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செயலாற்றுகை அறிக்கை
Performance Report

2013

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வெளிநாட்டு வளங்கள் திணைக்களம்
Department of External Resources



Department of External Resources
Ministry of Finance & Planning
Sri Lanka

Performance Report

2013

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Vision

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

Mission

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

Objectives

- Mobilize external resources with minimum cost and low risk to finance development needs in priority sectors highlighted in the Development Policy Framework of the Government; Sri Lanka the Emerging Wonder of Asia
- Facilitate the effective and efficient utilization of external resources
- Contribute to maintain long – term external debt sustainability of the country
- Contribute to the human resource development in the public sector by effective utilization of foreign training opportunities
- Continue to strengthen the capacity of the Department to fulfil the responsibilities in an effective and efficient manner

Our Values

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

Maintaining the highest standards of personal integrity, putting the departments interest ahead of individuals

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

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

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

Overview

The Department of External Resources mobilises and manages external financing for accelerated economic growth while maintaining long term debt sustainability of the country. The external financing provides resources to bridge domestic savings-investment gap for economic development. The Government is committed to maintain 6 percent of GDP annually for public investments and at present about 40 percent of the public investment expenditure is financed through external financing.

Foreign financing has been mobilized to develop road network with new expressways, highways, water supply and irrigation systems, power generation and transmission and modernizing the education and health services of the country. The capacity expansion of the Colombo Port and Airport, construction of new port and international airport in Hambantota, construction of railways and expressways and other infrastructure facilities too has been undertaken with external resources. The reconstruction of the conflict affected districts with similar facilities have also supplemented by external financing by way of loans and grants.

External financing arrangement in recent years consists of concessional credit from IDA, ADB, Japan, China, India, Korea, Saudi Arabia, Kuwait and OFIC. Semi concessional borrowings from Exim Bank arrangements and market borrowings to supplement available domestic resources to finance import content and capacity enhancement have alter the traditional character of external resources.

The Ministry of Finance and Planning has formulated a framework for the mobilization of external finance in the medium term considering the need assessment and underlying public investment strategy of the Government. Accordingly, all such new borrowings for the implementation of development projects are required to

undergo a comprehensive assessment process prior to entering in to a formal agreement with lenders.

With the country advancing towards an upper middle income status the availability of concessional financing will become limited. As such the requirement for funds will have to be supplemented through non concessional borrowings which will include export credit, commercial credit etc and tapping of international capital markets to finance viable development projects. Further, in diversifying its funding base, the Government recognizes that the international capital market provides ample opportunities for increasing liquidity through both debt capital and equity. Major bilateral partners including China, India, Japan, Middle East and multilateral partners including World Bank (WB) and the Asian Development Bank (ADB) will continue to perform as major development partners during the next 5 years in terms of their continued assistance and ongoing projects.

Being an emerging middle income country with steady increase of per capita income and reduction of external debt in relation to the GDP, Sri Lanka shared its development experience with other countries through technical and grant assistance programs. The Government has provided grant assistance of USD 10 million to the Government of Maldives for construction of a 4.8 km long road using Sri Lankan constructors. The Government has also extended technical assistance to establish a Vocational and Technical Training Centre in Uganda to improve their vocational education. These initiatives will help strengthen the friendship and bilateral relationship between Sri Lanka and these countries. Initiatives have also been taken to export our surplus rice to less developed countries that require assistance through World Food Programme (WFP).

Organizational Structure

The Department of External Resources (ERD) is headed by Director General assisted by an Additional Director General and 7 Directors in charge of the following Divisions;

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

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

The approved cadre percentage of 32 which had been vacant in the year 2012 could decrease to 24 percent at the end of year 2013, as a result of the recruitments of new Senior and Secondary level Officers in year 2013. It was a significant contribution to the Department in achieving the targets set out in the Annual Work Plan 2013. As well as the Department was able to perform a higher commitment and disbursement rate in the year 2013 and it was a progress achieved by the strong efforts of the staff.

Staff Development and Training

In the year 2013, the Department has performed a significant role in development of human resources through the provision of foreign and local training opportunities for staff for capacity development and to enhance their efficiency. Foreign and local training opportunities provided are as follows;

Foreign and Local Training Opportunities Provided to Staff Officers		
Programme	Duration	Number of Staff
Foreign		
Knowledge Sharing Programme (KSP) – Interim Report Workshop in Seoul	1 Week	1
Horizon – Launch Workshop -South Africa	10 Days	1
Policy Dialogue Programme on Water Resources Management with Special attention to Flood Management - Japan	1 Week	1
17 th EDCF Annual Workshop held in Korea	5 Days	1
Financial Markets and New Financial Instruments – Singapore	12 Days	1
Seminar on Concessional Loans from China – China	3 Weeks	1

Development Cooperation Policy - Korea	10 Days	1
Seminar on Capacity Building of Maritime Law Enforcement Agencies in Emerging Countries - Japan	5 Days	1
Seminar on Development Aid Experiences – China	3 Weeks	1
<u>Local</u>		
Advance Certificate in English for Professionals (ACEP)	12 Weeks	1
Diploma in English for Professionals (DEP)	18 Weeks	1

Recognizing the need for upgrading skills of the administrative and supportive staff of the Department, the officers of the Management Assistance Service and supporting services have been provided with significant number of local training opportunities in 2013. The following table summarizes the areas on which they were trained;

Local Training Opportunities Provided to Supportive Staff

Subject of Training	Number of Staff trained
Training Programme of "CIGAS"	2
Training Programme of Pension Activities	1
Training Programme of Office Management	5
Training Programme of Salary Management & Salary Conversion	4
Training Programme of Work Study/ Method Study	1
Training Programme of Scientific, Effective & Safety Driving	3
Training Programme of Vehicle Maintenance	2
Training Programme of Professional Development	1
Training Programme of ICT (Computer Training)	2
Training Programme of Maximum Effectiveness of Labour	4
Training Programme of Basic Tamil Language	6
Training Programme of Enhancing Skills	6

Foreign Financing

The main function of the Department is to assist Government to mobilize foreign financing to implement “Unstoppable Sri Lanka 2020, Public Investment Strategy 2014-2016”. Accordingly, a summary of Commitments made by Government with the intervention of the Department of External Resources with countries and foreign agencies and their utilization and debt service payments for the year 2013 is depicted in this Chapter.

Foreign Financing Commitments

In line with the Government policy framework “The Emerging Wonder of Asia – The Development Policy Framework of the Government” and the Medium Term Debt Management Strategy 2012-2016, Government has entered into 63 financial agreements with foreign development partners in 2013 with the intervention of the Department of External Resources, to finance 55 development projects mainly to build and improve economic and social infrastructures in the Island.

The total commitment made with ODA development partners and export credit agencies in 2013 was USD 2,507.6 million, of which, 92 percent (or USD 2,302 million) was committed in the form of loans and the rest was made as grants (8 percent or USD 205.6 million). Those were obtained mainly to improve Water Supply and Sanitation, Roads and Bridges, Health and Social Welfare, Power and Energy, Transport and Education and Vocational Training sectors which have been prioritized

under the 10 year development policy framework. 63.6 percent of total commitments have been made to finance the development of economic infrastructures, i.e. 17 percent for Water Supply and Sanitation, 13.4 percent for Roads and Bridges, 11.9 percent for Power and Energy and 11.7 percent for Transport, whereas 22.1 percent made to improve the Social Infrastructures such as Health and Social Welfare (12.3 percent) and Education (8.5 percent).

Out of the total commitments, majority were made with China (20.7 percent of the total commitments), followed by ADB (18.2 percent) and Japan (19.9 percent).

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

Foreign Financing Commitments by Development Partners in 2013 (USD million)

Development Partner	Amount (USD million)		
	Loan	Grant	Total
Bilateral	1,479.4	77.4	1,556.8
China	517.9	-	517.9
Japan	429.1	68.7	497.8
India	124.0	-	124.0
United Kingdom	103.7	-	103.7
United States of America	64.9	-	64.9
Korea	59.6	2.7	62.3
Other*	180.2	6.0	186.2
Multilateral	822.6	128.2	950.8
Asian Development Bank	455.0	2.5	457.5
World Bank (International Development Association)	196.6	11.1	207.7
European Investment bank	121.0	-	121.0
UN Agencies	-	114.6	114.6
OPEC Fund for International Development	50.0	-	50.0
Total	2,302.0	205.6	2,507.6

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

* **Other** = Netherlands (USD 57.3 million), Hungary (USD 45.9 million), Austria (USD 31.0 million), Spain (USD 29.4 million), Hong Kong (USD 10.6 million), Germany (USD 6.0 million) and Finland (USD 5.9 million)

Foreign Financing Disbursements

Under the commitments signed with various development partners, the total disbursement received by the government for utilizing in development projects in 2013 was USD 1,950.8 million. Of the total, project loans accounted for USD 1,819.1 million and grants accounted for USD 131.7 million. Disbursements made during the period under review by each development partner are depicted in Table below.

