Programme Action Plan for 2018 -2022

UNFPA is in the process of developing their 9th Country Programme Action Plan (CPAP) which covers their support to Sri Lanka for the period of 2018 -2022. This CPAP is developed in close consultation with the Government. This programme directly contribute to the 1, 2 and 3 drivers of the UNSDF. The UNFPA Executive Board has approved a total commitment of USD 4million indicative assistance to the Sri Lanka Country Programme



United Nations Development Programme (UNDP)

United Nations Development Programme (UNDP) which is considered as the development arm of the United Nations, has been assisting Sri Lanka since 1967, to achieve sustainable human development in economic, social and environmental fronts.

It works with the Government at national, regional and local levels, and civil society

and the private sector, using different modalities of the implementation.

UNDP's major areas of focus includes economic development, poverty reduction, and democratic governance and strengthening of public sector service delivery institutions, disaster resilience and climate change adaptation.

Table 9.3: UNDP Funded Major Projects from 2013 to 2017

Year	Name of the Project
2013	UN/REDD National Programme
	Promoting Sustainable Biomass Energy Production
	Strategic Positioning of the Department of Project Management and Monitoring Law, Access to Justice & Social Integration
	Governance for Local Economic Development
	National Bio Diversity Strategic Action Plan
2014	Comprehensive Disaster Management Programme
	Strengthening the Resilience of Post Conflict Recovery and Development to Climate Changes Risk in SL
2015	Enhancing Bio diversity Conservation and sustenance of ecosystem services in environmentally sensitive areas
	Ensuring Global Environment Concerns and best Practices
	Appropriate Mitigation Options Energy generation and end user Sectors of Sri Lanka
	Institutional Strengthening Phase XI
2016	Third National Communication to the UN framework Convention on Climate Change (UNFCCC)
2017	Strengthening the resilience of smallholders farmers in the dry zone to climate variability and extreme events through an integrated approach to water management

(* few projects are under process to be taken into the ERD records)

International Fund for Agriculture Development (IFAD)

IFAD has been a long standing partner in Sri Lanka's social and economic development since its first development credit for "Kirindi Oya Irrigation and Settlement Project" in 1978. Sri Lanka has been able to mobilize USD 297.5 million (for 18 projects) from the IFAD by ways of loans and Grants over the period since 1978, to reduce rural poverty.

The active IFAD loan portfolio is around USD 65.64 million and extended to

agriculture sectors by ways of loans. The most recent IFAD Country Strategic Opportunities Programme (COSOP) for Sri Lanka covers the period of 2015-2020. It has been developed within the Sri Lanka's changing development context and its status as a middle-income country.

IFAD has until recently, provided loan assistance on blend terms and conditions. For the ongoing and active portfolio, the loans granted on blend terms are subject to

interest on the principal amount outstanding at a fixed rate of 1.25 per cent and shall have a maturity period of twenty five (25) years, including a grace period of five (5) years, and in addition a service charge of 0.75 per cent, starting from the date of approval by the Executive Board. However, as of 1 January 2018, Sri Lanka has graduated to ordinary terms.

The projects or programmes for the forthcoming IFAD cycle 2019-2022 (IFAD 11) and respective financial terms are under discussion in between the Government of Sri Lanka and the IFAD management. IFAD has not confirmed the available resources under IFAD 11, though they are estimated to be around USD 40-50 million.

Table 9.4: IFAD Ongoing Portfolio

No	Project Name	Loan (USD.million)	Project Duration	Project Objectives
1	Sri Lanka Smallholder Tea and Rubber Revitalization Project	25.76	26.04.2016-26.11.2022	To assist tea and rubber smallholder to increase their income and strengthen their resilience by building profitable farm enterprises that are sustainable.
2	Smallholder Agribusiness Partnership Programme	39.88	26.06.2017-30.06.2023	To contribute to Sri Lanka's smallholders' poverty reduction and competitiveness. The programme development objective is to sustainably increase the income and quality of diet of 57,500 small householders involved in commercially oriented production and marketing systems, achieving through a process of forming and building capacity of producer groups and organizations and strengthening the network under the partnerships with the private sector.

2017 Completed IFAD-Assisted Projects at a Glance

Iranamadu Irrigation Development Project (IIDP)

The program goal is to reduce poverty and increase income of about 7,000 HHs (approximately 22,000 individuals) living in Iranamadu tank command area (8,455 ha). (Killinochchi District)

Project Duration : 06.11.2012 – 30.3.2017 (Loan closed 30.09.2017)

IFAD Loan : USD 19.58 million

Implementing Agency : Ministry of Provincial Councils and Local Government

Total Disbursement : 98.6%

Components	Achievements in brief
Infrastructure Development	<ul style="list-style-type: none"> The irrigation system was rehabilitated to provide irrigation facilities to 8,450 ha. Accordingly, 235 km of canals have been rehabilitated/45km farm roads got improved. Other infrastructure was developed to provide transport and marketing facilities. Accordingly, 3 paddy stores, 19 drying floors for farmer organizations were built. 17 agro wells and 5q tube wells were constructed.
Production and Marketing	<ul style="list-style-type: none"> 900 micro finance groups, field canal groups, crop producer groups were strengthen on production and marketing fields. 246 women 7 youth non-paddy crop groups were formed. 1,658 farmers were trained on bulk water allocation and 14,929 farmers were given other agricultural trainings. Crop diversification and on farm demonstrations were held under productions and marketing programs



Smallholder Plantations Entrepreneurship Development Programme

The program goal is to improve the livelihoods and social conditions of the marginalized smallholder tea producers of HADABIMA and Mahaweli resettlements in the mid-country and poor upland farmers willing to take up rubber production in the intermediate zone of Monaragala.

Project Duration : 06.11.2007-31.12.2016 (Loan closed 30.06.2017)

IFAD Loan : USD 15.25 million

Total Disbursement : 91%

Implementing Agency : Ministry of Plantations Industries

Components	Achievements in brief
Community Development and Grassroots Institutions	<ul style="list-style-type: none"> • 243 Entrepreneur Groups (8,492 members) and 132 Rubber Development Clusters (9,013 beneficiaries), 380 Savings & Credit Groups (2,480 members), were established and they actively helped the tea planting, crop diversification, land use planning, land regularization, community procurement, savings, etc. • There were matching grant facilities for 290 beneficiaries (value of Rs 13 million) in Monaragala and for 796 beneficiaries (value of Rs 35.2 million) in mid-country (Kandy and Nuwara-Eliya).
Crop Diversification & Development	<ul style="list-style-type: none"> • In mid-country, around 250 hectares (number of beneficiaries -2,500 widely scatted in 69 GN divisions) land was improved with tea-replanting and around 540 hectares land was improved with tea infilling. • In Monaragala, around 5,087 hectares land was improved with rubber-replanting and around 3,215 hectares land was improved with spice, fruits, coconut and crop development. (Around 4,750 farmers were benefited with the production increase of hybrid maize and passion fruits).
Processing & Marketing	<ul style="list-style-type: none"> • In mid-country and Monaragala, around 42 processing centres were established. 3,100 people were trained on post-production and marketing, marketing groups consisting 1,702 people were trained and formed, further 48 marketing groups were strengthened with women leadership, 4,036 people were trained on business and entrepreneurship. • 700 goats were provided for entrepreneurship development and and entrepreneurs were assisted with 946 cattle and goat sheds.
Rural Financing and Credit (both sub programs)	<ul style="list-style-type: none"> • Many beneficiaries were profited with soft loans to establish their income generating activities on agriculture. (by mid-2016, there were 3,704 beneficiaries) • Credit worthiness and better access to appropriate financial institutions of around 3,700 beneficiaries were improved



National Agri Business Development Programme

The program goal is to increase the incomes of farm owners and especially landless youths by 20-30% through a combination of better prices for farmers, increased farm productivity and value addition to processed farm products

Project Duration : 17.12.2009-31.12.2017 (Loan will be closing 31.06.2018)
 IFAD Loan : USD 25 million
 Total Disbursement : 80%
 Implementing Agency : Presidential Secretariat

Components	Achievements in brief
To increase their income via participation in market chain development and linkages	NADeP linked rural producers with the private partners establishing buy back arrangements to assure market for the farmers produce through 4P approach and supported selected out grower farming systems by providing grants and credit opportunities in-order to facilitate their farming activities as per the industry requirement. There were 19 “4P” Agreements were signed and 16 of them were financed. These partnerships covered seaweed, maize, seed onions cultivation, dairy development, etc. A total of 17,651 rural small producer households have been mobilized and supported under the component 1 and approximately Rs 1.3 billion worth Investment made. (public investment + private sector investment + beneficiary investment) Private companies paid approximately Rs 1.5 billion as a farmer income for the supplies.
To provide micro-financing facilities to the targeted group as well as conduct training programmes to assist youth for better employment	Under the Micro Finance component nearly 25,816 individuals mobilized and 8998 of them were provided with Small holder Group (SHG) loan facilities. A total of 3,348 youth have been supported through provision of training, and have been directly linked to commercial banks (with opening of savings accounts); of these youth, 56% or 1,863 youth have received start-up or expansion capital through credit which are mostly related to Agri businesses. At the special request of the Government, NADeP issued Post disaster Economic Activities Rehabilitation Loan (PEARL) under the supervision of IFAD aiming to assist farmers affected by natural disasters, especially floods & droughts etc. Thus under the PEARL scheme 1,822 loans were dispensed.

Public-Private-Producer Partnership -(4P) Revolutionary Strategy in Agri-Businesses ----Pioneered 1st time in Sri Lanka under NADeP----

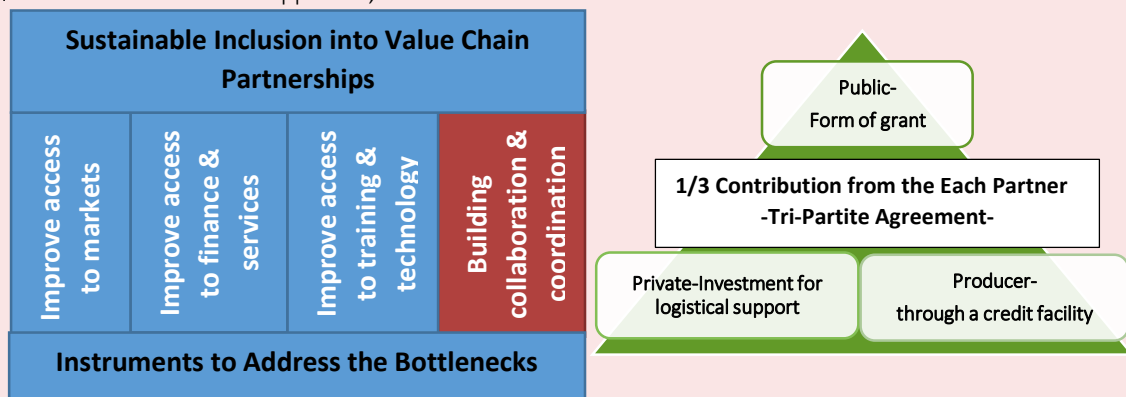
National Agribusiness Development Programme (NADeP) aimed to increase smallholder farmers' incomes through participation in marketing chain development and linkages and to provide micro-financing to the target group as well as training for youth for better employment and was implemented under the Presidential Secretariat. It was able to pioneer in introducing Public, Private and Producer Partnership (4P) approach as a powerful tool of rural poverty alleviation, with an assistance of the IFAD's technical and financial assistance. NADeP is the first programme financed through public funds (loan funds) to promote public private partnerships in the development of rural value chains, and evolved through its implementation, serves as a critical tool in operationalizing the Government's policy in Agriculture and Sustainable Development.

1. With the success of the project in terms of the relevance, progress and outcomes, a new program, "Smallholder Agribusiness Partnerships Program (SAPP)" has been designed with an evolved concept of NADeP and it was embedded with the essence of NADeP to carry out the theme of promoting 4P concept in Sri Lanka. The SAPP was signed between the Government of Sri Lanka (GoSL) and the International Fund for Agriculture Development (IFAD) in 26.6.2017.

2. **In Vision 2025 of Sri Lanka.....**

The Government will promote a Smallholder Agribusiness Partnership (SAP) project to enhance competitiveness. The SAP establishes and scales-up public-private producer partnerships (4Ps) in agribusiness. It enables inclusive rural financial services provision, joint financing, and risk sharing, thereby empowering smallholder farmers as business partners. We will facilitate linkages between smallholder producers and modern value chain actors.

3. In this holistic 4P" Approach,



4. 'Innovative models for inclusive and sustainable agribusiness development through Public Private Producer Partnerships (4Ps)' 3 days-Global Event was co-organized by the Government of Sri Lanka (GoSL) and the International Fund for Agricultural Development (IFAD) and it was held in Colombo during March 21-23, 2018 with the 67 foreign participants from 19 countries to exchange knowledge on innovative solutions in terms of instruments, structure and 4P modalities that enable small producers and small enterprises to improve their food security, income and livelihood conditions. This conference provided visibility for GoSL initiatives in relating to the 4P strategy.



Technical Assistance

As the focal point of the mobilization of foreign training opportunities, ERD administrates foreign training opportunities offered by the development partners and distribute available opportunities among Line Ministries, Provincial Councils, Departments and other Government Agencies in a transparent manner. Accordingly, ERD conducts negotiations time to time with the development partners such as Australia, China, Japan, Korea, India, Singapore, Thailand, Malaysia, and maintain a strong relationship with those partners to structure productive capacity development programme to public officials.

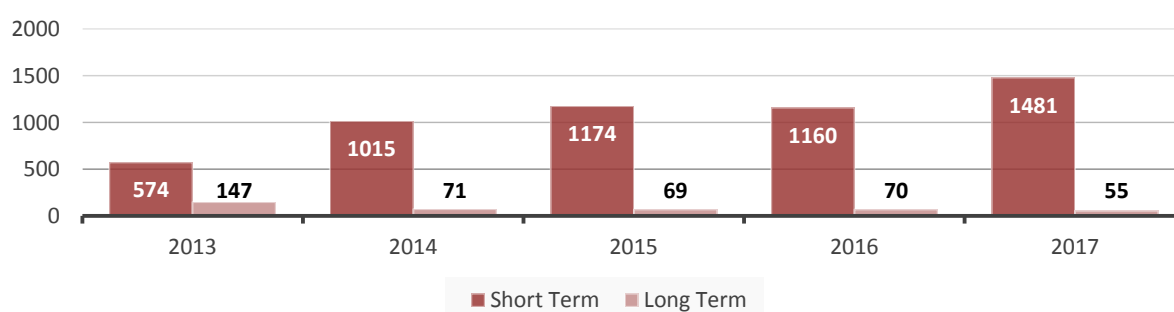
In generally, GOSL annually receives around 1,100 foreign training opportunities by way of long - term (8 months or over) and short - term trainings from more than ten development partners. In 2017, a total of 1,536 foreign training

opportunities were received and out of 55 were long term training opportunities and the balance were short term training opportunities. The following chart shows the number of training opportunities received in 2017.