Development Partner/Lending Agency	Amount (USD million)		
	Loan	Grant	Total
Bilateral	1,328.8	95.8	1,424.6
China	526.2	-	526.2
Japan	265.0	12.1	277.1
India	188.2	71.9	260.1
Russia	64.6	-	64.6
Iran ¹	27.0	-	27.0
Netherland	55.4	-	55.4
South Korea	36.5	-	36.5
Sweden	23.6	-	23.6
Spain	15.5	-	15.5
Australia	10.5	-	10.5
United States of America	-	9.6	9.6
Austria	10.4	-	10.4
Hungary	9.1	-	9.1
France	14.1	-	14.1
Belgium	3.1	-	3.1
Denmark	3.4	-	3.4
Germany	4.1	2.2	6.3
Saudi Fund	10.7	-	10.7
Kuwait	0.6	-	0.6
United Kingdom	60.8	-	60.8
Multilateral	490.3	35.9	526.2
Asian Development Bank	278.3	2.5	280.8
World Bank	201.1	14.6	215.7
International Fund for Agricultural Development	6.8	-	6.8
OPEC Fund for International Development	4.1	-	4.1
UNDP	-	5.9	5.9
UNICEF	-	7.5	7.5
FAO	-	5.4	5.4
Total	1,819.1	131.7	1,950.8

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

¹ Disbursements affected due to sanctions on Iranian financial system.

Out of the total disbursements recorded in 2013, 27 percent or USD 526.2 million was reported under the development projects funded by China and 14 percent or USD 277.1 million was from the Japanese-funded projects. The total disbursements recorded in the projects financed by multilateral agencies such as the World Bank, Asian Development Bank and International Fund for Agricultural Development amount to USD 526.3 million which is 27 percent of the total disbursements.

Utilization Rate of Foreign Financing

According to the stipulated standard, the satisfactory level of the overall utilization ratio should be between 20-25 percent if the average implementation period of projects is 4-5 years. With the remedial measures taken by the Government and development partners to improve the project management system including procurement,

efficient cash flow arrangements, use of commercial borrowings to address the funding gaps in economic infrastructure projects and better treasury operation in Budget Management the utilization rate of foreign financing projects has gradually increased during the last five years.

Utilization Rates by Development Partner – 2013

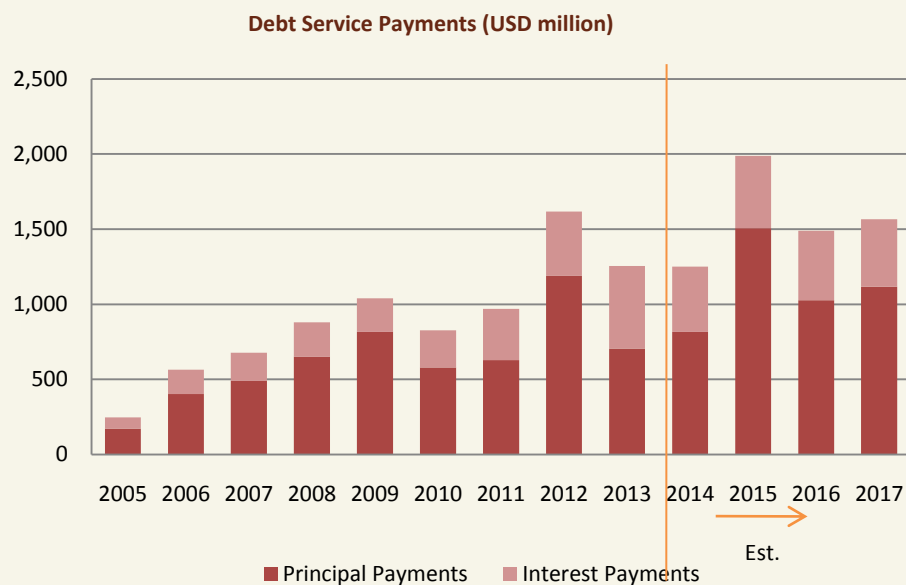
Development Partner	Utilization Rate (%)
Bilateral	26.1
China	20.6
Japan	15.0
India	29.8
Russia	21.5
UK	38.4
Netherland	34.2
Korea	34.1
Others	15.4
Multilateral	20.1
Asian Development Bank	21.3
World Bank	32.3
Others	6.7
Total	20.8

Outstanding External Debt & Debt Service Payments

At the end of 2013, the total outstanding external debt of the Government was USD 18.9 billionⁱ. Total debt service paymentⁱⁱ in 2013 amounted to USD 1,159 million. Of this, USD 705 million was for principal payments and the balance USD 454 million was for the interest payments.

The debt service payments from 2005 to 2013 and the estimated debt service payments up to 2017 is depicted in Chart. The noticeable hikes appeared in principal

repayments in 2012 and 2015 of this Chart are due to the maturity of sovereign bonds worth of USD 500 million each issued in 2007 and 2009 respectively by the Government.

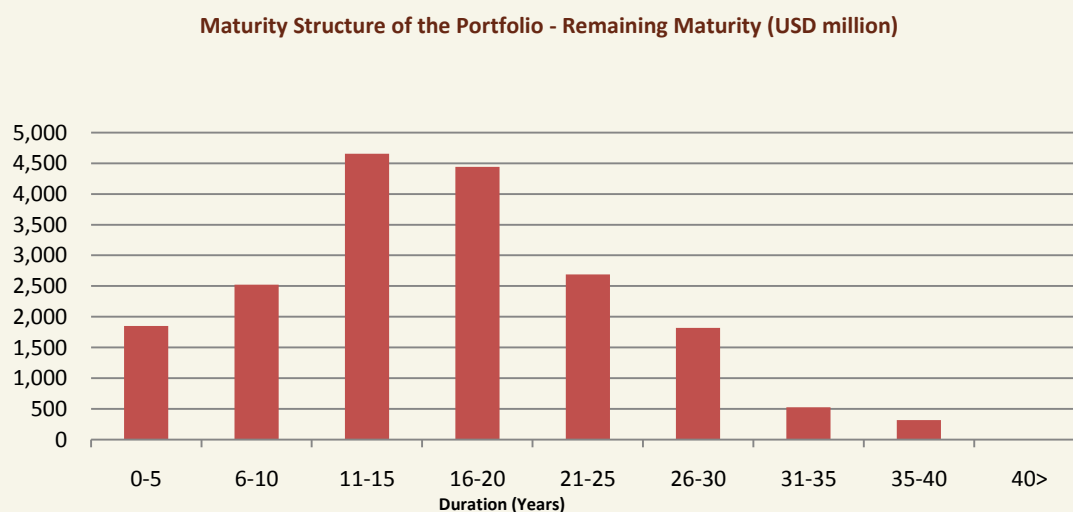


ⁱ Contains outstanding debt of loans obtained to finance development projects and outstanding debt of International sovereign bonds. Outstanding debts of loans obtained for SOEs are not included.

ⁱⁱ Debt Service Payments = Principal Payments + Interest Payments, Debt service of loans obtained for SOEs are not included.

Maturity Structure of the External Debt

Out of the total outstanding foreign debt of USD 18.9 billion obtained to finance development projects, approximately 10 percent will mature during next five years. Majority (25 percent) will mature during in 11-15 years and another 24 percent will mature in 21-25 years. The remaining 28 percent will mature after 20 years.



Note: Figures are based on the existing portfolio

Performance by Divisions

Asian Development Bank and China Division

Asian Development Bank (ADB) Division

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

Asian Development Bank (ADB) is one of the major multilateral development partners of Sri Lanka with over 46 years of productive partnership. Since its establishment in 1966, the bank has approved a total of 166 loans, with cumulative lending of USD 5.8 billion to Sri Lanka. In addition, ADB has provided USD 358 million grant assistance (including ADB administered co-financed grants) for projects and USD 123 million through 259 technical assistance grants. The annual borrowing from ADB currently stood around USD 300 million or 0.4 - 0.6 percent of the GDP.