Table 9.5: No. of Training Oppotunities

Donor	No of Programmes		No. of Nomination Received		No. of Selected Officials	
	Short Term	Long Term	Short Term	Long Term	Short Term	Long Term
ADB	61	-	96	-	53	-
Colombo Plan	15	3	56	-	28	2
Australia	2	1	39	30	30	30
China	183	8	1032	1	882	-
Malaysia	30	-	96	-	12	-
Singapore	32	-	244	-	52	-
Sweden	1	-	1	-	1	-
Thailand	30	15	327	13	25	2
Korea	38	22	259	23	191	2
India	119	1	290	1	68	1
Japan	65	5	251	31	139	18
Total	576	55	2691	99	1481	55

Chart 9.6: Total Numer of Foreign Training Opportunities

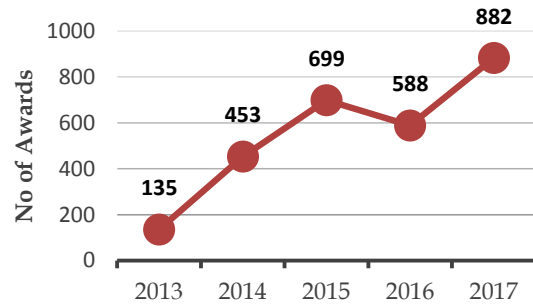


Contributions by Development Partners

Government of China

Government of China has gradually increased its support to train public sector officials by providing short term and long term programmes. The major areas of the short term training programmes include health, agriculture, animal husbandry, industry, infrastructure, environment, education, disaster management, public administration, construction etc. The training programmes offered by the Government of China has covered wide range of subjects and offered significantly higher number of opportunities under each programme. Since 2013, about 2,757 public sector officials have been trained under various China training programmes. As per the records, in 2017, there was an unexpected and unprecedented improvement in the training opportunities offered by China. For instance, in 2017,

Chart 9.7: Trends of the Trainings Offered by the Government of China



approximately 900 officials have been selected to obtain foreign exposure in China which is 33 percent increase than the previous year. The Chinese Government has made its maximum effort to select all nominees who have applied for those programmes by selecting maximum 8 officials per programme.

The Government of Korea

Since last 3 decades Sri Lanka has been benefiting a large number of short term and long term training programmes and services of volunteers and experts from Korea through the Korean International Cooperation Agency (KOICA).

Accordingly, the Government of Korea has provided 753 foreign training opportunities

from 2013 to 2017 in the fields of safe drinking water management, communication technology, climate change, judicial fairness agricultural technology, education, Narcotics, traditional medicine and etc. In 2017, Korean Government has offered 193 opportunities for the officials as follows.



Apart from the foreign training programmes, one in-country programme has been offered by KOICA in collaboration with the Korea Institute of Rural

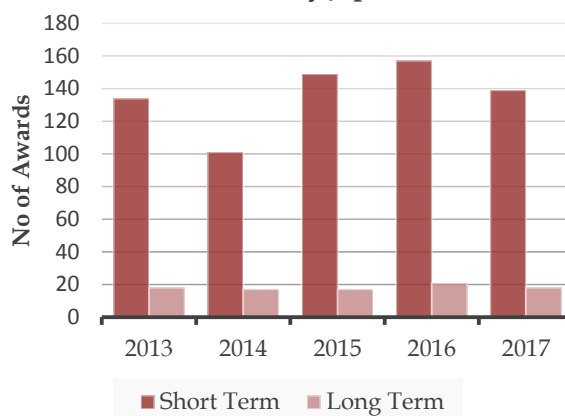
Development and 35 officials have been trained in the field of Rural Development.

The Government of Japan

The Government of Japan which is recognized as one of the countries with well-developed human resource practices has been taking part in the development process of Sri Lanka through provision of training opportunities for government officials. They provides significant number of short term and long term training programmes annually through the Japanese International Cooperation Agency (JICA) to obtain exposure from their development experience enabling trainees to make productive decisions and to deliver efficient, effective and good quality service to the citizens of this country. Accordingly, around 10 percent of total foreign training opportunities (long term and short term) received by Sri Lanka in 2017 funded by

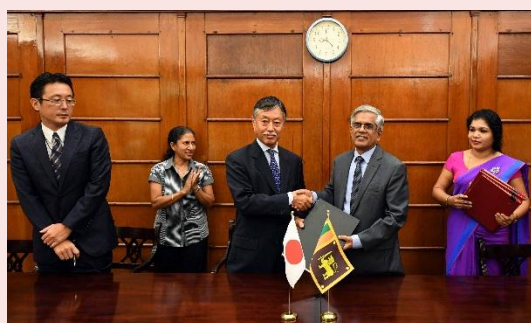
JICA in the fields of agriculture, power and energy, environment, livestock, health, governance, transport etc.

Chart 9.8: Total Number Opportunities offered by Japan



Japanese Development Scholarship Programme (JDS)

The Japanese Grant Aid for Human Resources Development Scholarship (JDS) Programme was introduced in Sri Lanka in 2010 by the Government of Japan in order to provide opportunities to the executive level public sector officials to undergo Master Degree Programmes in prominent universities in Japan. Accordingly, under the first framework (2010-2013) and the second framework (2014-2017) of this programme, opportunities have been provided to 120 officials (15 per year).



As the second framework of this programme was completed in 2017, in response to the request made by the GOSL, the Government of Japan has agreed to continue this programme for an additional period of four years. Accordingly, the third framework has been designed for the period of 2017 - 2020 to provide 15 scholarships per year to undergo Master Degree Programmes in Japan. After considering the necessity of further career development of JDS fellows, the Government of Japan has agreed to offer PhD programmes at most 02 slots per batch.

In order to facilitate the final batch of the second framework and the first batch of the third framework, the Government of Japan has offered a grant assistance of Japanese Yen 208 million (approximately Rs. 282 million) for the year 2017 and Japanese Yen 262 million (approximately Rs. 358 million) for the year 2018 respectively. Accordingly, two Exchange of Notes between the two Governments and Grant Agreements between the GOSL and the JICA for the implementation of this programme were signed on 30th June 2017 at the Ministry of Finance and Mass Media.

Young Leaders Programme

Under the Young Leaders Programme 2- 3 opportunities are annually provided for Master Degree Programmes which can be followed in Japanese Universities. In addition, JICA provides group training programme in line with the development priorities. In 2017, 17 participants have been trained under this programme.

Japan-Asia Youth Exchange Programme in Science (SAKURA Exchange Programme in Science)

With the aim of raising the interest of Asian youths toward the leading Japanese science and technologies at Japanese universities, research institutions and private companies the Japan Science and Technology Agency (JST) has invited outstanding high school students with accompanying supervisors from Sri Lanka

to take part in the Sakura Science programme which was held in Japan. Accordingly, 10 high school students and 2 supervisors were participated this programme in 2017. In addition to that, 12 government officials were also participated this programme in 2017.

The Government of India

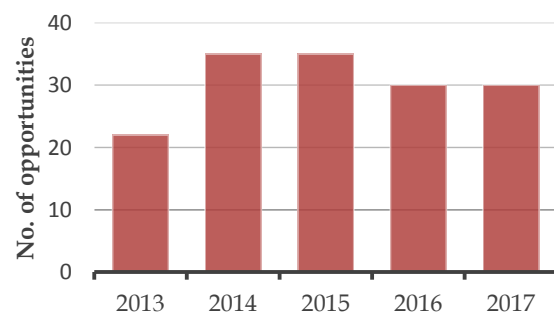
The Government of India is one of the major Development Partners of Sri Lanka which provides large number of training programmes relevant to the health, agriculture, entrepreneurship and small and medium enterprises, finance, and accounting, English Language ,IT and

other sectors. From 2013 up to end of 2017 around 340 officials have been trained by the Government of India in various fields. As per the records, during 2017 nominations for the 120 programmes have been called from relevant ministries and 69 officials have been selected to follow them.

The Government of Australia

For more than half a century, the Government of Australia has been providing opportunities to Sri Lankan private and public sector officials to follow long term and short term training courses in prominent Universities in Australia. Currently the Government of Australia provides foreign training opportunities to follow Master Degree Programmes in the areas of Economic Development, Good Governance and Gender Equality. Though, ten years before only 4- 8 officials had opportunities to study in Australia, this situation has dramatically been changed after 2010 due to high demand for the programme and based on the academic and other qualifications shown by the applicants. From 2013 up to end of 2017 Government of Australia offered long-term scholarships around 152 under this purpose After having fruitful discussions with the Government of Australia, ERD was able to obtain additional short term training programmes to Sri Lanka public sector officials. Accordingly, 30 officials were selected to participate in two training programmes offered by the Government of Australia in 2017.

Chart 9.9: Long Term Opportunities Provided by the Government of Australia



Asian Development Bank

The foreign exposures arranged by the Asian Development Bank (ADB) are Seminars and Forums of 2 – 8 days and mainly focuses on the senior level officials. Sri Lanka annually receives about 50 such capacity development opportunities. As per the records, opportunities have been

given to around 53 officials in the fields of environment, trade and finance, capital market, debt management, public sector challenges and social protection in 2017. ADB also utilizes the expertise knowledge of Sri Lankan Expertise for their training programmes as Resource Persons.

The Government of Singapore

The Government of Singapore annually provides a significant number of training programmes in various fields. From 2013 up to 2017, around 215 officials have been trained under the Singapore Corporation

Programme. In 2017, nominations for the 32 programmes have been called from relevant ministries and 52 officials have been selected.

The Colombo Plan Secretariat

The Colombo Plan which was established in 1951 also provides short term training scholarships to improve human resources of the country. Since 2013 up to end of 2017, Sri Lanka has obtained around 74 foreign training opportunities from Colombo Plan in the fields of public administration, environment, public sector development, drug advisory programmes.

The Government of Thailand

The Government of Thailand is one of the major development partners of Sri Lanka which provided significant number of long term and short term programmes to public sector mainly related to the agriculture and health sectors. Annually we receive around

30 opportunities including long term opportunities to read Master Programmes in Thailand. Since 2013 up to 2017, around 134 officials have been trained by the Government of Thailand in various fields.

Government of Malaysia

The Government of Malaysia also annually provides significant number of short term training programmes to Sri Lanka in various fields. As per the records, nominations for 30 programmes have been invited from relevant ministries and 12 officials have been selected for the programmes in 2017.

Services of Volunteers

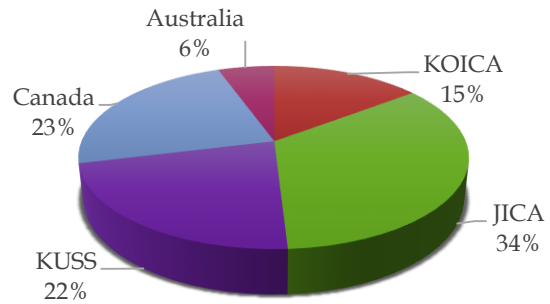


Apart from the training programmes, technical assistance division coordinates and facilitate to obtain services of foreign experts and volunteers for the line ministries.

Role of the ERD on International Volunteerism

- Co-ordinate to assign the international volunteers to the various agencies
- Grant entry visa for identified volunteers
- Grant residence visa for the volunteers
- Grant extension of services to volunteers if necessary
- Monitor volunteers’ activities in Sri Lanka
- Issue identity cards for volunteers

Chart 9.10: No of Volunteers Received in 2017

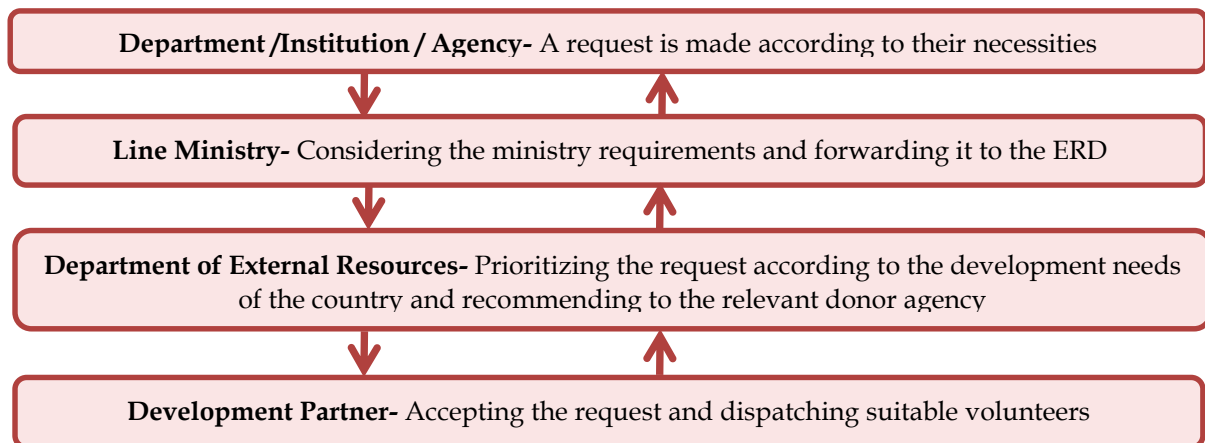


JICA Volunteers

Apart from the provision of training programmes, JICA facilitates us to obtain services of volunteers and it was started in 1981. Accordingly, on the request of line ministries annually large number of young, talented volunteers specialized in various fields such as computer science, education, automobile, early childhood education, nursery education, music, arts, library science, electrical and electronic and etc. dispatched by JICA. Before dispatch them, they will be provided

various training including local languages. Since 1981 up to now more than 1,124 volunteers have been dispatched. In 2017, 54 volunteers have been dispatched and the highest number of volunteers have been dispatched to the Ministry of Education. We have requested assistance to obtain volunteer in the field of beauty culture to be located at selected National Youth Corps center to train female rangers in this subject at National Vocational Qualification level (NVQ).

Process of Assigning Volunteers



KOICA Volunteers

Services of volunteers and advisors are one of the major activities of KOICA which started in 1991. Accordingly, large number of committed, talented and young

volunteers specialized in various fields such as computer science, Korean language, education, automobile, early childhood education, nursery education,

music, arts, library science, electrical and electronic and etc. have been dispatched annually by KOICA. Since 1991, more than 700 volunteers have been dispatched. In 2017 along, 24 volunteers have been dispatched. The highest number of volunteers have been dispatched to the Technical Colleges/College of Technologies/Vocational Training Centers / National Youth Services Council under the purview of the Ministry of Youth Affairs and Skills Development.

Apart from the KOICA volunteers, the Government of Korea dispatched youth volunteers through the Korean University Council for Social Service for a period of 5 months to Sri Lanka. This programme has been introduced to Sri Lanka in 2016 and up to now 2 batches have been dispatched. In year 2017, 36 young volunteers have been dispatched to Sri Lanka.

Following projects have been completed by KOICA Experts and Volunteers using KOICA funds in year 2017.

Completion Month	Name of the Project	Place	Budget (USD)
2017.03	Upgrading of Taekwondo Gym	South Eastern University	28,000
2017.04	Upgrading of IT Environment	College of Technology in Jaffna	50,000
2017.05	Upgrading of Korean Language Classroom	College of Technology in Ampara	14,000
2017.10	PT room Creation and Medical Environment Upgrade in Korean Clinic	Korean Clinic, Ayurveda Hospital ,Borella	50,000
2017.10	Installation of Electronics Practical Labs	Vavuniya Technical College	35,000

Government of Canada

Under Uniterra volunteers Programme, it is expected to increase the capacity of Sri Lankan partners to deliver sustainable development results, in response to local needs, by using the skills and expertise of qualified Canadian volunteers. It is also






expected to facilitate south-south cooperation and the participation of national volunteers. This programme was initiated in 2016 and since then 70 volunteers have been dispatched to various institutions.

Government of Australia

The Subsidiary Arrangement (SA) was signed by the Director General of ERD and the High Commissioner of Australia on 10th December 2017 for a period of five years to provide an opportunity to Australian volunteers to share their skills and knowledge with local counterparts on short term (six months) and long term (up to three years) basis. Accordingly, about 32

Australian volunteers worked in Sri Lanka through the Australian Volunteers for International Development programme between 2015-2017. Most of the volunteers are serving in the sectors of Education, Skills Development etc. ERD is the Sri Lankan Government counterpart for this programme.

2017 Highlights

 <p>Reporting Session</p>	<ul style="list-style-type: none"> - A reporting session for the 1st batch of 2nd framework of Japanese Grant Aid for Human Resources Development Scholarships (JDS) fellows was conducted on 24th January 2017
 <p>Information Sessions</p>	<ul style="list-style-type: none"> - An information session was conducted on 01st March 2017 for the officials to make them aware regarding the Australian Awards intake 2018 - An information session was conducted with the participation of the Development Partners and the representatives of the all line Ministries and Government agencies to be made aware about the foreign training programmes offered by the various Development Partners to the Government officials in order to utilize the available training opportunities in an optimal way. Accordingly, this session was held on 16th November 2017 at the Auditorium of the Miloda Academy of Financial Studies
 <p>Volunteer Cooperation</p>	<ul style="list-style-type: none"> - 08 official ceremonies for dispatch JICA Volunteers have been conducted in 2017 with representatives of the respective Ministries. - 05 awareness programmes were conducted to KOICA Volunteers on “Role of ERD towards the volunteer programmes in Sri Lanka” in 2017. - Issued 78 identity cards for JICA and KOICA volunteers
 <p>In-country Fellowship Programme</p>	<ul style="list-style-type: none"> - Conducted an in-country fellowship programme on Strengthening Low Income Families through women in rural area in collaboration with Korea International Cooperation Agency Sri Lanka Office and Korea Institute of Rural Development on 13th - 15th December 2017 in Colombo. Through this programme 35 officials of Mahaweli Authority of Sri Lanka have been trained. - Conducted an in-country on-site workshop on waste management in response to climate change in collaboration with Colombo Plan Secretariat and Korea International Cooperation Agency Sri Lanka Office on 04th to 08th April 2017 in Colombo.
 <p>Government Representation</p>	<ul style="list-style-type: none"> - Represent the Government of Sri Lanka at the 4th High Level Dialogue on Financing for Development in Asia and the Pacific was held on 28 -29 April 2017 in Bangkok. - Represent the Government of Sri Lanka at 03 Council Meetings of Colombo Plan which were held on Sri Lanka

10. CAPITAL MARKET AND INVESTMENT DIVISION

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. Further, this division monitors the global debt capital market conditions to seek the best opportunity to access the global markets to fulfill the financing needs of the Government.

Recent Trends in Capital Markets

Chart 10.1: Behaviour of the 10 year Treasury Bond Rates (2008-2018)

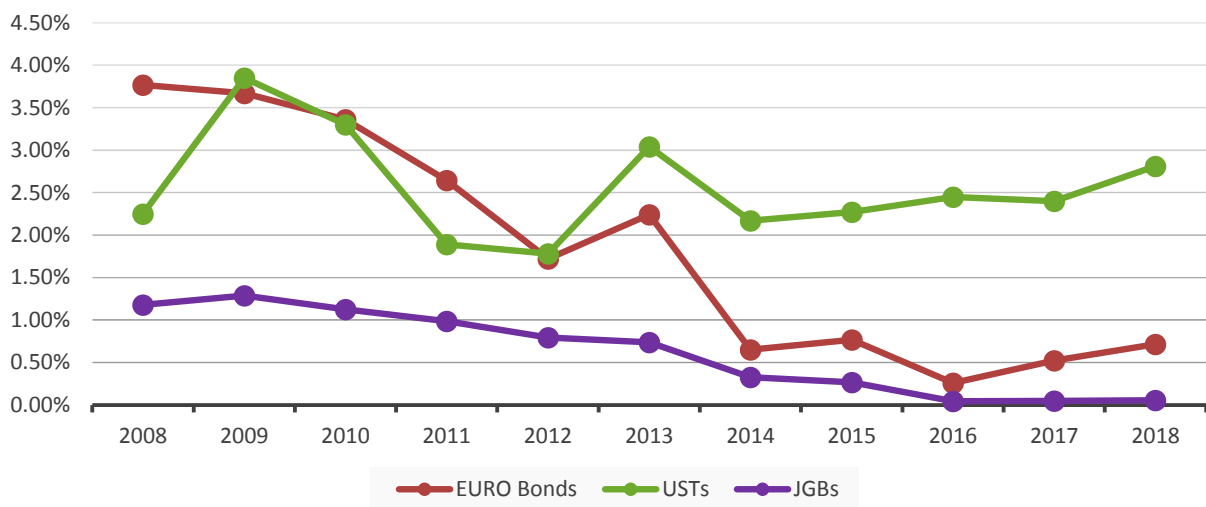
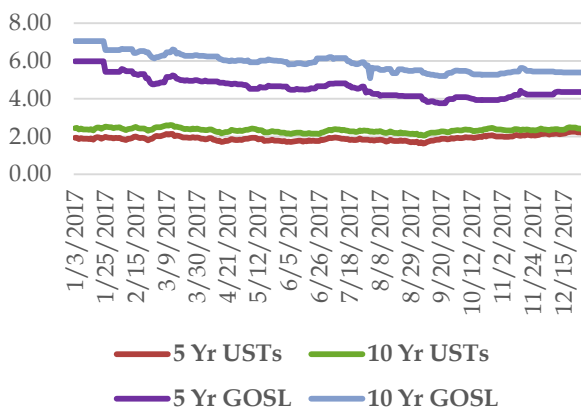
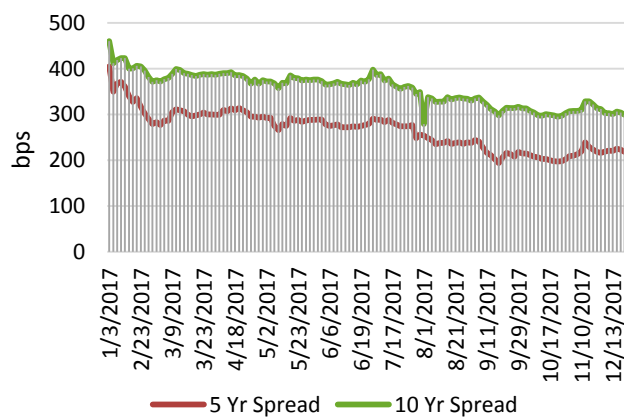


Chart 10.2 :5 Year & 10 Year US Treasuries Vs. International Sovereign Bonds (ISBs) issued by GOSL 2017



Although the 5 and 10 year US Treasuries (USTs) remained within a corridor of 250 - 280 bps, the GOSL 22 and GOSL 27 bonds which were trading around 400 and 450 bps respectively off the corresponding UST

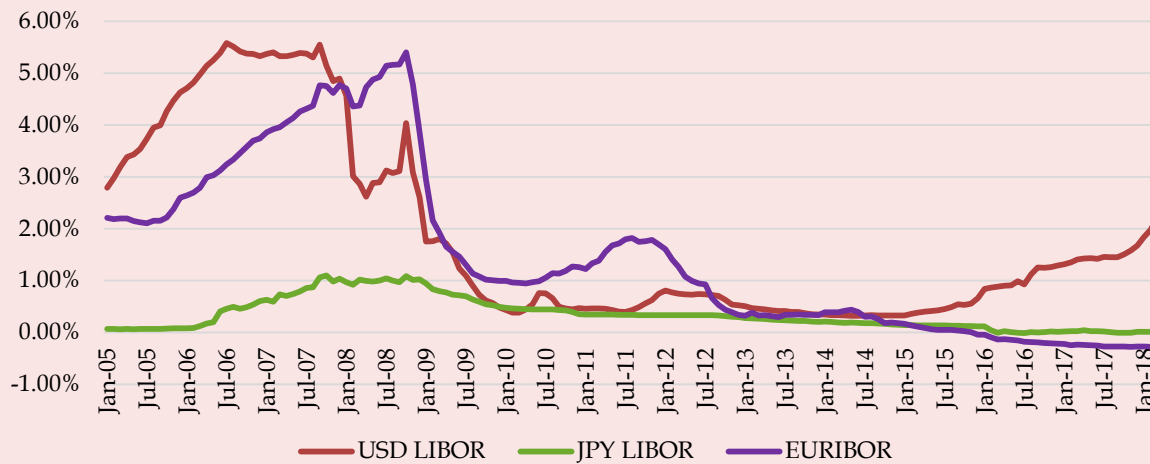
Chart 10.3: 5 Year & 10 Year UST Spreads Over ISBs



saw a downward trend with the spreads closing at around 250 and 330 bps respectively, a significant contraction of about 27%.

Global Interest rate movements during the period 2005-2018

Chart 10.4: 6 month Interest Rates



LIBOR stands for London Interbank Offered Rate. LIBOR is an indicative average interest rate at which a selection of banks (the panel banks) are prepared to lend one another unsecured funds on the London money market. Accordingly, LIBOR interest rates are not based on actual transactions. The official LIBOR interest rates are announced once a day at around 11:45 a.m. London time by ICE Benchmark Administration (IBA). The rates may only be published by partners of the IBA. LIBOR is calculated for 7 different maturities from overnight to 12 months and for 5 different currencies includes American Dollar, British Pound, Euro, Swiss Franc, and Japanese Yen.

The history of the USD Libor rate has shown it is usually a few tenths of a point above the Fed funds rate. When it diverged from the Fed funds rate in September 2007 that signaled the financial crisis of 2008.

During 2008, bankers became more hesitant to lend to each other. They were afraid of the collateral that included sub-prime mortgages. Libor rose steadily to indicate the higher cost of borrowing.

In October 2008, even though the Fed dropped the Fed funds rate to 1.5 percent LIBOR has risen to a high of 4.8 percent. By the end of 2009, LIBOR returned to more normal levels due to Federal Reserve measures to restore liquidity.

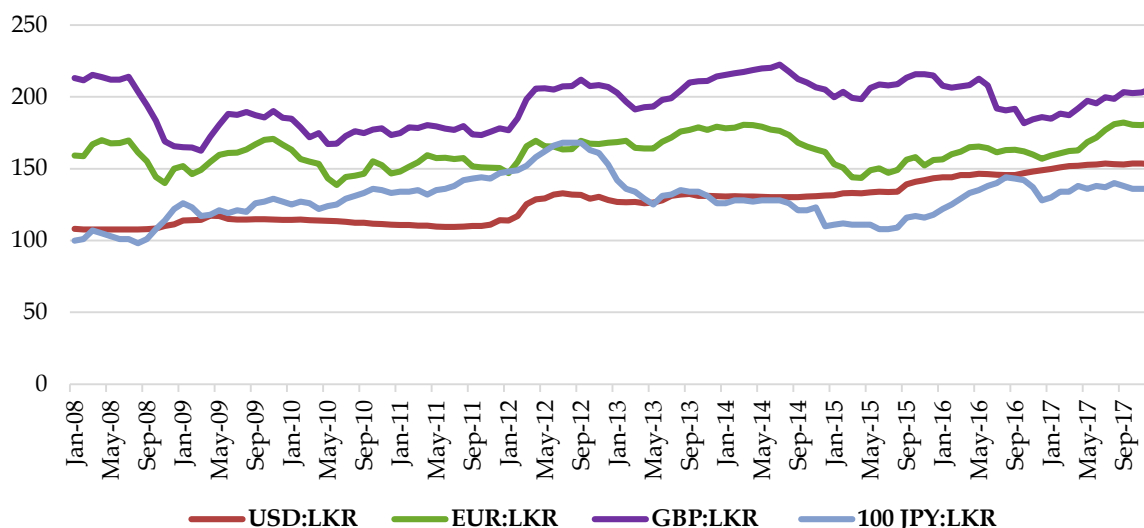
Since 2010, LIBOR has steadily declined to be closer to the Fed funds rate. From 2010 to 2013, the Fed used quantitative easing to keep rates low. It bought U.S. Treasury notes and mortgage-backed securities from its member banks.

Currently, with the reversal of quantitative easing programme by the US Fed and rising inflation pressures in the US, the US LIBOR rates are showing an increasing trend.

In contrast to the US LIBOR, the EURIBOR rates shows further decreasing and has fallen to its negative since end of 2015. This is mainly due to the recent expansionary Monetary Policy followed by the European Central Bank (ECB) to drive interest rates down. The EURIBOR rate is the rate of interest at which banks in the euro area lend to each other.

Reference: Bloomberg, Global-rates.com, thebalance.com, Thomson Reuters

**Chart 10.5: Major Currency Movements Against LKR over 10 years
(2008-2017)**



Mobilizing Domestic Financing from Domestic Banks

Road Development Authority (RDA) which raised from the local Banks Rs.151.7 billion to finance 64 priority road rehabilitation and improvement projects. By end of 2017, RDA had disbursed Rs.148.63 million and completed 61 of the 64 projects. Other than these priority road development projects, RDA had also accessed local bank financing to supplement the domestic financing component of three foreign financed projects. This included USD 44.7 million to meet the variations to the scope of works of construction of Colombo - Katunayake Expressway Project (CKE), Rs. 1,810 million to finance the of consultancy services for construction supervision of the Outer Circular Highway (OCH) Project - Phase III - Kadawatha to Kerawalapitiya and Rs. 2,551 million to finance the of consultancy service of the Central Expressway Project Section I.

The Central Expressway Project (CEP) one of the flagship projects of the Government also accessed the local Banks to finance

Section II of the CEP. The Section II of the CEP is undertaken by the 12 local contractors for which by the end of December 2017 Rs.34 billion was raised from the People's Bank, National Savings Bank and Sampath Bank to be utilized for Land Acquisition, Civil Construction and Consultancy for construction supervision.

Access to safe drinking water is a priority of the Government and the National Water Supply and Drainage Board (NWS&DB) entered into loan agreements with local Banks amounting to almost Rs.70 billion for 16 Water Supply Projects.

In addition to these Priority Water Supply Projects, NWS&DB also accessed local bank financing to meet part of the cost of three Indian Exim Bank funded Projects; Aluthgama, Mathugama and Agalawatta Integrated Water Supply Project, Polgahawela, Pothuhera, Alawwa Integrated Water Supply Project and Kundasale - Haragama Integrated Water Supply Project.

Table 10.1: Details of the Water Supply Projects funded by Local Banks

Water Supply Project (WSP)	Contractor	Bank	Cost (Rs.million)
Implementation of Colombo City Water Supply Improvement Project - Phase 1	V.V. Karunaratne & Company	BOC	2,792.07
Town's East of Colombo- Package I (Diyagama & Padukka Balance Area)	Access Engineering PLC	BOC	5170.00
Bentota WSP	K.D.A.Weerasinghe & Co (Pvt) Ltd	NSB	1239.47
Ruhunupura Distribution WSP	K.D.A.Weerasinghe & Company (pvt) Ltd	Commercial Bank	1,929.61
Ampara Distribution Network WSP	Sunpower Construction (pvt) Ltd	NDB, BOC & 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	BOC	3,499.00
Laggala Water Supply Project	Hovael, CML-MTD Joint Venture	HNB	4,495.87
Wilgamuwa Water Supply Project	Hovael, CML-MTD Joint Venture	HNB, NDB	3,580.42
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	BOC	10,049.41
Uragasmanhandiya, Gonapinuwala, Dikkumbura, Weligama WSP	Squire Mech Engineering (Pvt) Ltd	BOC, People's Bank	1,754.78
Town East of Colombo District WSP Package II	Maga Engineering Ltd	BOC	4,822.96
Galagedara/ Mawathagama WSP	Maga Engineering (pvt) Ltd	DFCC	3,126.24
Kosgama, Avissawella Integrated WSP	International Construction Consortium (pvt) Ltd	BOC	1,382.43
Medirigiriya Water Supply Project	Sanken Construction (Pvt) Ltd	BOC	1,500.03
Ettampitiya Water Supply Project	Tudawe Brothers (Pvt) Ltd.	People's Bank	2,243.89
Kundasale - Haragama Integrated Water Supply Project	Pratibha Industries Limited	BOC	3,378.00
Matara Stage IV Water Supply Project	Kolon-Samsung C&T JV	NDB	Rupees equivalent to USD 76.83 million + LKR 2,448.81 million
Aluthgama, Mathugama and Agalawatta Integrated WSP	Ion Exchange India Limited	BOC	Rupees equivalent to USD 29.10 million
Polgahawela, Pothuhera, Alawwa Integrated Water Supply Project	Va Tech Wabag Limited	BOC	Rupees equivalent to USD 16.20 million

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 a tenure of 14 ½ years with a 2 ½ years grace period. Priority was given to water projects in areas that are vulnerable to the Chronic Kidney Diseases (CKD).