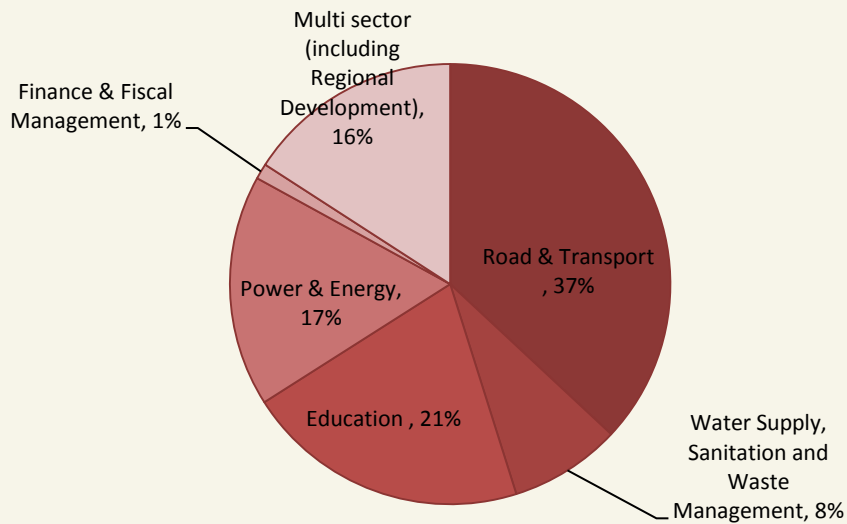
Country Partnership Strategy 2014-2016

The medium-term Country Partnership Strategy developed jointly by the Government of Sri Lanka and ADB in 2013 for 2014-2016 focuses on three main objectives namely, (i) promoting inclusive and sustainable economic growth, (ii) catalyzing private investment and enhancing the effectiveness of public investment, (iii) human resource and knowledge development. Accordingly, it reflects the country's transformation and addresses the priority agendas of middle-income countries, such as skills development, transport services optimization, and

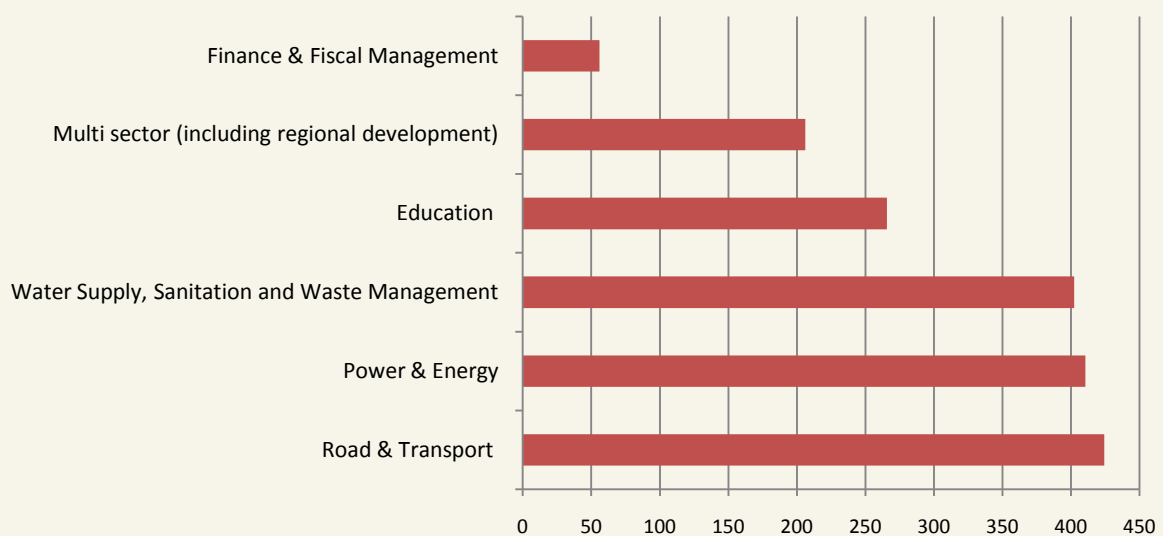
sustainable energy as development of these sectors is vital to meet the high demand for such services resulting from the accelerated economic growth. Accordingly, Sri Lanka will receive around USD 300 million per year under concessional and non-concessional rates and out of the total USD 1,103 million earmarked for the period 2014-2016, a substantial portion will be utilized for Water Supply, Sanitation and Wastewater Management sector, Power and Energy sector and the Skills Development sectors.

Commitments and Disbursements in 2013

In the year 2013, the total commitment made by the Asian Development Bank was USD 455 million. It includes USD 130 million for the Power & Energy sector, USD 124 million for the Water Supply & Sanitation sector, USD 201 million for the Education sector. The current ADB portfolio contains 33 loans and 7 grants. The total disbursements in 2013 under these loans was USD 289 million.

Sectoral Distribution of Disbursement 2013**Portfolio in 2013**

ADB portfolio is spread across 6 sectors with Roads & Transport as the largest sector followed by Power and Energy, Water Supply and Sanitation, Education and Skills Development, multi sector including Regional Development & Finance and Fiscal Management. Figure below illustrates the ADB sectoral portfolio as of 31st December 2013.

Sectoral Distribution of ADB Loans (USD million)

Key Projects being Implemented in 2013

Project	Amount USD million
Clean Energy and Access Improvement Project	160
Northern Road Connectivity Project	154
National Highway Sector Project	150
Secondary Towns Rural Community Based Water Supply and Sanitation Project	120
Conflict Affected Region Emergency Project	150
Sustainable Power Sector Support Project	120
Greater Colombo Wastewater Management Project	100
Jaffna & Kilinochchi Water Supply & Sanitation Project	90
National Highway Sector Project – Additional Financing	85
Eastern and North Central Provincial Road Project	70
Education for Knowledge Society Project	65
Dry Zone Urban Water and Sanitation Project	60
Fiscal Management Efficiency Project	30.8
Local Government Enhancement Sector Project	55
Clean Energy and Network Efficiency Improvement Project	130
Northern Road Connectivity Project- Additional Financing	98
Education Sector Development Programme	201
Greater Colombo Water and Wastewater Management Improvement Project – Tranche 1	84
Dry Zone Urban Water Supply & Sanitation Project - Additional Financing	40

Loans Approved and Made Effective in 2013

Three projects totaling USD 364 million were approved and 5 projects for USD 552 million were declared effective during 2013. 55 percent of the approved projects were for the Education sector, 24 percent for the Urban and Water sector and 21 percent for the Transport sector.

Loans Approved and Made Effective in 2013

Loan	Amount USD million
Approved	
Education Sector Development Programme	201
Southern Road Connectivity Project	75
Greater Colombo Water and Wastewater Management Improvement Investment Programme – T2	88
Total	364
Made Effective	
Dry Zone Urban Water and Sanitation Project - Additional Financing	40
Greater Colombo Water and Wastewater Management Improvement Investment Programme – T1	84
Education Sector Development Programme	201
Northern Road Connectivity Project - Additional Financing	98
Clean Energy and Network Efficiency Improvement Project	130
Total	553

Key Projects to be Implemented in 2014

Project	Amount USD million
Southern Road Connectivity Project	75
Greater Colombo Water and Wastewater Management Improvement Management Project – Tranche 2	88
Skill Sector Development Programme	100
Green Power Development and Energy Efficiency Improvement Investment Programme (Tranche 1)	150
Inclusive Road Operation and Development Investment Programme (Tranche 1)	150

Projects Completed in 2013

Project	Outcome
Southern Transport Development Project – Supplementary	Operation of the highway and increased economic opportunities for residents in the southern region through efficient road connectivity with the capital city and other regions
National Highway Sector Project	Improved road sector institution & policy and upgraded and maintained national highway network that lowers transport cost, reduces journey time and improve accessibility
Colombo Port Expansion Project	Improved capacity of the Colombo Port
Secondary Towns and Rural Community Based Water Supply and Sanitation Project (1993 SRI, 2275 SRI, 2276 SRI)	Provided safe drinking water and safe sanitation to people in project areas. Reduced poverty and promoted human development by reducing the incidence of waterborne diseases and reducing the time and resources that households spend in acquiring water
North East Community Restoration and Development Project II	Improved living conditions and well-being of a significant number of people in the conflict-affected areas by providing social infrastructure, community services, and livelihood restoration
Improving Connectivity to Support Livelihood and Gender Equality Project	Livelihood opportunities for rural poor communities are increased through the rehabilitation and maintenance of rural access roads

Special Events in 2013

- May 2013 – 46th ADB Annual Meeting held in Delhi, India

Loan signing:

- February - Dry Zone Urban Water Supply & Sanitation Project - Additional Financing
- May – Clean Energy and Network Efficiency Improvement Project
- June - Greater Colombo Water and Wastewater Management Improvement Project – Tranche 1
- August - Education Sector Development Programme

•High Level Consultation Missions:

- **February** - Director General, South Asia Department of ADB, Mr. Juan Miranda visited Sri Lanka
- **June** – Executive Director of ADB Mr. Yeo Kwon Yoon visited for High Level Consultation Mission
- **August** – Mr. Xiaoyu Zhao, Vice President of ADB and Director General, South Asia Department of ADB, Mr. Juan Miranda participated for the Opening Ceremony of Colombo Port Expansion Project
- **December** - Director General, South Asia Department of ADB, Mr. Juan Miranda visited Sri Lanka

Including above High Level Missions, 88 ADB Missions visited Sri Lanka in 2013.