Given the financial position of the NWS&DB, 75% of the loans raised by the NWS&DB for rural projects and 50% of the

loans raised for urban projects will be serviced and repaid by the Government.

During 2017, Rs. 9,613 million was raised by the NWS&DB from People's Bank in lieu of the GOSL counterpart funds for the foreign funded projects.

Similarly, the Urban Development Authority (UDA) also accessed the People's Bank for a loan facility amounting to Rs. 11,510 million in lieu of the counterpart funds to be provided by the GOSL.

Table 10.2: Domestic Borrowings by SOEs for Infrastructure Development Projects

Name of SOE	Bank	Commitment as at 31.12.2017 (Rs. billion)	Total disbursement as at 31.12.2017 (Rs. billion)
Road Development Authority (RDA)- Priority Road Development Projects	BOC	36.7	35.39
	Peoples Bank	14.6	14.35
	NSB	55.4	55.25
	HNB	28.26	27.22
	Commercial Bank of Sri Lanka	7.2	7.02
	DFCC	1.3	1.32
	NDB	8.35	8.05
RDA- Colombo Katunayake Expressway Project	People's Bank	USD 44.7 million	USD 43.56 million
RDA- Outer Circular Highway Project (Financing of consultancy services for construction supervision)	Bank of Ceylon	1.8	0.69
RDA- Central Expressway Project Section I, consultancy services for construction supervision	Bank of Ceylon	2.55	-
RDA - Central Expressway Project Section II (including land Acquisition)	People's Bank, NSB, Sampath Bank	34.0	30.84
Sri Lanka Land Reclamation and Development Corporation- Weras Ganga Storm Water Drainage and Environment project	NSB	14.2	2.80
National Water Supply & Drainage Board	NSB, BOC, P/B, HNB, NDB, Commercial	79.53	36.81
National School of Business Management(NSBM)- Construction of Proposed university Complex of National school of Business	BOC	8.6	8.37

Management Limited (NSBM) at Homagama			
Kotalawala Defence University (KDU)-	NSB	USD 201.6 million	Rs. 3.16 Bn +USD 177.33 million
Ceylon Shipping Corporation Ltd-purchase of 2 Ships (02 Panamax Bulklers)	People's Bank	USD 80.7 million	USD 80.7 million
Ministry of Higher Education - relocate and develop the Institute of Technology at University of Moratuwa	Commercial, HNB	10.3	9.84

Foreign Currency Term Loan Facilities from International Capital Markets

GOSL raised USD 1,000 million successfully in two tranches in year 2017 through a Foreign Currency Term Financing Facility within the approved borrowing limits for 2017. The first tranche, USD 450 million was received in May and USD 550 million was disbursed in August concluding the transaction successfully.

The USD 1,000 million was raised at 6 month USD LIBOR plus margin of 2.00 percent p.a. Upfront fee of 1.50 percent and Agency fee of USD 30,000 p.a. The Joint Lead managers of this loan were chosen through a competitive mechanism and were 6 international banks including Bank of Baroda, Singapore Branch ("BOB"), Qatar National Bank (Q.P.S.C.), Singapore Branch ("QNB"), State Bank of India, Hong Kong Branch ("SBI"), Deutsche Bank AG, Singapore Branch ("DB"), Indian Bank, Colombo Branch ("IB") and Sumitomo Mitsui Banking Corporation, Singapore Branch ("SMBC") appointed as Mandated Lead Arrangers and Book runners (MLABs).

Monitoring Domestic Debt Capital Market and Facilitating SL Sovereign Bond Issuances

During the year 2017 International Sovereign Bonds (ISBs) amounting to USD 1,500 million in May 2017 were issued. Bonds were priced at 6.20 percent at par value with a tenure of 10 years achieving an oversubscription ratio of over 7 times. Further, compared to the 2016 spread between US Treasury 10 year yield and 10

year Sri Lanka bonds yield, 2017 spread has substantially declined indicating a reduction in the risk premium demanded by the investors. The geographical distribution was well diversified, with 58% of the final allocations being given to the U.S., 22% to Europe, and the remaining 20% to Asia.

Table 10.3: Details of Sri Lanka Sovereign Bond Issuances

Name	Date of Issuance	Ratings (Moody's/S&P/Fitch)	Amount (USD million)	Coupon Rate (%)	Tenure (Years)	Maturity Date	Price As at 31.12.2017	Yield as at 31.12.2017(%)
SL'19	06/01/2014	B1/B+/B+	1,000.0	6.000	5	14/01/19	102.88	3.13
SL'19	07/04/2014	B1/B+/B+	500.0	5.125	5	11/04/19	101.88	3.60
SL'20	30/10/2010	B1/B+/B+	1,000.0	6.250	10	04/10/20	105.75	4.02
SL'21	27/07/2011	B1/B+/B+	1,000.0	6.250	10	27/07/21	107.00	4.12
SL'22	25/07/2012	B1/B+/B+	1,000.0	5.875	10	25/07/22	105.00	4.39
SL'22	11/07/2016	B1/B+/B+	500.0	5.750	5.5	18/01/22	106.00	4.41
SL'25	28/05/2015	B1/B+/B+	650.0	6.125	10	03/06/25	106.25	5.10
SL'25	27/10/2015	B1/B+/B+	1,500.0	6.850	10	03/11/25	110.75	5.16
SL'26	18/07/2016	B1/B+/B+	1,000.0	6.825	10	18/07/26	110.50	5.28
SL'27	04/05/2017	B1/B+/B+	1,500.0	6.200	10	11/05/27	105.88	5.39

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

Active Liability Management Act to Improve Public Debt Management

The Cabinet of Ministers at its meeting held on 08.06.2016 was advised on the necessity to adopt active debt management strategy in order to address the current concerns on public debt. Liability management is a major instrument in active debt management.

Subsequently, the Budget 2017-Proposal No. 364 considered the establishment of an Independent Debt Office, introduction of necessary legislation and adoption of liability management mechanism with a host of options, including buy backs and reissuance of existing debt in order to address prevailing structural problems in public debt management.

Liability management is carried out by restructuring the debt portfolio to ease the repayment of debt in the future. Such restructuring is carried out in line with the government's cash-flows, prevailing and expected interest rates and bunching profile of debt. As a result, it helps debt sustainability and active debt management discipline.

The liability management mechanism generally covers securities issued for raising loans and traded in the market such as Treasury bills, Treasury bonds, Sri Lanka Development Bonds (denominated in US Dollars issued in Sri Lanka) and International Sovereign Bonds (US Dollar bonds listed and issued overseas). Liability management can also be applied to other loans raised on negotiated terms, as well.

The Cabinet of Ministers granted approval to conduct liability management and to draft the Active Liability Management Bill given that the existing legal framework of the country does not sanction raising of finances to meet obligations that arises in another fiscal year. The Cabinet of Ministers at its meeting held on 16.01.2018 approved the draft Active Liability Management Bill which was published in the government gazette dated 19.01.2018. The Active Liability Management bill was passed in the parliament on 23rd March 2018.

11. DEBT MANAGEMENT DIVISION

The Role of the Debt Management Division

- Recording new commitments in 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 etc.
- Entering disbursements, loan repayments, interest payments and other payments related to loan agreements to the CS-DRMS
- Cross-checking the payment claimed by donor agencies with CS-DRMS forecasts, authentication of payments and making necessary recommendation for the Central Bank of Sri Lanka (CBSL) to pay the due amounts on time
- Obtaining necessary clarifications for the payment claims made by donor through the respective donor desk for the cases where there are discrepancies between donor claims and CS-DRMS forecasts which are set in line with the provisions of the Loan Agreement
- 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
- Preparation of write-up on foreign debt for Performance Reports, Annual Reports, Budget Publication and other publications of the Ministry of National Policies and Economic Affairs as well Ministry of Finance and Mass Media.
- Completion of required economic analytical reports and data relevant to foreign debt of the Central Government 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 debt of the Central Government and provide explanations for the issues raised on foreign debt through Audit Queries by the Auditor General's Department.
- Preparation of Cabinet Observations for Hon. Minister of National Policies and Economic Affairs and Hon. Minister of Finance and Mass Media 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 annual 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 2017

- Recorded 52 new commitments in the debt management database (CS-DRMS) with regard to the year 2017 and updated as per the subsequent amendments
- Recorded disbursements, loan repayments, interest payments and other payments related to loan agreements in CS-DRMS during 2017
- 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 donor agencies through the respective donor desks for the cases where there are discrepancies between donor claims and our records
- Prepared and published a list of loan/grant agreements with terms and conditions for the new loan commitments during 2017
- 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 Reports, Annual Reports, Budget Publications and other publications under the Ministry of National Policies and Economic Affairs and Ministry of Finance and Mass Media in 2017
- 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 3 Parliamentary Questions pertaining to external Government's Debt and prepared clarifications for 5 Audit Queries with regard to foreign debt
- Communicated with donor 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 3 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 annual basis requested from IMF/World Bank
- Made arrangement to initiate the upgradation of the debt management system to CS-DRMS Version 2 which will provide better facilities in debt management functions and this will enable ERD and CBSL to maintain a consolidated debt database comprising both foreign and domestic debt of the Government to be in line with best practices of the world in this regard.

12. SECTOR COORDINATION AND PERFORMANCE MONITORING UNIT

The unit is responsible for enhancing foreign aid coordination, mobilization, management of external ODA, for implementation of priority projects identified in line with the Development Policy framework of the Government of Sri Lanka.

This unit coordinates all divisions of the department and engaged with the following activities during 2017 successfully.

2017 Activities



- Received 107 development project proposals from various Government agencies to obtain foreign financing facilities for their implementation. Of which 20 were incomplete. Actions were taken to make the relevant agencies aware of the shortcomings and obtain the revised proposal with the recommendation of the Department of National Planning for further proceeding
- Submitted 51 project proposals cleared by the Department of National Planning to the development partner desks to obtain foreign finance
- Prepared project pipeline which are to be implemented with foreign assistance in consultation with development partner desks of the department
- Provided inputs for Annual Performance Report of the department for the year 2016
- Studied 06 Cabinet Memorandums submitted by the line Ministries and prepared 01 observations and 05 comments to the relevant department of the Ministry of Finance
- Studied 36 Cabinet Committee on Economic Management (CCEM) minutes and 17 Official Committee on Economic Management (OCEM) minutes. Also disseminate approved decisions to the respective divisions to take necessary actions
- Prepared Foreign Financing Budget Estimates for the ongoing and new project proposals for the year 2018 by compiling estimates submitted by the development partner divisions of the department
- Prepared activity plan for the department for year 2017 and prepared the progress report of the activity plan 2016 in collaboration with all divisions of the department
- Updated information were submitted for 48 requests received by the Parliament, Presidential Secretariat, Prime Minister's Office, Auditor General's Department, various Departments of the Treasury and the Deputy Secretary to the Treasury's Office on various matters related to foreign financing projects, their progress, repaying methods, procurement delays, etc.

13. INFORMATION, RESOURCES COORDINATION AND POLICY RESEARCH STUDIES DIVISION

ERD has undertaken several structural changes in order to strengthen the capacity of the department to deliver an effective and efficient service in external resources mobilization and supportive services. Information, Resources Coordination and Policy Research Studies Division was established in 2017 with the key aim of doing coordination portfolio in respect to foreign resources. With the country advancing towards upper development grades, vision of the country and consequently the policy frameworks were also subjected to change. Accordingly, the Government declare the policy statements, directing the Government to a sustainable economic development. In order to fulfill the above key aim, this division has been assigned with several roles. Some of them are of reviewing the policy documents declared by the Government time

to time and analyzing them to get an idea about the moving direction of the Government's development. Therefore, with this information ERD is capable to logically think of prioritizing the development projects. Within the assigned roles of the division, reviewing of budget speech and identifying proposed programmes or projects relevant to foreign financing requirement is also included. Sharing and submitting information, recommendations and observations to various Agencies and Ministries while maintaining a liaison with them is another role of the division. Apart from that, compilation and publication of Annual Report, Performance Report and other reports related to the progress of the department are other responsibilities of this division.

2017 Highlights

During the year 2017, this division was undertaken following activities and works.

- During the first half of year, this division was done an exercise of reviewing the recent policy documents presented by Hon. Prime Minister on 5th November 2015 and 27th October 2016 and Budget Speeches for the year 2017 & 2018 respectively. According to the exercise, project proposals indicating the future development requirements were identified and classified them into various economic sectors.

RECENT POLICY DOCUMENTS PUBLISHED BY THE GOVERNMENT

- Economic Policy Statement presented by Hon. Prime Minister on 5th November 2015
- Economic Statement presented by Hon. Prime Minister on 27th October 2016
- Public Investment Programme of Department of National Planning
- Recent Budget Speeches (2017 & 2018)
- Empowered Sri Lanka
- Vision 2025 Country Enriched

- This division analyzed and sorted 123 projects out of 223 projects in the Public Investment Programme prepared by NPD ensuring the foreign funding needs.
- Approximate assessment was done to identify the sector-wise and total funding requirements for the project proposals indicated in those policy documents.
- This division has participated for number of meetings held in finalization of vision 2025 policy statement by the Government and submitted ERD recommendations to NPD to identify 100 priority project to implement within next three years up to 2020.
- This division closely worked and assisted with Prime Minister's office to coordinate a donor forum themed "Funding Assistance for the Disaster Relief & Rehabilitation Work" in related to the disaster of flood and hurricane occurred during the last year.
- IRCPRS division collaborated to coordinate the donor forums with ADB, European Union, World Bank and UNDP to draft Terms of Reference to launch "Need Assessment of Northern Province".
- Prepared ERD Performance Report for the year 2016.
- Prepared ERD Chapter of the Annual Report of the Ministry of National Policies and Economic Affairs for the year 2016.
- Prepared ERD Performance Chapter for Budget Report of the Ministry of National Policies and Economic Affairs for the year 2016.
- In addition, this division represented the department at 51 meetings and 8 workshops at various stakeholder agencies and submitted views, recommendations and opinions.
- During 2017, ERD has embarked on a Business Process Re-engineering (BPR) initiative in order to analyze, assess, identify and ascertain existing bottlenecks, shortfalls, gaps of the process, procedure and internal structure of the Department and foreign loan/grant mobilization mechanism, and take remedial measures to improve the operational efficiency of the divisions and thereby ensure overall productivity improvement of the Department in the long run. Under the Asian Development Bank's Technical Assistance, this exercise was undertaken by an external consultant. This has been coordinating by the division with the consultant and arranged several internal and external meetings with development partners and other Government stakeholders. The ERD observations for the initial report of the consultant has been prepared and submitted. The final report of the BPR initiative will be delivered by the consultant in early 2018.

14. ADMINISTRATION AND FINANCIAL PERFORMANCE

Administration and Finance Divisions provide required supporting services for the smooth and proper functioning of the Department. Developments of physical and human resources are the main functions amongst them. Actions were

taken for proper usage of resources of the Department within its framework and for utilization of physical and human resources to optimal level to deliver the functions of the Department.

Implementation of provisions of Right to Information Act

The department has taken actions to implement provisions of the Right to Information Act No. 12 of 2016 passed by Sri Lanka Parliament.

Accordingly, information unit of the department was established and the Mr. R.M.P. Rathnayake, Director General, ERD performs as the nominated officer. As per Section 23 of the Act officers appointed as the information officers are as follows;

- Mr.D.A.B.Abeyssekara, Additional Director General
- Mr.C.W.K.Dharmasena, Director

During the year 2017, 11 requests for information have been forwarded to the information unit and all the requests were provided with the required information.

Staff Development and Training

In year 2017, the department has performed a significant role in development of human resources through local and foreign training opportunities for the staff for capacity building and

enhancing efficiency. The foreign and local training opportunities, seminars and conferences provided to the staff are as follows;

Table 14.1: Foreign Training Programmes Provided to the Staff Grade Officers

Training Programme	Country	No. of Staff officers trained
2017 Asian Regional Public Debt Management Forum	Cambodia	1
2017 Seminar on “ the Belt and Road’ International Cooperation between China & the Neighboring Countries	China	1
Capacity Building Workshop	South Korea	1
Diploma in Public Procurement and Administration (DIPPCA) Partial Fulfilment of the Course	UK	1
Evaluation training for Government Officials and Learning Event Shangri-La hotel	Thailand	2
Executive Training Programmes for the Staff of the Ministry of Finance	Singapore	7

Financial Markets and Instruments	Singapore	1
Financial Programming and Policies at IMF	Singapore	1
Follow up Seminar Programme for IDEAS Graduates	Japan	1
Investor Forum and Knowledge Sharing Programme	Republic of Korea	2
Japanese ODA Loan seminar for South Asia Region	Japan	2
JBIC Seminar 2017 from 07 to 17 November 2017	Japan	1
JICA's Special Invitation Programme in Japan for ERD Officials	Japan	5
Master's Programme in Economic & Public Policy	Japan	1
Second Country Study Visit - Capacity Building Programme for Class I Officers in Sri Lanka Planning Service	Malaysia	1
Seminar on Cloud Computing and Supercomputing for Developing Countries in 2017	China	1
Seminar on Economic Cooperation for Southern Asian Countries Project	China	1
Senior Executive Training Programme for China Exim bank's Major Cooperation Partners	China	1
Short Course on Project Management & Negotiation Skills Development	Australia	13
SWITCH-Asia Training Workshop on Measuring and Reporting Project's Result and Outcomes	Thailand	1
The Study Tour on Desalination Plant Awareness	Australia	1
Training Course on Fiscal Sustainability - Invitation for Participation	India	1
Training for Delegation of Ministerial Level on Natural Disaster Prevention and Relief to Study Landside Comprehensive Prevention and Treatment Project	China	1
Training for Diplomatic from Developing Countries	China	1
Training for on Management of China's Development Assistant Project for Developing Countries	China	1
Training Programme on Strengthening Public Policy Making Process	Australia	2
UN REDD Asia Pacific Regional Knowledge Exchange	Thailand	1

Table 14.2: Local Training Programmes Provided to the Staff Grade Officers

Training Programme	No. of Staff officers trained
Lecture/Training Session by Harvard Prof.Robert Lawrence- "Basics of International Trade & Global Trends"	1
Reading Macro Economic Indicators	4
Monetary Policy & Monetary Operations	2
Detailed Procurement Procedure	1
Vehicle Fleet Management	1
Diploma in English for Professionals	5
Basic Report Writing Skills	2

International Trade and External Sector Issues	6
Public Procurement Management	3
Formal Letter Writing Skills	1

In year 2017, officers of Development Officers Service, Public Management Assistants Service were also provided with foreign and local training opportunities to carry out efficient administration in the department as follows;

Table 14.3: Foreign Training Programmes Provided to the Supportive Staff

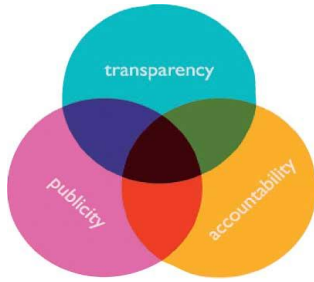
Training Programme	Country	No. of officers trained
KOIKA Friendship Programme 2016 - Strengthening Low Income Families by Empowering Rural Women	Korea	2

Table 14.4: Local Training Programmes Provided to the Supportive Staff

Training Programme	No. of officers trained
Detailed Procurement Process	1
Maintenance of Office Equipment	1
English Diploma for Professionals	1
File Maintenance and General Office Administration and Establishments Code	8
Computerized Government Payroll System	1
English Diploma for Junior Executives	11
Formal Letter Writing Skills	7
IT Skills for officers who are not in the IT field	12
Basics of Computer Networking	1
Professional Presentation Method	2
Preparation of Bid Documents and Tender Procedure	2
Higher Excel-MS Course for Junior Officers	4

Financial Review of Department of External Resources

Financial Information on Expenditure



In line with the objectives of the Department, a sum of Rs. 3,285,880,000 of which Rs. 598,530,000 for recurrent expenditure and Rs. 2,687,350,000 for capital expenditure were provided in the estimates for the year 2017 under Budget Head No.239. The actual expenditure incurred during the year under review against this provision was Rs. 3,269,730,201 consisting of Rs. 585,164,488 and Rs. 2,684,565,713 as recurrent and capital expenditure respectively. Further, 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 2017 is given in following tables.

Table 14.5: Personnel Emoluments

	(Rs.)
Original Provision	71,000,000.00
Add:	
Supplementary Provision	8,085,000.00
Transfers under F.R.66 & F.R.69	30,000.00
Less:	
Transfers under F.R.66	-
Total Provision	79,115,000.00
Expenditure during the year	78,136,549.57

Table 14.6: Other Recurrent Expenditure

	(Rs.)
Original Provision	366,867,000.00
Add:	
Supplementary Provision	*152,578,000.00
Transfers under F.R.66 & F.R.69	42,000.00
Less:	
Transfers under F.R.66	72,000.00
Total Provision	519,415,000.00
Expenditure during the year	507,027,938.07

*SARTTAC - newly constructed institution - The Government of Sri Lanka has to paid subscription fee as per the cabinet approval dated 25 October 2016

Table 14.7: Capital Expenditure

	(Rs.)
Original Provision	1,624,050,000.00
Add:	
Supplementary Provision	**1,063,300,000.00
Transfers under F.R.66 & F.R.69	311,000.00
Less:	
Transfers under F.R.66	311,000.00
Total Provision	2,687,350,000.00
Expenditure during the year	2,684,565,713.72

**need to allocate supplementary provision for obtaining JDS scholarship as foreign grant

Object Code wise Capital Expenditure

Object Code No.	Item No.	Financed by (Code No.)	-	(1)	(2)	(3)	(4)	(5)	
				Description of Items	Provision in Budget Estimates	Supplementary Provision and Supplementary Estimate Allocation	Transfers in terms of the F.R. 66 and F.R. 69	Total Net Provision (1+2+3)	Total Expenditure
					Rs.	Rs.	Rs.	Rs.	Rs.
			Details of Capital Expenditure						
			Rehabilitation and Improvement of Capital Assets						
2001		11	Buildings and Structures	500,000			500,000	44,829	
2002		11	Plant, Machinery and Equipment	1,000,000		125,000	1,125,000	1,123,469	
2003		11	Vehicles	800,000		6,000	806,000	805,633	
			Acquisition of Capital Assets						
2102		11	Furniture and Office Equipment	750,000		35,000	785,000	784,233	
2103		11	Plant, Machinery and Equipment	2,700,000		-311,000	2,389,000	1,234,036	
			Capital Transfers						
2204	4	21	Asian Infrastructure Investment Bank	1,615,000,000			1,615,000,000	1,614,000,000	
2205		17	Capital Grants to Non-Public Institutions	300,000			300,000	151,213	
			Capacity Building						
2401		11	Staff Training	3,000,000	5,300,000	145,000	8,445,000	8,422,300	
2401	2	13	Japanese Grant Aid for Human Resources Development Scholarships		1,058,000,000		1,058,000,000	1,058,000,000	
			Total	1,624,050,000	1,063,300,000	0	2,687,350,000	2,684,565,713	

Summary of Utilization of Budgetary Provision

Description of Expenditure	2017 Estimates (Rs.)	2017 Net Provision (Rs.)	2017 Actual Expenditure (Rs.)
Recurrent Expenditure	437,867,000.00	598,530,000.00	585,164,487.64
Capital expenditure	1,624,050,000.00	2,687,350,000.00	2,684,565,713.72
Total	2,061,917,000.00	3,285,880,000.00	3,269,730,201.36

Advance Account of Public Servants

The details of the Advance Account of the Public Servants of this department for the year 2017 are given below.

Table 14.10: Advanced Account of Public Servants

Description	Approved Limit (Rs)	Actual expenditure (Rs.)
Maximum limit of expenditure	7,000,000.00	6,998,975.50
Minimum limit of receipts	3,500,000.00	4,441,063.00
Maximum limit of debit balance	30,000,000.00	20,730,089.00

Auditor General's Queries

Based on the Audit Para reported for the financial year 2009, 2010, 2011, 2013 and the current performance, ERD was examined by the Committee on Public Accounts (COPA) meeting held on 23rd May 2017 at parliament under the Chairmanship of Hon. Lasantha Alagiyawanna, Chairman to the Committee on Public Accounts. The committee was satisfied with activities and performance of this Department.

During the Year of 2017, 10 audit queries from the Auditor General's Department were received and all the queries were answered.

Annual Contribution for Subscription/Membership Fee

As per the agreements signed with foreign development agencies & financing institution, ERD has paid a sum of Rs. 2,068,880,883.73 as annual contribution for subscription/membership fee to the following agencies in 2017 in order to ensure continued foreign relationship with respective foreign agencies.

Table 14.11: Annual Contribution for Subscription/Membership Fee

Donor Agency	Amount (Rs)
1 Lump sum payment towards salaries, telephone bills, rent & rates and annual contribution of UNDP	211,400,278.42
2 World Food Programme	1,250,000.00
3 International Atomic Energy Authority (IAEA)	6,000,000.00
4 Lump sum payment towards telephone bills of UNICEF	250,000.00
5 Asian Productivity Organization (APO)	2,140,281.22
6 Annual Contribution for Colombo Plan Secretariat	2,705,874.00
7 Statistical Institute for Asia and Pacific (SIAP)	1,556,705.24
8 Asian & Pacific Centre for Transfer Engineering & Machinery (APCAEM)	777,314.12
9 Asian Pacific Centre for Transfer of Technology (APCTT)	777,932.64
10 Commonwealth fund for Technical Cooperation	10,961,259.37
11 Commonwealth Secretariat (CS- DRMS)	317,605.18
12 United Nation's Children fund	2,406,820.71
13 United Nation's fund for Population (UNFPA)	2,793,170.36
14 International Fund for Agricultural Development (IFAD)	51,923,092.84
15 South Asia Regional Training & Technical Assistance Center (SARTAC)	154,435,466.84
16 Group of 24 (G 24)	3,867,191.84
17 Asia Pacific Group on Money Laundering (APGML)	1,317,890.95
18 The Asian Infrastructure Investment Bank (AIIB)	1,614,000,000.00
Total Amount	2,068,880,883.73

15. INFORMATION AND TECHNOLOGY UNIT

Introducing New Technology to Ensure Effective Service Delivery System

Ensuring effective service delivery in the Department

The Information and Technology System in ERD was initially established in 2005 as a comprehensive ICT system enabled to transform a forefront information technology based organization among other Government Departments. Electronic media was used for communications and sharing information within the department as well as with external parties after the aforementioned initiative.

The server-based computer network environment along with mainly two database systems were started functioning and many services were provided through the above facilities. The Commonwealth Secretariat Debt Recording and Management System (CS-DRMS) has been maintained as Foreign Debt Management System from there onwards. It shares the debt data base with Central Bank of Sri Lanka, Department of State Accounts to ensure timely service of foreign debt. The Technical Assistance System which was an in-house developed application system has been used for recording details of scholarships granted by foreign countries and it has also been used to maintain transparency for fair distribution of

foreign scholarship opportunities and the selection process of candidates for such scholarships.

Almost all the written communications (about 95%) with development partners and lending agencies has been doing through emails using mail system installed in the Department. About 98% internal communications within the Department has been functioning via emails and electronic memos increasing the effectiveness of the communication of the Department.

Sharing of network resources such as Printers, Scanners, Fax machines, File Servers reflects the effective utilization of ICT infrastructure of the organization and



it helps to improve the productivity of the Department. This has caused to save time and money as well as minimize the unnecessary waste of resources due to unnecessary postal charges and paper works.

Introducing New technologies for better service delivery

Upgrading infrastructure facilities through Integrated Treasury Management Information System (ITMIS)

Having recognized the need an upgraded ERD Information System to address emerging challenges and future technological requirements the system was upgraded in 2017 with the assistance

of ITMIS under Fiscal Management Efficiency Project (FMPEP) funded by ADB. The total cost of the project was Rs. 37.8 million.

With this upgradation, fully redundant configurations in the network, servers,



software, and storages ensure almost 100% uptime, powerful backup and recovery system and it guarantees that no data will be lost. Increased mail storage and automated email retention would help to create a mobile workforce in the Department.

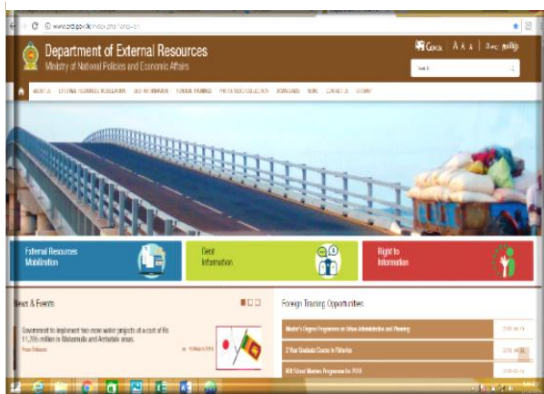
Furthermore, it has been noticeable that distribution of highly sophisticated I-pads

and Notebooks among Staff Grade Officials during 2017 under financial assistance of GTZ has increased the employees familiarity with “Bring Your Own Devices” Concept and enhanced the efficiency at work. The ultimate expectation was to create a highly efficient and effective work force in Government sector and so that to reach to the goals of the organizational and the country as a whole.



Sharing information in the internet through revamped ERD web Site

Public website of the Department was www.erd.gov.lk



created and has been maintained by IT staff of the Department since year 2000 up to date. This is to share very useful information for general public as well as for Government institutions. Updated data

and information such as foreign debt information, opportunities for foreign trainings. Etc. are useful to many other stakeholders and general public.

In 2017, ERD revamped the existing website and replaced with a more user-friendly website incorporating many useful information with the Content Management System. Information and Communication Technology Agency of Sri Lanka (ICTA) was provided the financial assistance for those development at a cost of Rs. 400,000. At present the website could be updated & maintained by Web Content Management Team of the Department and it is easier to update the site at any time with latest information catering requirements under Information ACT of Sri Lanka.