China Division

The Government of Sri Lanka receives financial assistance from China in the form of grants and loans. Grants and interest free loans are provided by the Government of China while loans are provided by the Export – Import (EXIM) Bank of China, China Development Bank (CDB) and Industrial and Commercial Bank of China (ICBC).

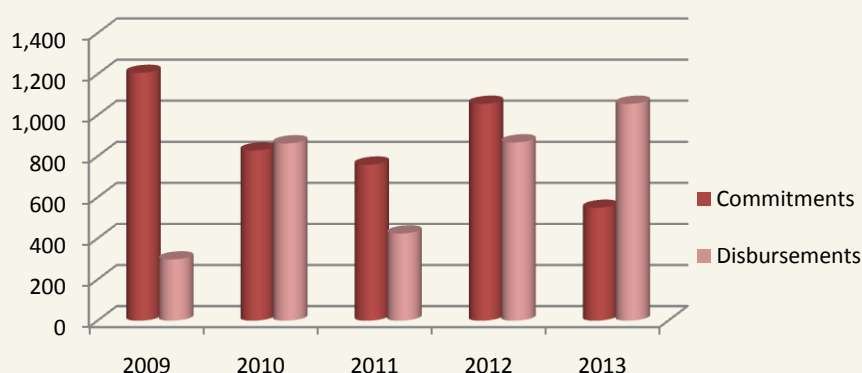
The total commitment made from China for the last five-year period from

2009 to 2013 was USD 4,158 million. Out of the total commitment made during the last five years period, the highest commitment, of USD 1,206 million was recorded in 2009 and it was followed by USD 1,056 million and USD 829 million in 2012 and 2010 respectively.

The total disbursement from China for the last five years period was USD 3,510 million. Out of this amount, the

total disbursement in 2013 was USD 1,056 million. Of this amount, the highest volume of USD 237 million was disbursed for the Hambantota Port Development Project. Disbursements for Puttalam Coal Power Phase II Project and Improvement & Rehabilitation of Priority Road Project were USD 129 million and USD 119 million respectively.

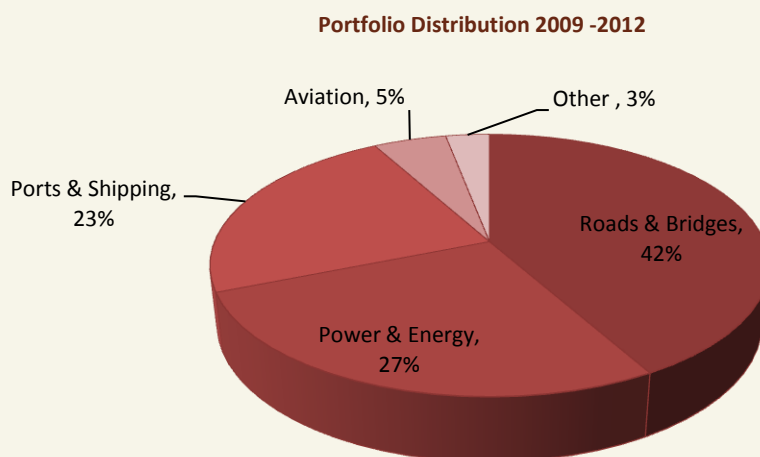
Commitments and Disbursement from China – 2009 to 2013 (USD million)



Sector Distribution

During last five year period Chinese assistance was obtained mainly for development of Roads & Bridges, Power & Energy, Ports & Shipping and Aviation sectors. The active portfolio of Chinese assistance currently stands at USD 4,426 million. Of this amount the highest amount was used for development of Roads & Bridges sector. It

was USD 1,848 million or 42 percent of the total portfolio of China. The second largest amount of the total portfolio of China was used for development of Power & Energy. It was 27 percent of the total portfolio of China during this period. The Ports & Shipping sector used around 23 percent.



Projects Commenced in 2013

- Matara – Kataragama Railway Extension Project
- Hambanthota Port Development Project Phase I for Ancillary Work & Supply of Equipment Project
- Grater Kurunegala Water Supply & Sanitation Project

Japan and Korea Division

Japan Division

Japan has become one of the Sri Lanka's key development partners contributing to the country's strategic development effort in extending Japanese Official Development Assistance (ODA) through the Japan International Cooperation Agency (JICA) in order to support the socio-economic development needs of Sri Lanka. Japanese current total investment portfolio, as of December 2013 consists of USD 2463 million through 23 loan projects amounted to USD 2219 million and 21 grant projects with USD 244 million.

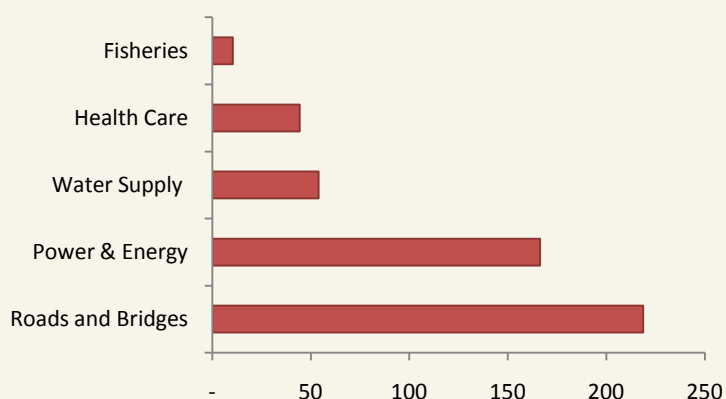
Development Cooperation in 2013

Recording the largest bilateral cooperation of USD 523 million in 2011, Japanese annual yen loan package is increased from the range of USD 350 - 400 million to over USD 500 million. Accordingly, the existing portfolio of Japanese financial assistance was improved in 2013 by the Government of Japan by signing four concessionary loans amounting to USD 429 million and four grants amounted to USD 28.2 million.

Commitments in 2013

Japanese total commitment in 2013 was spread across the development priority sectors of Roads and Bridges, Power & Energy, Water Supply, Health and Fisheries.

Sectoral Distribution of Total Commitment in 2013 (USD million)



The Government of Sri Lanka intends to obtain USD 342.8 million from JICA for "New Bridge Construction Project over the Kelani River" under 44th Yen Loan Package of Japan ODA for the year 2014.

Japanese Commitment made through 43rd Yen Loan Package

Project	Loan/ Grant	Amount USD million	Description
Anuradhapura North Water Supply Project – Phase I	Loan	53.9	Construction of Mahakanadarawa Water Supply Scheme to provide safe drinking water for people who live in Anuradhapura North area by depending on unsafe drinking water
Landslide Disaster Protection Project of the National Road Network	Loan	79.5	Strengthening Landslide Disaster Management in Sri Lanka by implementing slope counter measures for major national roads in high risk area such as mountain area which is highly susceptible to slope disasters in Central, Sabaragamuwa and Uva Provinces

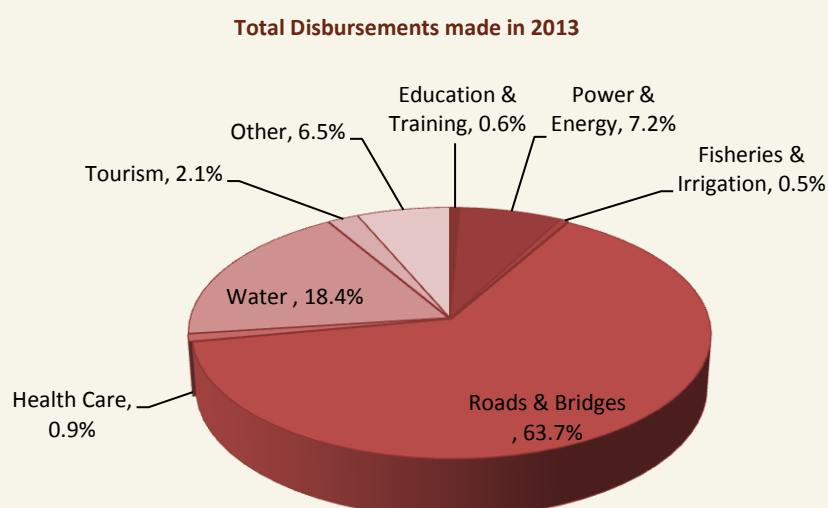
Major Bridges Construction Project of the National Road Network	Loan	129.2	Construction of 37 major new bridges of the national road network which are more than 30 meters in length including 13 bridges in Western Province, 8 bridges in Northern Province, 9 bridges in Southern Province, 3 bridges in Sabaragamuwa Province, 2 bridges in North Western Province and one bridge in Central as well as in Uva Province under this project
Greater Colombo Transmission and Distribution Loss Reduction Project	Loan	166.4	Catering the rapidly increasing electricity demand in Colombo City while minimizing the distribution losses and enhancing the efficiency of distribution of power by constructing new Low Voltage (LV) lines with distribution sub stations, LV line interconnections, single phase to three phase conversion etc

Grant Assistance in 2013

Japanese total grant aid commitment in 2013 includes the Project for the Development of Intelligent Transport Information System for Expressways in Sri Lanka (USD 9.9 million), Project for Construction of Dredger (USD 10.4 million), Non-Project Grant Aid for Provision of Japanese SME's Product (USD 2.1 million) and Non-Project Grant Aid for Provision of Medical Equipment (USD 11 million).