Future Plans

ERD is planning to introduce an ICT based solution for effectively managing the project submission and prioritization processes

Annexures



List of ODA Grants Committed in 2017

Development Partner	Agreement Date	Project/Programme	Amount committed (million)			
			Currency	Amount	Rupees	USD
Bilateral						
India	2017/02/02	Construction of Multi-ethnic Trilingual Secondary School in Polonnaruwa	LKR	300.0	300.0	2.0
Japan	2017/02/27	Economic and Social Development Programme (Improvement of Public Security and Strengthening of Counter Terrorism Activities)	JPY	250.0	337,300.0	2.2
	2017/04/12	Economic and Social Development Programme (Port and Nautical Activities)	JPY	1,000	1,384,700	9.1
	2017/06/30	Establishment of a Doppler Weather Radar Network in Sri Lanka	JPY	2,503.0	3,436,100.0	22.4
	2017/06/30	Human Resource Development Scholarship (Three-Year Cycle)	JPY	208.0	285.5	1.9
	2017/06/30	Human Resource Development Scholarship	JPY	362.0	359.7	2.3
Korea	2017/02/22	Project for Establishment of National College of Education (NCoE)	USD	13.0	1,966.2	13.0
China	2017/05/16	Economic and Technical Cooperation	CNY	400.0	8,838.6.3	58.0
United States of America	2017/05/17	Strengthened Partnership for Social Integration	USD	3.6	543.8	3.6
	2017/07/26	Development and facilitation of Implementation of a Millennium Challenge Compact	USD	7.4	1,136.1	7.4
	2017/08/11	Strengthened Partnership for Domestic Reform & Social Integration	USD	8.5	1,303.3	8.5
Multilateral						
Asian Development Bank	2017/06/09	Second Sri Lanka Flood and Landslide Disaster Response Project	USD	2.0	305.0	2.0
European Community	2017/04/06	Strengthening Reconciliation Processes in Sri Lanka	EUR	12.0	1,942.7	12.8
	2017/04/06	Support to the Modernization of Agriculture Sector in Sri Lanka	EUR	30.0	4,856.8	32.0
Food & Agriculture Organization	2017/02/15	Development of site specific fertilizer management systems for sustainable crop production	USD	0.3	40.8	0.3
	2017/03/20	Emergency Assistance to Restore Agricultural Livelihoods of Vulnerable Households Affected by Drought	USD	0.5	75.7	0.5
	2017/02/15	Promote Scaling-up innovative rice-fish farming and climate resilient Tilapia pond culture practices for blue growth in Asia	USD	0.5	73.9	0.5
United Nations Educational, Scientific & Cultural Organization	2017/03/20	A Tracer Study of the Graduates of the Universities in Sri Lanka	USD	0.02	3.6	0.02
	2017/03/20	Enhancing the preparedness for the impacts of climate change on mangroves through research and training	USD	0.02	3.8	0.02

Annexure I

	2017/03/20	Strengthening Gender Equality and Equity and Zero tolerance for sexual and gender based violence	USD	0.03	3.9	0.03
UNICEF	2017/12/05	Country Programme Action Plan (CPAP) 2018-2022	USD	57.2	8,792.0	57.2
World Food Programme	2017/05/12	Relief Assistance for Drought Affected Communities -Emergency Operation SL	USD	2.5	380.8	2.5
	2017/06/28	Relief Assistance for Drought Affected Communities -Emergency Operation SL (enhancement)	USD	2.4	362.9	2.4
					Total	240.7

Source : Department of External Resources

Note: Financial values committed in difference currencies have been converted into USD as per the prevailing exchange rates applicable to each agreement date

List of ODA Loans and Market Borrowing Instruments Committed in 2017, along with Financial Terms

Development Partner/ Lending Agency	Agreement Date	Project/ Programme/ Instrument Name	Commitment in million				Financial Terms					
			Currency	Amount	In Rupee	In USD	Interest			Other fees (based on annual rate)	Grace Period (years)	Maturity Period (from the date of signing) (years)
							Type	Annual Rate (%)	Margin (100 basis points)			
Bilateral ODA												
Japan	2017/07/07	Rural Infrastructure Development Project in Emerging Regions	JPY	12,957.0	17,498.4	113.8	Fixed	T1- 1.40, T2-0.01	N/A	Front end fee Yen 25.9 million	7	25
	2017/07/07	Kalu Ganga Water Supply Expansion Project (I)	JPY	31,810	42,959.4	279.5	Fixed	T1- 1.40, T2-0.01	N/A	Front end fee Yen 63.6 million	7	25
Kuwait	2017/03/30	Kalu Ganga Development Project (Supplementary)	KWD	5.0	2,476.3	16.3	Fixed	1.5	N/A	Service fee 0.05%	2	22
Saudi Arabia (Saudi Fund For Development)	2017/10/24	Left Bank Development Project in Kalu Ganga	SAR	168.8	6,889.0	44.8	Interest Free			Service fee 2%	5	25
	2017/10/24	Wayamba University Township Development Project	SAR	105.0	4,286.5	27.9	Fixed	2	N/A	-	5	25
Netherlands (Co-op Centrale Raiffeisen-Boerenleenbank)	2017/11/30	Pilot Project on Establishment of a Groundwater Monitoring Network in Three Selected District.	EUR	17.5	3,200.1	20.8	Variable	EURIBOR 3 Months (During Disbursing Period) and EURIBOR 6Months (During Repaying Period)	1.45	-	3	13
India (Export Import Bank of India)	2017/06/06	Doller Credit Line 318M of the Development of Railway Sector	USD	318.0	48,493.9	318.0	Fixed	1.75	N/A	Commitment fee 0.5 %	5	20
Austria (Raiffeisen Zentral Bank)	2017/11/02	Enhancement and Upgrading of Technical Training Institute of Engineering Technology at Katunayaka	EUR	9.5	1,702.4	11.1	Interest Free	-	N/A	Handling fee EUR 1,440, Guarantee Fee EUR 59,375, Management	5	18

Annexure II

	2017/11/28	Obtaining 100 Ambulance Cars for Government Hospitals	EUR	9.9	1,801.1	11.7	Interest Free	-	N/A	Fee EUR 42,750 Handling fee EUR 1,440, Upfront Fee EUR 36,942.72, Management Fee EUR 44,331.27	6	21
China (The Export-Import Bank of China)	2017/12/22	Kandy North Pathadumbara Integrated Water Supply Project	CNY	1,636.6	38,058.2	248.8	Fixed	2.00	N/A	Commitment fee 0.25% Management Fee 0.25% of the total commitment	6	20
	2017/12/22	Consultancy Services for Design Review and Construction Supervision of Civil works on Extension of Southern Expressway Project	CNY	577.0	13,418.2	87.7	Fixed	2.00	N/A	Commitment fee 0.25% Management Fee 0.25% of the total commitment	6	20
	2017/12/22	Thalpitigala Reservoir Project	USD	147.9	22,621.7	147.9	Fixed	2.00	N/A	Commitment fee 0.25% Management Fee 0.25% of the total commitment	6	15

Market Borrowing

(Agent) Citicorp International Limited Singapore	2017/05/09	Foreign Currency Term Financing Facility - 2017	USD	450.0	68,541.9	450.0	Variable	LIBOR 6 months for USD	2	-	1	4
	2017/08/08	Foreign Currency Term Financing Facility - 2017 (Enhancement)	USD	550.0	84,346.8	550.0	Variable	LIBOR 6 months for USD	2	-	1	4
International Bond Issues	2017/05/11	International Bond Issues 2017	USD	1,500.0	228,473.1	1,500.0	Fixed	6.2	N/A	-	10	10

Multilateral ODA												
Asian Development Bank	2017/03/17	Project Design Advance for Northern Province Sustainable Fisheries Development Project	USD	1.3	196.7	1.3	Fixed	2.00	N/A	-	2	7
	2017/11/22	Second Integrated Road Investment Programme Tranche 01	USD	60.0	9,229.0	60.0	Fixed	2.00	N/A	-	5	25
	2017/11/22	Second Integrated Road Investment Programme-Tranche I	USD	90.0	13,843.5	90.0	Variable	LIBOR 6 months for USD	0.7	Commitment fee 0.15%	7	30
	2017/12/15	Jaffna Kilinochchi Water Supply Project - Additional Financing	USD	25.0	3,833.6	25.0	Fixed	2.00	N/A	-	5	25
	2017/12/15	Jaffna Kilinochchi Water Supply Project - Additional Financing	USD	95.0	14,567.7	95.0	Variable	LIBOR 6 months for USD	0.7	Commitment fee 0.15%	7	30
	2017/12/15	Integrated Road Investment Programme - Tranche 4	USD	150.0	23,001.6	150.0	Variable	LIBOR 6 months for USD	0.7	Commitment fee 0.15%	7	30
European Investment Bank	2017/01/20	Implementation of Greater Colombo Water and Wastewater Management Improvement Programme-Project 3	EUR	50.0	8,014.6	53.4	Variable	LIBOR 6 months for USD	0	-	1	11
World Bank (International Bank for Reconstruction and Development)	2017/07/17	Accelerating Higher Education Expansion & Development Operation (AHEAD) programme	USD	67.0	10,299.9	67.0	Interest Free	-	N/A	Frontend fee USD 167,500 & Commitment fee 0.25%	10	24
International Fund for Agricultural Development	2017/06/26	Implementation of Smallholder Agribusiness Partnership(SAP)	USD	33.7	5,167.7	33.7	Fixed	2	N/A	-	5	24

Annexure II

		Programme Loan No 2000001843										
World Bank (International Development Association)	2017/01/17	Agriculture Sector Modernization Project	SDR	89.2	17,963.2	119.7	Fixed	1.25	N/A	Service fee 0.75%	5	24
	2017/07/17	Accelerating Higher Education Expansion and Development Operation (AHEAD) Programme	SDR	24.4	5,202.1	33.8	Fixed	1.25	N/A	Service fee 0.75% & Commitment fee 0.5%	5	24
	2017/09/29	Transport Connectivity and Asset Management Project	SDR	90.5	19,581.8	127.9	Fixed	1.25	N/A	Service fee 0.75% & Commitment fee 0.5%	4	15
	2017/10/04	Financial Sector Modernization Project	SDR	55.4	11,987.1	78.2	Fixed	3.36	N/A	Frontend Fee SDR 138,500	5	23
OPEC Fund for International Development	2017/10/13	Kalu Ganga Development Project (Additional Loan)	USD	18.0	2,765.3	18.0	Fixed	2.5	N/A	Service fee 1%	5	20
Total						4,781.4						

Source : Department of External Resources

Note : Financial values committed in different currencies have been converted into USD as per the prevailing exchange rates of each agreement date

LIBOR = London Interbank Offer Rate

EURIBOR = Euro Interbank Offer Rate

N/A = Not Applicable

T = Loan Tranche

- = no value

ODA Disbursements with Financial Terms: January - December 2017

Development Partner/ Lending Agency	Instrument Type	Project	Amount Disbursed (millions)			Annual Interest Rate			Other Payments	Grace Period (Years)	Maturity (Including Grace Period) (years)
			Currency	Amount in Loan Currency	USD	Interest Type	Rate	Margin (100 basis points)			
China Development Bank Corporation	Loan	Improvement and Rehabilitation of Priority Roads Phase 2	USD	2.4	2.4	Variable	LIBOR -6 Month for USD	2.90%	Management Fee 0.5% Risk Premium 5.0%	4	15
	Loan	Moragahakanda Development Project	USD	25.6	25.6	Variable	LIBOR -6 Month for USD	2.90%	Management Fee 0.5% Risk Premium 5.9%	4	15
	Loan	Improvement and Rehabilitation of Priority Road Project 3 (Phase1)	USD	38.8	38.8	Variable	LIBOR -6 Month for USD	2.95%	Management Fee 0.5% Risk Premium 5.0%	3	15
	Loan	Improvement and Rehabilitation of Priority Roads Project 3 (Phase II)	USD	32.2	32.2	Variable	LIBOR -6 Month for USD	2.95%	Management Fee 0.5% Risk Premium 5.9%	3	15
Agency Francaise De Development (France)	Loan	Construction of Four Grid Substations Maliboda, Nawalapitiya, Wewalwatta and Ragala	EUR	5.0	5.4	Variable	EURIBOR - 6 Month	1.31%	Commitment Fee 0.5%, Appraisal Fee EUR 150,000	6	20
	Loan	Green Power Development & Energy Efficiency Improvement Investment Programme	EUR	5.0	5.4	Variable	EURIBOR - 6 Month	1.31%	Commitment Fee 0.5%, Appraisal Fee EUR 110,000	6	20
India	Loan	India Dollar Credit Line Agreement	USD	8.7	8.7	Variable	LIBOR -6 Month for USD	0.50%	Management Fee 0.5%, Commitment Fee 0.50%	5	18
	Loan	Greater Dambulla Water Supply Project 1	USD	0.7	0.7	Variable	LIBOR -6 Month for USD	2.00%	Management Fee 0.5%, Insurance 6.5%, Commitment Fee 0.50%	3	14

Annexure III

	Loan	Restoration of Northern Railway Services	USD	35.2	35.2	Variable	LIBOR -6 Month for USD	0.50%	Management Fee 0.5%, Commitment Fee 0.50%	6	21
	Loan	Procurement of two Advanced Offshore Patrol Vessels	USD	16.6	16.6	Variable	LIBOR -6 Month for USD	3.50%	Management Fee 0.5%, Insurance Premium 5%, Guarante Fee USD 19,086, Commitment Fee 0.50%	4	11
	Loan	Upgrading of Railway Line Colombo Matara Phase II	USD	0.8	0.8	Variable	LIBOR -6 Month for USD	0.5%	Management Fee USD 337,000, Commitment Fee 0.50%	4	18
Japan	Loan	Kandy City Wastewater Management Project	JPY	1,256.5	11.2	Fixed	Tranche 1- 10.65% Tranche 2- 0.01%	N/A	Commitment Fee 0.10%	10	40
	Loan	Greater Colombo Urban Transport Development Project Phase 2	JPY	273.0	2.4	Fixed	Tranche 1- 0.2% Tranche 2- 0.01%	N/A	Commitment Fee 0.10%	10	40
	Loan	Habarana-Veyangoda Transmission Line Project	JPY	946.8	8.4	Fixed	Tranche 1- 0.3% Tranche 2- 0.01%	N/A	Commitment Fee 0.10%	10	40
	Loan	Improvement of Basic Social Services Targeting Emerging Regions	JPY	691.1	6.2	Fixed	Tranche 1- 0.2% Tranche 2- 0.01%	N/A	Commitment Fee 0.10%	10	40
	Loan	Greater Colombo Transmission and Distribution Loss Reduction Project	JPY	5,888.2	52.3	Fixed	Tranche 1- 0.3% Tranche 2- 0.01%	N/A	-	10	30

Annexure III

	Loan	Major Bridges Contraction Project of the National Road Network	JPY	1,963.4	17.5	Fixed	Tranche 1-0.2% Tranche 2-0.01%	N/A	Commitment Fee 0.10%	10	40
	Loan	Landside Disaster Protection Project of the National Road Network	JPY	886.0	7.9	Fixed	Tranche 1-1.4% Tranche 2-0.01%	N/A	Commitment Fee 0.10%	8	25
	Loan	Anuradhapura North Water Supply Project (Phase 1)	JPY	166.9	1.5	Fixed	Tranche 1-1.4% Tranche 2-0.01%	N/A	Commitment Fee 0.10%	8	25
	Loan	New Bridge Construction Project over the Kelani River	JPY	5,410.0	48.2	Fixed	Tranche 1-0.1% Tranche 2-0.01%	N/A	-	10	40
	Loan	National Transmission and Distribution Network Development and Efficiency Improvement Project	JPY	36.7	0.3	Fixed	0.30%	N/A	Front End Fee Yen 49.9 million	10	40
	Grant	The Project for Human Resource Development Scholarship 2014	JPY	23.3	0.2				N/A		
	Grant	The Project for Human Resource Development Scholarship 2015	JPY	39.9	0.4				N/A		
	Grant	The Project for Human Resource Development Scholarship	JPY	56.9	0.5				N/A		
	Grant	The Project for the Maritime Safety Capability Improvement	JPY	897.6	8.1				N/A		
	Grant	The Project for the Improvement of TV Programmes of Sri Lanka Rupavahini Corporation	JPY	52.6	0.5				N/A		
Kuwait	Loan	Kalu Ganga Development Project	KWD	2.1	7.0	Fixed	1.50%	N/A	Service Fee 0.5%	8	27

Annexure III

	Loan	South Eastern University of Sri Lanka Development Project Phase 1 "B"	KWD	0.4	1.2	Fixed	1.00%	N/A	Service Fee 0.5%	5	25
	Loan	Reconstruction of 25 Bridges Project	KWD	0.5	1.5	Fixed	0.50%	N/A	Service Fee 0.5%	5	25
Korea	Loan	Establishment of Colombo Central Vocational Training Center and Gampaha College of Technology Project Sri Lanka	KRW	2.3	2.1	Fixed	0.15%	N/A	-	11	40
	Loan	Construction of Solid Waste Disposal Facilities Project	KRW	0.8	0.7	Fixed	0.15%	N/A	-	11	40
	Loan	Deduru Oya Water Supply Project	KRW	2.0	1.8	Fixed	0.15%	N/A	-	11	40
Germany	Loan	Construction of the Mahamodara Maternity Hospital, Galle	EUR	5.3	5.9	Fixed	2.20%	N/A	0.25	2	13
	Grant	Establishment of 8 Satellite Centres to the Vocational Training Centre in the Northern Province	EUR	0.5	0.6				N/A		
Saudi Fund For Arab Economic Development	Loan	Epilepsy Hospital & Health Centers Project	SAR	2.9	0.8	Fixed	2%	N/A	-	5	25
	Loan	Kalu Ganga Development Project	SAR	42.4	11.1	Fixed	2%	N/A	-	5	20
	Loan	-Epilepsy Hospital and Health Centers Project (Additional Finance)	SAR	23.6	6.2	Fixed	2%	N/A	-	5	25
	Loan	Road Network Development Project	SAR	3.6	0.9	Fixed	2%	N/A	-	5	20
Spain	Loan	Supply of three Flyovers in Ganemulla, Polgahawela & Rajagiriya (Bilateral Portion)	EUR	15.3	17.1	Fixed	0.15%	N/A	Management Fee EUR 18,798.32, Commitment Fee 0.10%	5	40
	Loan	Implementation of Anamaduwa Integrated Water Supply Project	EUR	6.9	7.5	Fixed	0.15%	N/A	Management Fee EUR 14,750.94,	5	40

Annexure III

									Commitment Fee 0.10%		
Export Finance & Insurance Corporation (Australia)	Loan	Supply and purchase of Clinical waste disposal Systems and related Equipment	USD	10.0	10.0	Variable	LIBOR -6 Month for USD	1.00%	Legal Fee USD 20,000 other fee USD243,106 & USD 100,000	2	11
Banco Bilbao Vizcaya Argentaria S.A. (Spain)	Loan	Supply of Three Flyovers in Ganemulla, Polgahawela and Rajagiriya	EUR	6.4	7.1	Variable	EURIBOR - 6 Month	1.95%	Management Fee EUR 80,564.24	3	13
Calyon Credit Agricole CIB (France)	Loan	Implementation of Greater Matale Water Supply Project (Syndicated loan with Natixis, BNP Paribas and Unicredit Bank Austria)	EUR	13.6	15.1	Variable	EURIBOR - 6 Month	1.7%	Commitment Fee 0.75%, Management Fee EUR 618,640.17	3	15
	Loan	Implementation of Kelani Right Bank Water Supply Project- Phase II	EUR	10.7	12.7	Variable	EURIBOR - 6 Month	1.325%	Commitment Fee 0.75%, Arrangement Fee EUR 478,972, Legal Fee EUR 33,360	3	15
Co-op Centrale Raiffeisen-Boerenleenbank (Netherlands)	Loan	Implementation of Importation of 20,000 Dairy Animals Project (Balance Part-62.86 USD)	USD	6.6	6.6	Variable	LIBOR -6 Month for USD	2.00%	Commitment Fee 0.25%, Establishment fee USD 157,152.36	1	7
	Loan	Implementation of Importation of 20,000 Dairy Animals Project (Advance Payment- 11.09USD)	USD	2.8	2.8	Fixed	5%	N/A	-	3	4
	Loan	Development of General Hospital Kaluthara	EUR	1.3	1.5	Variable	EURIBOR - 6 Month	1.5%	-	4	13
	Loan	Construction of 463 Rural Bridges	EUR	3.8	4.4	Variable	EURIBOR 6 Month	Tranche 1-1.45%	Management Fee 0.5%, Commitment Fee, 0.25%	3	13

Annexure III

						Variable	EURIBOR 6 Month	Tranche 2-4%	Management Fee 0.5%, Commitment Fee, 0.25%		
Deutsche Bank AG (United Kingdom)	Loan	Construction of 537 Steel Beam Bridges	USD	35.0	35.0	Variable	LIBOR -6 Month for USD	Tranche 1-4.15%	Management Fee USD167,500, Commitment Fee 0.25%	3	13
						Variable	LIBOR -6 Month for USD	Tranche 2-1.5%	Management Fee USD 643,000, Commitment Fee 0.25%		
Export Import Bank of United States	Loan	Badulla, Haliela and Ella Integrated Water Supply Project	USD	9.4	9.4	Variable	Commercial Interest Reference Rate	1.26%	Commitment Fee USD 355,576.57, Exposure Fee 4.6%, Commitment Fee 0.50%	5	16
HSBC Bank Plc(EKF Denmark)	Loan	Establishment of Dairy Processing Plant of Badalgama	EUR	12.8	14.3	Variable	LIBOR -6 Month for USD	T1- 1.9%, T2-5%	Tranche 1 - Structuring Fee USD 99,759, Tranche 2- Structuring Fee USD 285,759 ,Upfront Fee USD 2,234,919, T2-Commitment Fee 0.5%	3	13
HSBC Bank Plc(UK)	Loan	Modernization of Processing Factories of MILCO (Pvt) Ltd	USD	3.3	3.3	Variable	LIBOR -6 Month for USD	2% (Buyer's credit Facility Tranche) & 6% (Commercial tranche)	Structuring Fee USD 65,362.8	1	9

Annexure III

	Loan	Regional Bridges project - Phase 11 - Buyer's credit facility	USD	2.4	2.4	Variable	LIBOR -6 Month for USD	2%	Structuring Fee USD 150,179.06, Commitment Fee 0.25%	4	15
RAIFFEISEN ZENTRAL BANK (Austria)	Loan	Implementation of the Kochchikade Bridge	EUR	3.5	4.1	Interest free			Management Fee 0.45% of total commitment (one time payment) - Guarantee Fee of EURO 11,962.50 (onetime payment) - Guarantee margin 1%, Commitment Fee 0.45%	9	17
Export Import Bank of Hungary	Loan	Rehabilitation of Kalatuwawa Water Treatment Plant	EUR	2.3	2.5	Fixed	1.03%	N/A	-	8	20
		Rehabilitation of Labugama Water Treatment Plant project	EUR	2.6	2.8	Fixed	1.03%	N/A	-	8	20
KBC Bank of Belgium	Loan	Implementation of Monaragala - Buttala Water Supply Project	EUR	2.8	3.0	Interest Free			Service Fee 1.2%, Commitment Fee 0.5%	3	10
The Export-Import Bank of China	Loan	Matara Beliatta Section of Matara - Kataragama Railway Extension Project	USD	15.9	15.9	Fixed	2.00%	N/A	Management Fee 0.5%, Commitment Fee 0.50%	6	20
	Loan	Hambantota Hub Development Project	CNY	400.4	59.0	Fixed	2.00%	N/A	Management Fee 0.5%, Commitment Fee 0.25%	6	20
	Loan	Construction of Extension of Southern Expressway, Section 2 from Beliatta to Wetiya Project	USD	62.2	62.2	Fixed	2.00%	N/A	Management Fee 0.5%, Commitment Fee 0.25%	6	20

Annexure III

	Loan	Matara Beliatta Section of Matara - Kataragama Railway Extension Project	CNY	22.7	3.3	Fixed	2.00%	N/A	Management Fee 0.5%, Commitment Fee 0.50%	6	20
	Loan	Greater Kurunagala Water Supply and Sewerage Project	CNY	116.4	17.6	Fixed	2.00%	N/A	Management Fee 0.25%, Commitment Fee 0.25%	5	20
	Loan	Construction of Outer Circular Highway Project Phase 3 from Kerawalapitiya to Kadawatha	USD	78.9	78.9	Fixed	2%	N/A	Management Fee 0.25%, Commitment Fee 0.25%	5	20
	Loan	Construction of Extension of Southern Expressway, Section 4 from Mattala to Hambantota Via Andarawewa Project	CNY	724.4	107.4	Fixed	2%	N/A	Management Fee 0.25%, Commitment Fee 0.25%	5	20
	Loan	Construction of Extension of Southern Expressway Section 1 from Matara to Beliatta	USD	146.5	146.5	Fixed	2%	N/A	Management Fee 0.25%, Commitment Fee 0.25%	5	20
UniCredit Bank Austria AG (Austria)	Loan	Upgrading of Sewerage Infrastructure at Kataragama Sacred City Area	EUR	2.3	2.6	Amount Based Interest			Handling Fee EUR 1,440, Guarantee Fee 59,062.5, Management Fee EUR 47,250, Commitment Fee 0.4%	8	18
Multilateral											
Asian Development Bank	Loan	Clean Energy and Access Improvement Project	USD	4.2	4.2	Variable	LIBOR -6 Month for USD	0.20%	Commitment Fee 0.15%	5	25
	Loan	Clean Energy and Access Improvement Project	SDR	1.1	1.5	Fixed	1% During Disbursing Period, 1.5%	N/A	-	8	32

Annexure III

						During Repaying Period				
Loan	Dry Zone Urban Water and Sanitation Project	SDR	1.3	1.8	Fixed	1% During Disbursing Period, 1.5% During Repaying Period	N/A	-	8	32
Loan	Greater Colombo Wastewater Management Project (OCR)	USD	8.6	8.6	Variable	LIBOR -6 Month for USD	0.20%	Commitment Fee 0.15%	5	25
Loan	Greater Colombo Wastewater Management Project (ADF)	SDR	1.5	2.0	Fixed	1% During Disbursing Period, 1.5% During Repaying Period	N/A	-	8	32
Loan	ADB Funded Fiscal Management Efficiency Project	USD	9.1	9.1	Variable	LIBOR -6 Month for USD	0.20%	Commitment Fee 0.15%	5	25
Loan	Northern Road Connectivity Project (OCR)	USD	0.5	0.5	Variable	LIBOR -6 Month for USD	0.20%	Commitment Fee 0.15%	5	25
Loan	Northern Road Connectivity Project (ADF)	SDR	0.06	0.1	Fixed	1% During Disbursing Period, 1.5% During Repaying Period	N/A	-	8	32
Loan	Jaffna & Kilinochchi Water Supply & Sanitation Project (OCR)	USD	0.2	0.2	Variable	LIBOR -6 Month for USD	0.60%	Commitment Fee 0.15%	5	25

Annexure III

Loan	Jaffna & Kilinochchi Water Supply & Sanitation Project (ADF)	SDR	10.6	14.7	Fixed	1% During Disbursing Period, 1.5% During Repaying Period	N/A	-	8	32
Loan	Sustainable Power Sector Support Project (OCR)	USD	1.2	1.2	Variable	LIBOR -6 Month for USD	0.30%	Commitment Fee 0.15%	5	25
Loan	Sustainable Power Sector Support Project (ADF)	SDR	0.05	0.1	Fixed	1% During Disbursing Period, 1.5% During Repaying Period	N/A	-	8	32
Loan	Local Government Enhancement Project	SDR	2.5	3.5	Fixed	1% During Disbursing Period, 1.5% During Repaying Period	N/A	-	8	32
Loan	National Highways Sector Project Additional Finance OCR	USD	1.1	1.1	Variable	LIBOR -6 Month for USD	0.60%	Commitment Fee 0.15%	5	25
Loan	Northern Road Connectivity Project - Additional Finance	USD	1.6	1.6	Variable	LIBOR -6 Month for USD	0.40%	Commitment Fee 0.15%	5	26
Loan	Northern Road Connectivity Project - Additional Finance	SDR	3.5	4.9	Fixed	1% During Disbursing Period, 1.5% During Repaying Period	N/A	-	8	32

Annexure III

Loan	Clean Energy and Network Efficiency Improvement Project	USD	28.0	28.0	Variable	LIBOR -6 Month for USD	0.40%	Commitment Fee 0.15%	5	25
Loan	Clean Energy and Network Efficiency Improvement Project	SDR	7.1	9.8	Fixed	1% During Disbursing Period, 1.5% During Repaying Period	N/A	-	8	32
Loan	Dry Zone Urban Water and Sanitation Project- Additional Finance	SDR	2.4	3.3	Fixed	1% During Disbursing Period, 1.5% During Repaying Period	N/A	-	8	32
Loan	Education Sector Development Programme - OCR	USD	15.0	15.0	Variable	LIBOR -6 Month for USD	0.40%	Commitment Fee 0.15%	5	25
Loan	Education Sector Development Programme - ADF	SDR	10.0	14.0	Fixed	2%	N/A	-	5	26
Loan	Greater Colombo Wastewater Management Investment Project 1	USD	11.1	11.1	Variable	LIBOR -6 Month for USD	0.60%	Commitment Fee 0.15%	5	25
Loan	Greater Colombo Wastewater Management Investment Project 1	USD	0.8	1.1	Fixed	1% During Disbursing Period, 1.5% During Repaying Period	N/A	-	8	32
Loan	Skills Sector Enhancement Programme -Result based Lending	USD	7.0	7.0	Variable	LIBOR -6 Month for USD	0.50%	Commitment Fee 0.15%	5	25

Annexure III

Loan	Skills Sector Enhancement Programme - Result based Lending	SDR	4.6	6.4	Fixed	2%	N/A	-	5	25
Loan	Southern Road Connectivity Project	USD	9.6	9.6	Variable	LIBOR -6 Month for USD	0.20%	Commitment Fee 0.15%	5	25
Loan	Southern Road Connectivity Project	SDR	0.3	0.4	Fixed	2%	N/A	-	5	25
Loan	Greater Colombo Water & Wastewater Management Project 2	USD	9.3	9.3	Variable	LIBOR -6 Month for USD	0.40%	Commitment Fee 0.15%	5	25
Loan	Greater Colombo Water & Wastewater Management Project 2	SDR	0.7	0.9	Fixed	1.25%	N/A	Service Fee 0.75%	5	25
Loan	Integrated Road Investment Programme	SDR	6.9	9.3	Fixed	2%	N/A	-	5	25
Loan	Integrated Road Investment Programme - Tranche 2	SDR	0.3	0.4	Fixed	2%	N/A	-	5	25
Loan	Integrated Road Investment Programme - Tranche 2	USD	20.3	20.3	Fixed	2%	N/A	-	5	25
Loan	Green Power Development & Energy Efficiency Improvement Pro.	USD	4.4	4.4	Variable	LIBOR -6 Month for USD	0.50%	Commitment Fee 0.15%	5	25
Loan	Green Power Development & Energy Efficiency Improvement Project	SDR	2.6	3.7	Fixed	2%	N/A	-	5	25
Loan	Integrated Road Investment Programme - Tranche 3	SDR	0.8	1.1	Fixed	2%	N/A	-	5	25
Loan	Integrated Road Investment Programme - Tranche 3	USD	90.5	90.5	Variable	LIBOR -6 Month for USD	0.50%	Commitment Fee 0.15%	5	25
Loan	Small and Medium-Sized Enterprises Line of Credit	USD	37.5	37.5	Variable	LIBOR -6 Month for USD	0.15%	Commitment Fee 0.15%	10	13
Loan	Mahaweli Water Security Investment Programme - Tranche 1	SDR	4.4	6.2	Fixed	2%	N/A	-	5	25