Disbursements in 2013

The total disbursement achievement in Japan aided projects in 2013 was USD 277 million indicating the highest disbursement achievement of USD 176 million for the sector of Roads and Bridges.



Above total disbursement achievement in 2013 was consisted of USD 176 million for Roads and Bridges Development, USD 20 million for Power and Energy, USD 51 million for Water Supply, USD 6 million for Tourism Development, USD 3 million for Health, USD 2 million for Education and Training, USD 1.5 million for Fisheries and Irrigation and USD 17 million for other sectors such as Ports & Shipping, Rehabilitation and Finance sector.

Projects Completed in 2013

Project	Amount USD million
Pro-poor Economic Advancement & Community Enhancement Project (PEACE)	49.6
Eastern Province Rural Road Development Project	43.9

Key Projects being Implemented in 2013

Project	Amount USD million
<u>Loans</u>	
Emergency Natural Disaster Rehabilitation Project	91.4
Greater Colombo Urban Transport Development Project (Phase1, 2 & 2-I)	743.5
Kandy City Wastewater Management Project	152.4
Provincial / Rural Road Development Project (Central, Sabaragamuwa & Eastern Provinces)	142.0
The Gall Port Development Project	124.0
Upper Kotmale Hydro Power Project (I & II)	300.0
Vavuniya-Kilinochchi Transmission Line Project(I & II)	29.5
Water Sector Development Project (I & II)	190.8
Poverty Alleviation Micro-finance Project (PAMP II)	23.9
Energy Diversification Enhancement Project (Engineering Services)	7.6
Eastern Province Water Supply Development Project	53.0
Habarana – Veyangoda Transmission Line Project	115.3
Improvement of Basic Social Services Targeting Emerging Regions	47.4
Small & Micro Industries Leader & Entrepreneur Promotion Project III	93.0
Environmentally Friendly Solution Fund II	50.6
<u>Grants</u>	
Rehabilitation of Kilinochchi Water Supply Scheme	8.3
Non-Project Grant Aid for Provision of Medical Equipment	11.0
Project for Construction of Dredger	10.4
Improvement of Japanese Language Learning Equipment of the University of Kelaniya and University of Sabaragamuwa	0.5
Provision of Industrial Products	3.7
Non-Project Grant Aid for Provision of Japanese SME's Product	2.1
Development of Intelligent Transport Information System for Expressways in Sri Lanka	9.9

Anuradhapura North Water Supply Project

Various impacts from groundwater pollution due to excessive use of chemicals in agricultural lands of Sri Lanka are increasingly discussed at present because of the increasing death rate due to chronic kidney disease (CKD). CKD related deaths in Anuradhapura district during 2003-2011 was 1,811 and the number of registered patients with chronic kidney disease diagnoses has increased by 14 percent to 10,577 in 2012 compared to the previous year and the number continue to increase steadily. Approximately, 225 deaths occur in hospitals in Anuradhapura district annually as a result of kidney

complications and around 1,300 people are newly affected every year.

In order to address this issue, the Anuradhapura North Water Supply Project was financed by the Government of Japan in an amount of USD 53.9 million in 2013, aiming to construct a water supply scheme to provide safe drinking water for people who live in Anuradhapura Northern area covering Medawachchiya, Rambewa, Divisional Secretariat Divisions in Anuradhapura District under Mahakanadarawa Water Supply Scheme.

Eastern Province Rural Road Development Project

To improve the livelihood of the people in Eastern Province by improving access to economic activities, market facilities and productive centers as well as by improving access to social services through rehabilitation of rural roads and to contribute local economic development and mitigating regional inequality, Government has commenced activities of Eastern Province Rural Road Development Project in March 2010 and completed in March 2013.

This project especially targeted the issue of poor road conditions in rural areas of Eastern Province. Those roads had been neglected due to the long conflict situation affecting the area. With return of normalcy, this project is part of the government efforts to facilitate access to marketing and purchase of produces, and social benefits

such as education, health, and culture to the people of these areas.

The Government of Sri Lanka has obtained USD 43.9 million from Japan in addition to the Government contribution of Rs. 890 million to improve 651 km of rural roads in all three districts (Trincomalee, Batticaloa, Ampara) in Eastern Province including main activities such as; (a) rehabilitation and installation of roadside drainage system (b) improvement and construction of culverts and other structures (c) strengthening and widening of the carriageway with concrete.

This will directly benefited to the 483,350 people living in the province including farmers, fishermen, traders and other service providers.

Major Bridges Construction Project of the National Road Network

The Government has entered in to agreement in 2013 to obtain assistance to construct bridges from the Government of Japan as a major development partner who has provided grant assistance since 1989 for construction of bridges in Sri Lanka. As a result of bilateral discussions had with the Government of Japan, it is agreed to provide a loan of USD 129.2 million through Japan International Cooperation Agency to construct 37 major bridges connecting to the national road network.

It is expected to construct 37 major new bridges of the national road network which are more than 30 meters in

length including 13 bridges in Western Province, 8 bridges in Northern Province, 9 bridges in Southern Province, 3 bridges in Sabaragamuwa Province, 2 bridges in North Western Province and one bridge in Central as well as in Uva Province under this project. It is further expected to construct these bridges using advanced technologies with a view of meeting the traffic congestion while other bridges are expected to widen in parallel to the expansion of road system.

Korea Division

The Government of Korea is emerging as one of the productive bilateral development partner of Sri Lanka contributing to the strategic development priorities of the Government. Since 1990, the Government of Korea is extending its loan assistance of USD 550 million through Economic Development Cooperation Fund (EDCF) under 25 loan projects. Accordingly, the Government secured financial assistance of USD 140 million, USD 200 million

and USD 290 million from the Government of Korea signing three Framework Arrangements respectively for the periods of 2008-2009, 2009-2012 and 2012-2015. Korean grant assistance is channelled through the Korean International Cooperation Agency (KOICA) in order to finance small scale projects contributing the economic and social development of the country.

Commitments and Disbursements in 2013

The total commitment recorded from the Government of Korea during 2013 was USD 62.2 million of which USD 59.5 million was loan assistance through EDCF and the rest of the commitment of USD 2.7 million was KOICA grant assistance utilized for the construction of International Convention Centre in Hambantota.

Sri Lanka is one of the major recipients of Korean aid in areas of Water Supply, Irrigation, Energy, Transport and establishing social safety networks. The total disbursement made under Korean assistance in 2013 was USD 36.5 million.

Commitments made in 2013

Project	Amount USD million
<u>Loan</u>	
Construction of Solid Waste Disposal Facilities Project	33.5
Establishment of Colombo Vocational Training Center and Gampaha College of Technology Projects in Sri Lanka	26.0
<u>Grant</u>	
Construction of International Convention Centre in Hambantota	2.7

Hambantota International Convention Centre

Hambantota International Convention Centre is the first state-of-the-art convention centre built out of Colombo with the purpose of having conventional facilities in other mega cities in Sri Lanka. This is being constructed in Siribopura, in Hambantota District under the KOICA grant assistance of USD 8.7 million.

The Convention Centre Complex is consisted of a main hall of 8,081 sq.m. with 1500 seating capacity, committee rooms, restaurant facilities, exhibition halls, modern sound and recording facilities, parking space for 670 vehicles. The Commonwealth Youth Forum that was held from 10 -14 November 2013 was the first international conference held at the venue.

Construction of Solid Waste Disposal Facility Project

Comprehensive waste management system to control environmental pollution is important to ensure the concept of "Towards Green Economy" which is stipulated in the Development Policy Framework of the Government "Mahinda Chinthana - Vision for the Future".

The project aims to implement effective solid waste management system in Panadura, East Nuwaragampalatha, Udunuwara and Hikkaduwa and

once completed it will contribute to minimize environment pollution and preserve comfortable urban atmosphere for the living residence. At the same time project will be expected to increase percentage of the recyclable materials, decreasing of waste volume being sent to land fill by composting organic waste. This project was signed in 2013 and expected to be completed by 2017 and total project cost is USD 41.8 million.