Annexure III

	Loan	Mahaweli Water Security Investment Programme - Tranche 1	USD	6.0	6.0	Fixed	0.1%	N/A	Commitment Fee 0.15%	5	26
	Loan	Grater Colombo Water and Wastewater Management improvement Investment programme - Project 3	SDR	0.1	0.2	Fixed	2%	N/A	-	5	24
	Loan	Grater Colombo Water and Wastewater Management improvement Investment programme - Project 3	USD	4.0	4.0	Variable	LIBOR -6 Month for USD	0.5%	Commitment Fee 0.15%	5	25
	Loan	Technical Assistance Loan Agreement - (Transport Project Preparatory Facility)	SDR	1.3	1.9	Fixed	2%	N/A	-	5	25
	Loan	Local Government Enhancement Sector Project - Additional Financing	USD	4.2	4.2	Fixed	2%	N/A	-	5	25
	Loan	Project Design Advance for Northern Province Sustainable Fisheries Development Project	USD	0.1	0.1	Fixed	2%	N/A	-	2	7
Food & Agriculture Organization	Grant	Promotion of Appropriate Feeding Techniques to - Dairying	USD	0.1	0.1				N/A		
	Grant	Improving Seabass Aquaculture in Sri Lanka	USD	0.1	0.1				N/A		
	Grant	Agro-Economic Development Project (ADP)	USD	0.6	0.6				N/A		
	Grant	Rehabilitation of Degraded Agricultural Lands in kandy, Badulla and Nuwara Eliya Districts of the Central Highlands	USD	0.2	0.2				N/A		
	Grant	Implementation of the National biosafety framework in accordance with the Cartagena protocol on Biosafety (GCP)	USD	0.1	0.1				N/A		

Annexure III

World Bank - International Bank for Reconstruction & Development	Grant	Development of site specific fertilizer management systems for sustainable crop production	USD	0.1	0.1					N/A		
	Grant	Emergency Assistance to Restore Agricultural Livelihoods of Vulnerable Households Affected by Drought	USD	0.5	0.5					N/A		
	Loan	Metro Colombo Urban Development Project (MCUDP)	USD	11.5	11.5	Variable	LIBOR -6 Month for USD	0.70%	Commitment Fee 0.50%	5		24
	Loan	Accelerating Higher Education Expansion & Development Operation (AHEAD) programme	USD	0.2	0.2		Interest Free		Commitment Fee 0.25%, Frontend Fee USD 167,500	10		24
	Grant	PHRD Grant for Metro Colombo Towards a Flood Resilient Urban Environment	USD	0.2	0.2						N/A	
	Grant	Trust Fund for Statistical Capacity Building Improving Poverty Estimation Project (IBRD/IDA Blended)	USD	-0.01	-0.01						N/A	
International Fund for Agricultural Development	Loan	Smallholder Plantations Entrepreneurship Development Programme	SDR	0.05	0.04		N/A		Service Fee 0.75%	10		40
	Grant	Post Tsunami Coastal Rehabilitation & Resources Management 11	USD	0.5	0.5						N/A	
	Loan	National Agribusiness Development Programme	SDR	2.7	3.8	Fixed	0.75%	N/A	-	10		30
	Loan	Iranamadu Irrigation Development Project	SDR	2.2	2.9		N/A		Service Fee 0.75%	11		25
	Loan	Sri Lanka Smallholder Tea and Rubber Revitalization Project (STARR)	SDR	1.8	2.5	Fixed	2%	N/A	-	5		25

Annexure III

World Bank - International Development Association	Loan	Implementation of Smallholder Agribusiness Partnership(SAP) Programme	USD	2.8	2.8	Fixed	2%	N/A	-	5	24
	Loan	Additional Financing for Strategic Cities Development Project	SDR	0.5	0.7	Fixed	1.25%	N/A	Service Fee 0.75%	5	25
	Loan	Additional Financing for Climate Resilience Improvement Project	SDR	4.1	5.7	Fixed	1.25%	N/A	Service Fee 0.5%	5	25
	Loan	Ecosystem Conservation and Management Project	SDR	2.1	2.9	Fixed	1.25%	N/A	Service Fee 0.75%	5	25
	Loan	Social Safety Nets Project	SDR	2.2	3.1	Fixed	2.73%	N/A	Frontend Fee USD 134,250, Commitment Fee 0.25%	5	24
	Loan	Agriculture Sector Modernization Project	SDR	9.0	12.7	Fixed	1.25%	N/A	Service Fee 0.75%	5	24
	Loan	Transforming the School Education System as the Foundation of a Knowledge Hub Project	SDR	6.6	9.2	Fixed	1.25%	N/A	Service Fee 0.75%, Commitment Fee 0.50%	5	25
	Loan	Second Health Sector Development Project	SDR	45.0	62.3	Fixed	1.25%	N/A	Service Fee 0.75%, Commitment Fee 0.50%	5	25
	Loan	Climate Resilience Improvement Management - CRIP	SDR	14.2	19.5	Fixed	1.25%	N/A	Service Fee 0.75%, Commitment Fee 0.50%	5	25
	Loan	Strategic Cities Development Project	SDR	5.1	7.0	Fixed	1.25%	N/A	Service Fee 0.75%, Commitment Fee 0.50%	5	25
Loan	Additional Financing for Dam Safety & Water Resources Planning Project	SDR	18.3	25.3	Fixed	1.25%	N/A	Service Fee 0.75%, Commitment Fee 0.50%	5	25	

Annexure III

	Loan	Skills Development Project (Portion A)	SDR	14.0	19.4	Fixed	1.25%	N/A	Service Fee 0.75%, Commitment Fee 0.50%	5	25
	Grant	GPOBA Increasing Household Access to Domestic Sanitation in Greater Colombo Project	USD	0.7	0.7				N/A		
	Grant	AusAid DFAT + IDA Grant Transforming the School Education System as the Foundation of Knowledge Hub Project	USD	8.7	8.7				N/A		
	Loan	Water Supply and Sanitation Improvement Project	SDR	25.0	35.0	Fixed	1.25%	N/A	Service Fee 0.75%, Commitment Fee 0.50%	5	25
	Loan	Early Childhood Development Project	SDR	3.3	4.5	Fixed	1.25%	N/A	Service Fee 0.75%, Commitment Fee 0.50%	5	25
OPEC Fund for International Development	Loan	Kalu Ganga Development Project	USD	4.1	4.1	Fixed	3.20%	N/A	Service Fee 1%	5	20
	Loan	Road Network Development Project	USD	0.9	0.9	Fixed	3.10%	N/A	Service Fee 1%	5	20
	Loan	Colombo National Highways Project	USD	7.4	7.4	Fixed	4.60%	N/A	-	5	20
	Loan	Western Province Road Development Project	USD	0.5	0.5	Fixed	2.60%	N/A	-	5	20
	Loan	Rehabilitation of the A 05 Road Corridor from Badulla to Chenkaladi Project	USD	11.4	11.4	Fixed	2.50%	N/A	-	5	20
UNESCO	Grant	A Tracer Study of the Graduates of the Universities in Sri Lanka	USD	0.02	0.02				N/A		
	Grant	Enhancing the preparedness for the impacts of climate	USD	0.02	0.02				N/A		

		change on mangroves through research and training				
	Grant	Strengthening Gender Equality and Equity and Zero tolerance for sexual and gender based violence	USD	0.03	0.03	N/A
UNFPA	Grant	UNFPA Country Programme 2013	USD	0.05	0.05	N/A
UNICEF	Grant	UNICEF Country Programme 2013-2017	USD	4.0	4.0	N/A
Word Food Programme	Grant	Climate Change Impacts on Living in the Mahaweli River Basin	USD	1.3	1.3	N/A
	Grant	Country programme action plan 2016-2017(CPAP)	USD	0.1	0.1	N/A
	Grant	Relief Assistance for Drought Affected Communities - Emergency Operation SL	USD	3.1	3.1	N/A
Total				1,668.7		

Source : Department of External Resources

Note : Values disbursed in different currencies have been converted into USD as per the prevailing exchange rates of yearend 2017. Disbursements of SOEs are not included.
N/A = Not Applicable, SDR = Special Drawing Rights, LIBOR = London Interbank Offer Rate, EURIBOR = European Interbank Offer Rate
























List of ODA Loans Committed in 2017 - Sustainable Development Goals				
Development Partner	Project	Amount in (USD million)	Sustainable Development Goals	
Japan	Rural Infrastructure Development Project in Emerging Regions	113.8		  
	Kalu Ganga Water Supply Expansion Project (I)	279.5		
Kuwait	Kalu Ganga Development Project (Supplementary)	16.3		 
Saudi Arabia (Saudi Fund For Development)	Left Bank Development Project in Kalu Ganga	44.8		 
	Wayamba University Township Development Project	27.9		
Netherlands (Co-op Centrale Raiffeisen-Boerenleenbank)	Pilot Project on Establishment of a Groundwater Monitoring Network in Three Selected District.	20.8		
India (Export Import Bank of India)	Doller Credit Line 318M of the Development of Railway Sector	318		
Austria (RaiffeisenZentral Bank)	Enhancement and Upgrading of Technical Training Institute of Engineering Technology at Katunayaka	11.1		
	Obtaining 100 Ambulance Cars for Government Hospitals	11.7		
China (The Export-Import Bank of China)	Kandy North Pathadumbara Integrated Water Supply Project	248.8		
	Consultancy Services for Design Review and Construction Supervision of Civil works on Extension of Southern Expressway Project	87.7		

	Thalpitigala Reservoir Project	147.9				
Asian Development Bank	Project Design Advance for Northern Province Sustainable Fisheries Development Project	1.3				
	Second Integrated Road Investment Programme Tranche 01	150				
	Jaffna Kilinochchi Water Supply Project - Additional Financing	120				
	Integrated Road Investment Programme - Tranche 4	150				
European Investment Bank	Implementation of Greater Colombo Water and Wastewater Management Improvement Programme-Project 3	53.4				
World Bank (International Bank for Reconstruction and Development)	Accelerating Higher Education Expansion & Development Operation (AHEAD) programme	67				
International Fund for Agricultural Development	Implementation of Smallholder Agribusiness Partnership(SAP) Programme Loan No 2000001843	33.7				
World Bank (International Development Association)	Agriculture Sector Modernization Project	119.7				
	Accelerating Higher Education Expansion and Development Operation (AHEAD) Programme	33.8				
	Transport Connectivity and Asset Management Project	127.9				
	Financial Sector Modernization Project	78.2				

OPEC Fund for International Development	Kalu Ganga Development Project (Additional Loan)	18			
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ODA Grants committed in 2017 – Sustainable Development Goals

Development Partner	Project/Programme	Amount (USD million)	Sustainable Development Goals		
India	Construction of Multi-ethnic Trilingual Secondary School in Polonnaruwa	2.0			
Japan	Economic and Social Development Programme (Improvement of Public Security and Strengthening of Counter Terrorism Activities)	2.2			
	Economic and Social Development Programme (Port and Nautical Activities)	9.1			
	Establishment of a Doppler Weather Radar Network in Sri Lanka	22.4			
	Human Resource Development Scholarship (Three-Year Cycle)	1.9			
	Human Resource Development Scholarship	2.3			
Korea	Project for Establishment of National College of Education (NCoE)	13.0			
China	Economic and Technical Cooperation	58.0			
United States of America	Strengthened Partnership for Social Integration	3.6			

	Development and facilitation of Implementation of a Millennium Challenge Compact	7.4				
Asian Development Bank	Second Sri Lanka Flood and Landslide Disaster Response Project	2.0				
European Community	Strengthening Reconciliation Processes in Sri Lanka	12.8				
	Support to the Modernization of Agriculture Sector in Sri Lanka	32.0				
Food & Agriculture Organization	Development of site specific fertilizer management systems for sustainable crop production	0.3				
	Emergency Assistance to Restore Agricultural Livelihoods of Vulnerable Households Affected by Drought	0.5				
	Promote Scaling-up innovative rice-fish farming and climate resilient Tilapia pond culture practices for blue growth in Asia	0.5				
United Nations Educational, Scientific & Cultural Organization	Enhancing the preparedness for the impacts of climate change on mangroves through research and training	0.03				
	Strengthening Gender Equality and Equity and Zero tolerance for sexual and gender based violence	0.03				
	A Tracer Study of the Graduates of the Universities in Sri Lanka	0.02				
UNICEF	Country Programme Action Plan (CPAP) 2018-2020	57.2				
						

World Food Programme	Relief Assistance for Drought Affected Communities -Emergency Operation SL (enhancement)	2.4		
	Relief Assistance for Drought Affected Communities -Emergency Operation SL	2.5		

International Labour Organization (ILO)

ILO started operations in Sri Lanka in 1984, to provide technical assistance in a number of areas in related to the world of work such as development of employment and work-related policies and legislation, labour market systems, international labour standards, labour migration, occupational safety and health, industrial relations, social security, skills and vocational training, crisis response, child labour, forced labour, trafficking, HIV AIDs and strengthening of employers' and workers' organizations to promote social dialogue and right based agendas.

Total Expenditure
for 2017
USD 1.9 million

United Nations Office for Project Services (UNOPS)

Total Expenditure
for 2017
USD 2.7 million

The United Nations Office for Project Services (UNOPS) is an operational arm of the United Nations, sup-orting the successful implementation of peacebuilding, humanitarian and development projects around the world. UNOPS has supported Sri Lanka's development since 1998, expanding operations in 2005 to support the post-tsunami response and reconstruction process. Within the organisation's mandate in project management, infrastructure and procurement, UNOPS implements customized socio-economic development projects that benefit vulnerable people and develop national capacities. Activities include provision of bridges, schools, hospitals, urban sewerage, drainage facilities, harbours and anchorages, and integrated waste management services. UNOPS works closely with Government counterparts and communities to ensure increased owner-ship and sustainability of projects.

United Nations High Commissioner for Refugee (UNHCR)

In Sri Lanka, UNHCR conducts Refugee Status Determination (RSD) and provides durable solutions for recognized refugees while engaging with the Government to preserve and expand asylum space. UNHCR also facilitates the voluntary return of Sri Lankan refugees in conditions of safety and dignity and help them to reintegrate into their communities. To support durable solutions for IDPs, UNHCR carry outs capacity development programmes to national institutions and local authorities to enable them to deliver adequate services in the north.

Total Expenditure
for 2017
USD 2.7 million

In addition to the above agencies the World Health Organization (WHO), United Nations Volunteers (UNV), International Atomic Energy Agency (IAEA), United Nations Industrial Development Organization (UNIDO), and International Organization for Migration (IOM) have also reported that they have disbursed about USD 13.68 million in 2017.

Note: All these funds have been disbursed directly