Establishment of Colombo Vocational Training Centre and Gampaha College of Technology

Establishment of Colombo Vocational Training Centre and Gampaha College of Technology Project was signed in 2013, with the aim of establishing two vocational training centers with modern technological facilities in Gampaha and Colombo districts to lead the Sri Lankan vocational training system and ensure providing formal professional education to students with regard to the latest technology and know-how in the selected areas to match the labor market requirements in other countries. It is also intended to empower labor force with required knowledge and skills to meet the

local and international market demand thereby increasing job opportunities, ultimately contributing to the economic growth of the country.

The project scope is consisted of building constructions and renovation, providing training equipment facilities, conducting overseas vocational training in Korea and dispatching of Korean training experts to Sri Lanka. The total cost of the project is USD 31.4 million of which USD 26 million is provided by the Government of Korea through EDCF on concessional terms and conditions.

World Bank, IMF, SAARC & Middle East Division

World Bank Division

This division is responsible for the mobilizing the development assistance from the World Bank for the implementation of the development projects.

Sri Lanka has a long partnership with the World Bank in mobilizing external resources for the support of the country's socio economic development. These assistances are channeled either through the International Development Association (IDA) or the International Bank for Reconstruction and Development (IBRD) of the World Bank under the working arrangement named; Country Assistance Strategy. The current such strategy is in force

during the period of 2014-2016. Though the IBRD financings are blend of concessional and non-concessional terms, the Government has taken all efforts to utilize the World Bank funding under the concessionary financing terms or as grants in year 2013.

The active portfolio of USD 1297.20 million under the current Country Assistance Strategy is spread across 11 sectors with the largest commitment of USD 213 million for Urban Development followed mainly by Roads & Transport, Multi Sector Regional Development and Health sector.

Commitments in 2013

Sri Lanka was able to mobilize USD 211.13 million from the World Bank by ways of loans and grants in 2013. This is a 36 percentage reduction when compared with the year 2012 commitments i.e. USD 334 million. Those commitments, however, stand as a major contributor to the entire Health sector as a sum of USD 200 million

injected to underpin the country's health indicators. These commitments are in otherwise well reflects the Government aim to utilize non-commercial financing sources of the World Bank in investment sectors such as Health and Education where it takes medium-long term period to give returns.

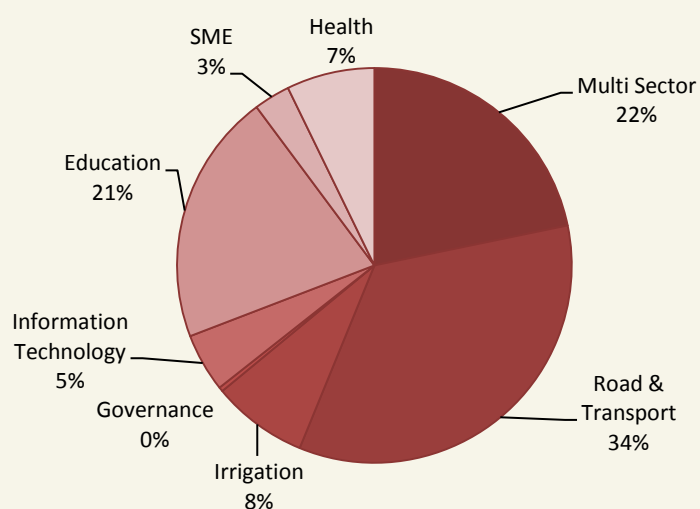
Financing Agreements Signed with the World Bank in 2013

Project	Amount USD million	Loan/ Grant	Salient Features
Education Sector Development Framework and Programme	11.13	Grant	The committed grant amount is to be utilized to support and strengthen the activities of the ongoing "Transforming the School Education System as the Foundation of a Knowledge Hub Project" committed with USD 100 million in 2012
Second Health Sector Development Programme	200.00	Loan	First disbursement of USD 11 million received by GOSL for the initial activities identified in Health Sector Development Plan and will be implemented as budget support approach until 2017

Disbursements in 2013

The current portfolio of the World Bank consists of 25 projects and they could disburse a sum of USD 183.64 million mainly for the Roads & Transport (34 percent), Multi Sector Regional Development (22 percent) and Education (21 percent). The significance of this disbursement style is that the flexibility of the World Bank financing in utilizing in the range of developments sectors when it needs.

Sectoral Distribution of Disbursement in 2013



Special Events in 2013

The Government has been taking appropriate actions periodically to review the World Bank portfolio and restructure ongoing development projects in order to harmonize them with ground realities and new development challenges in the areas of focus. Under such, the following restructuring and redistribution had been done;

- Sustainable Tourism Development Project which was committed with USD 18 million in 2010 was terminated by assessing the progress of the Project. And the internal arrangements are being done to divert the loan amount to Dam Safety and Water Resources Planning Project (DSWRP) which is being successfully implemented for irrigation and water resource management.
- “Gamidiriya” project committed with USD 75 million in 2009 for regional development activities in resettlement areas was restructured twice in 2013 to integrate the activities with the National Regional Development Program.

Way Forward

The Government was able to engage in series of discussions at the preparation stages of the following loans which are expected to be signed in 2014.

Coming up Projects in 2014

Project	Amount USD million	Source
Strategic Cities Development Programme	147	IDA
Improving Climate Resilience Programme	110	IDA
Catastrophe Differed Drawdown Options (CATDDO) Programme	102	IBRD
Skills Development Programme	83	IDA
Additional Financing for Dam Safety and Water Resources Planning Project (DSWRP)	83	IDA
Dam Safety and Water Resources Planning Project (DSWRP)-Phase II	150	IDA

SAARC Division

India

The Government of India is the major trading collaborator of Sri Lanka in South Asian region over 40 years. Being part of the developing world as south-south cooperation, the Indo-Sri Lanka Free Trade Agreement (ISFTA) was signed in 28th December 1998, with effect from 1st March 2000 in promoting trade and development of both nations. The first bilateral agreement between the two countries was signed on 1973 for USD 6.75 million to finance import of commodities.

Within last few years Indian foreign direct investment in Sri Lanka has expanded exponentially. Currently Indian development assistance flows by the ways of credits, grants and technical assistance, mainly focusing on improvement of Economic Infrastructural Facilities, Livelihood Development, Education, Healthcare, Capacity Building and Economic Renewal.

Commitments in 2013

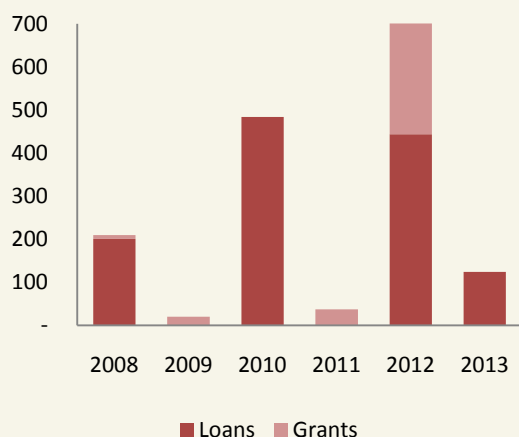
The agreement to purchase two Advanced Offshore Patrol Vessels amounting USD 124.03 million for the Sri Lanka Navy was signed in 2013 between the Government of Sri Lanka and the EXIM Bank of India.

Disbursements in 2013

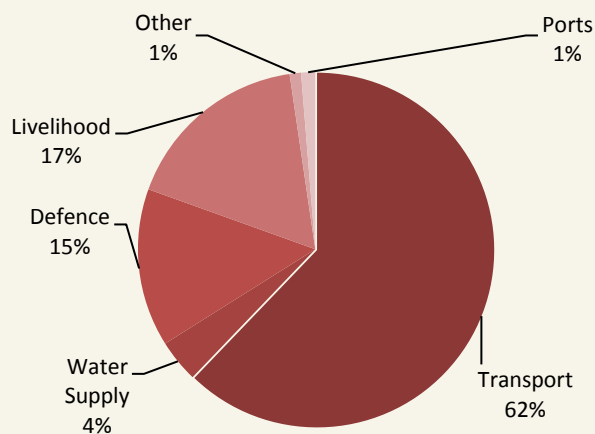
The Disbursements for the year 2013 has been recorded totally USD 260.11 million, out of this USD 188.24 million disbursed for the loans such as India Dollar Credit Agreement (USD 100 million) for Defence, Upgrading Railway Line Colombo to Matara Phase I & Phase II, Reconstruction of Railway Line Omanthai - Pallai, Medawachchiya - Madhu & Madhu - thalaimannar, Signaling & Telecommunications of Northern Railway Services & Reconstruction of Pallai-Kankesanthurai Railway Line and Greater Dambulla Water Supply Project.

In 2013 USD 71.87 million was disbursed as the grant for the 49, 000 housing units in Northern, Eastern Central & Uva Provinces.

Commitments 2008 – 2013



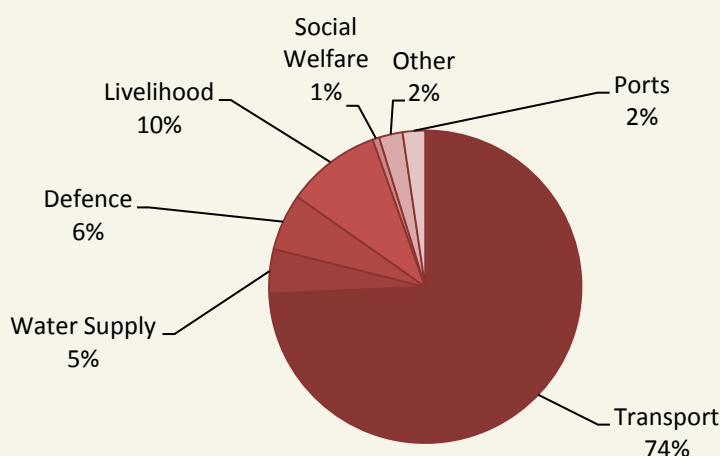
Sectoral Commitments 2008 – 2013



Sri Lanka was able to mobilize USD 1,250.88 million worth of loans and USD 323.29 million grants from the Government of India for the period of 2008 to 2013, especially for Transport, Livelihood Development, and Water Supply, Health and Education sectors. The highest commitment (62 percent) was made for the Transportation sector to Construct Northern and Southern Railways followed by Livelihood Development (17 percent) and Defence (15 percent) during the same period.

Disbursements by Sector during 2008 – 2013

During the period of 2008 to 2013, the largest disbursement was made to Transport sector, considering the importance of the restoration of the northern and southern railway infrastructure. Secondly disbursement was to Livelihood Development to enhance the economical status of the lagging areas in the country.



Restoration of Northern Railway Infrastructure

The Government of Sri Lanka was able to invest in restoration of northern railway infrastructure through the commitment of USD 416.39 million in 2010 to reconstruct the railway lines consisting 196 km in Northern Province. As the 1st phase, Madawachchiya – Madu railway track was completed and His Excellency the President Mahinda

Rajapaksa inaugurated the train service in May 2013. The second credit for a value of USD 382.37 million for reconstruction of railway line from Pallai – Kankasanthurai (56 km) and for signaling & telecommunication work of northern railway network was committed in 2012. As of 2013, the project was moving smoothly.

49,000 housing units in Northern, Eastern, Central & Uva

Government of India has extended grant assistance to construct 49,000 housing units in Northern, Eastern, Central and Uva Provinces for the amount of USD 257.28 million in 2012. The project was divided into three phases, First phase with 43,000 houses under owner-driven model for the Northern and Eastern Provinces, Second phase with 4,000 houses under agency driven model in the Central and Uva Provinces and the third phase with 2,000

houses under agency driven model in the Northern and Eastern Provinces. Under the first phase each beneficiary will get LKR 550,000 in four installments for new construction and up to LKR 250,000 in three installments for repairs. Around 7,042 houses were already completed in Northern and Eastern Provinces. The project will run until 2015 and the grant will fully disbursed at the end of 2015.

Pakistan

Pakistan is the second largest trading partner of Sri Lanka in the SAARC region. The financing assistance from Government of Pakistan was started through the first agreement signed in 1991 with the original commitment of USD 5 million. So far, the Government was able to mobilize the total loan commitments of USD 66.6 million and USD 0.287 million as grants from Pakistan.

AI /Aksha Maha Vidyalaya in Vauniya was constructed by the Pakistan grant amounting USD 90,000 and the USD 72,000 was used to develop the handloom sector in Diulapitiya in 2013

Middle East Division

Official Development Assistance of the bilateral and multilateral development partners in Middle East Region such as Saudi Fund for Development (SFD), Kuwait Fund for Arab Economic Development (KFAED), OPEC Fund for International Development (OFID) and Government of Iran

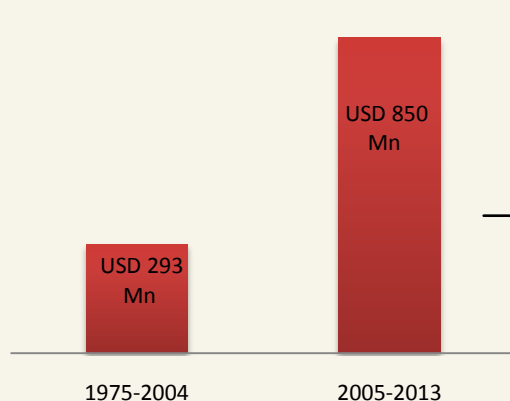
have played a significant role over the last four decades towards social and economical development of Sri Lanka. Since 1975 the total financial assistance extended by development partners of Middle East Region up to December 2013 was around USD 1,143 million.

Commitments in 2013

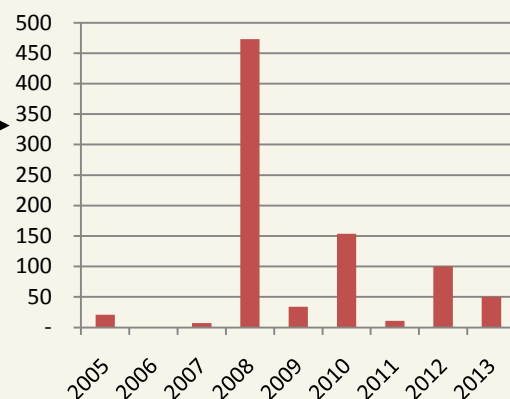
The OPEC Fund for International Development (OFID) has made a substantial commitment of USD 50 million for improvement of Colombo National Highways Sector Project in year 2013. Under this project it is expected to widen and improve thirteen road sections with a length of 65 km and reconstruction of Nawala Bridge on Nawala Nugegoda Road. The total estimated cost of the project is USD 64 million. This project will help to minimize the waste time on the roads especially in high traffic corridors in urban areas in Colombo and there by contribute to development of the national economy.

Commitments 2005-2013

Development Assistance from Middle East Region

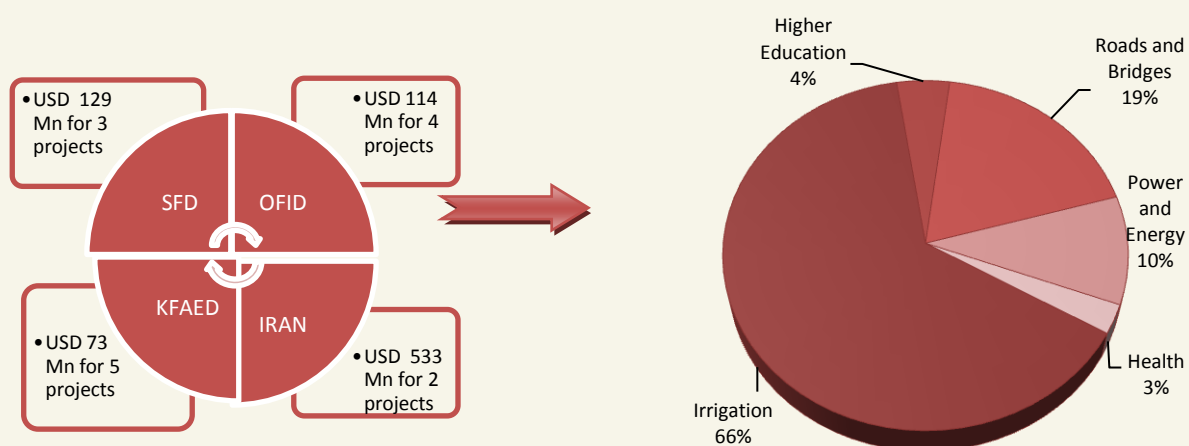


Yearly Commitment from 2005-2013



Continuous cooperation of Middle East Region towards development of the country after 2005 is highly significant and the total commitment through concessional loans was around USD 850 million. It is 74 percent of the total commitment from 1975-2013. Financial commitment of USD 450 million extended in 2008 was the highest commitment during this period

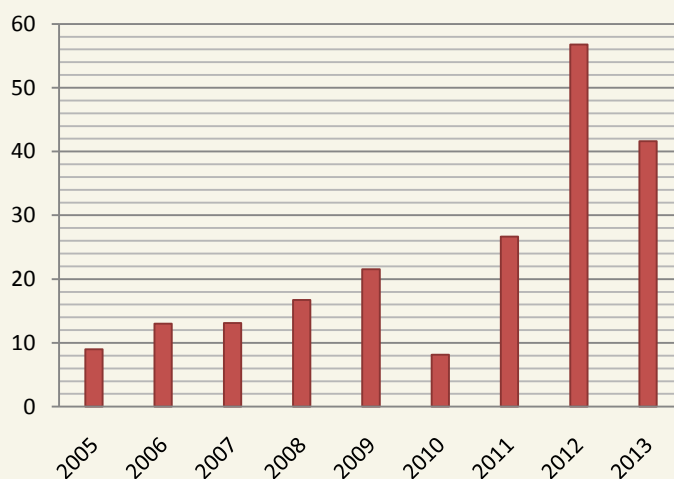
and which was extended by Government of Iran for Uma Oya Multi Purpose Development. A larger portion of this financial assistance has been invested in high priority development areas of the country such as Irrigation, Roads and Bridges, Power & Energy, Education and Health sectors. Most of which have been initiated after 2005.



Disbursements in 2013

The total disbursement of Middle East financial assistance during 2005-2013 is USD 184.6 million, out of that USD 41.6 million has been disbursed in 2013. It accounted for 22.5 percent of the total disbursement made during 2005-2013 projects. However, due to the reasons beyond control of Government of Sri Lanka, the fund extended by Government of Iran was unable to utilize for the projects as planned in 2013 and it was resulted to decrease the disbursement in year 2013 as compared with the year 2012.

Disbursement 2005-2013 (USD million)



Completed Projects in 2013

- The Feasibility Study for 27 MW Moragolla Power Project has done with grant assistance of KFAED and it was successfully completed with EIA approval in 2013
- National Road Sector Development Project which financed by OFID has successfully completed in 2013

Major Projects Negotiated in 2013

Project	Amount USD million
<u>Loan</u>	
Reconstruction of 25 Bridges	35.00
Western Province Road Development Project	17.00
Improvement of Badulla- Chenkalady Road	10.04
Integrated Rural Development through Improvement of Export Agriculture and Dairy sector in Kurunegala and Gampaha Districts	25.50
University Township Development Project - Phase I	33.50

With the purpose of strengthen the economic cooperation with the development partners of the Middle East Region; the government has taken initiative to mobilize foreign financing for priority development sector of the country from the State of Qatar and the United Kingdom of Israel in 2013.

Russia, Australia & West Division

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

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

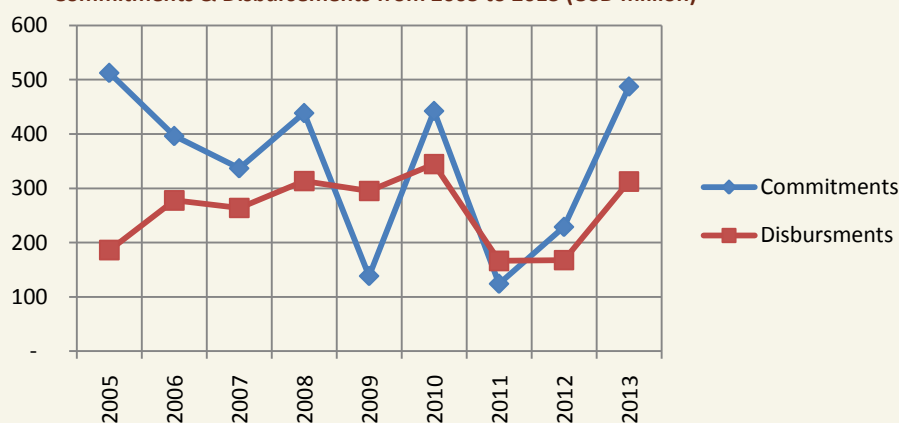
concessional and concessional funds and export credit facilities.

This financing was obtained mainly in the form of i. export credits, ii. commercial credits iii. traditional loan assistance iv grant assistance. Foreign financing under export credits have basically been invested in commercially viable project which can generate sufficient economic benefits and or revenue flows to cover loan repayments. Accordingly, most of the commercial borrowings from western countries have been utilized to complete the urgent and prioritized development projects such as roads, bridges and water supply and social infrastructure such as development of hospitals and improvement of healthcare facilities with a view to providing quality, high-tech and reliable healthcare facilities to the people.

Commitments and Disbursements

Financial assistance in terms of commitments and disbursements from advanced (western) countries to Sri Lanka has increased by 108 percent and 40 percent respectively in 2013 compared to 2012. The commitments made in 2013 from these development partners are mainly invested in the sectors of Healthcare, Water Supply, Dairy Farming & Production and Bridges.

Commitments & Disbursements from 2005 to 2013 (USD million)



	2005	2006	2007	2008	2009	2010	2011	2012	2013	Total
Commitments	513	398.5	337	439	138	547.2	124	234	487.5	3218.2
Disbursements	193	283	264	313	295	361	202	223	312.4	2446.4

Commitments in 2013

Necessary steps were taken in 2013 to conclude financial arrangements in order to implement the following projects under commercial & export credit facilities as well as grant assistance from western countries.

Development Partner	Project	Amount USD million
European Investment Bank	Sri Lanka SME and Green Energy Global Loan	121.00
US Exim Bank	Badulla, Hali-ela & Ella Integrated Water Supply Project	64.90
HSBC Bank PLC UK & HSBC Limited (Hong Kong)	Regional Bridges Project – Phase II	70.60
HSBC Bank PLC UK with EKF of Denmark Guarantee	Modernization of Processing Factories of MILCO (Pvt) Ltd	43.60
BBVA Bank of Spain	Implementation of Greater Rathnapura Water Supply Scheme – Phase 1	29.40
Rabobank of the Netherlands	Upgrading of the National Blood Transfusion Services of Sri Lanka	32.60
Rabobank of the Netherlands	Upgrading of Peripheral Blood Banks coming under the National Blood Transfusion Services	24.70

Exim Bank of Hungary	Rehabilitation of Kalatuwawa Water Treatment Plant	23.40
Exim Bank of Hungary	Rehabilitation of Labugama Water Treatment Plant	22.50
Unicredit Bank Austria AG	.Upgrading of Sewerage Infrastructure at Kataragama Sacred City Area	14.40
Unicredit Bank Austria AG	Augmentation of Mahiyangana Water Supply Project	13.50
KfW Bank of Germany	Establishment of 8 Satellite Centers to the Vocational Training Centre in the Northern Province	6.00
BNP Paribas Forties Bank of Belgium	Reconstruction of (7) Railway Steel Bridges Project	5.90
GIZ	SME Development in Sri Lanka	4.14
GIZ	Education for Social Cohesion	4.14
GIZ	Facilitating Initiatives for Social Cohesion and Transformation	3.45
UniCredit Bank Austria AG	Supply of 2 Nos Cardiac Catheterization System to Cardiology Dep. of the NHSL	3.10
Total		487.33

Major Projects Negotiated in 2013

Development Partner	Project	Amount USD million
Austria – Soft Loan	Construction of Kochchikade Bridge	11.90
Austria – Soft Loan	Kirama- Katuwana Water Supply Scheme	14.40
AFD – Soft Loan	Ambatale Water Supply System Improvements & Energy Saving Project and Towns East of Colombo Water Distribution Improvement Project	100.86
AFD – Soft Loan	Greater Matale Water Supply Project	213.68
Rabobank of the Netherlands with a EFIC Guarantee	Importation of 2500 Dairy Animals	20.74
KBC Bank of Belgium	Monaragala – Buttala Water Supply Project	31.10
Total		392.68

Major Projects being Implemented in 2013

Badulla Hali-ela & Ella Integrated Water Supply Project

Badulla, Haliela and Ella Integrated Water Supply Project are being implemented through loan facilities extended by US Exim Bank (USD 64.9 million) and Hatton National Bank (USD 9.26 million). This project is designed to meet the present and future demand of pipe borne water in Badulla, Haliela, Ella and Demodara areas by augmenting the existing water resources and ensure the supply of 15,000m³/day of raw water extracted from the Demodara

and Moretota Reservoirs. As a result of this project, an additional population of 54,000 living in Badulla, Haliela, Demodara and Ella Townships and surrounding areas will be provided with safe pipe-borne water. Further, this project will also improve the service level to the currently benefitted population of 57,000 in the existing Badulla and Haliela water supply schemes which, at present provide water only for a few hours a day.

EIB Credit-line to Finance SME & Green Energy Sector Projects in Sri Lanka

A loan agreement was concluded between the Government of Sri Lanka and the European Investment Bank (EIB) to channel a credit-line of Euro 90 million in order to finance small and medium enterprises development and the investments in green energy sector such as renewable energy and energy efficient initiatives of private and public sector in Sri Lanka. In line with the budget proposals – 2014, proceeds of the credit-line will

be on lent to the final beneficiaries (who undertake eligible projects to be implemented) through Intermediary Banks at concessional interest rates. Therefore, this credit-line will certainly stimulate economic activities in many sectors while paving the way to new capital formation, venture capital, full employment, generating new flows of exports etc. Hence, benefits of this credit line will trickle down to all actors of economy in the long run.

Veyangoda Railway Crossing Fly-over

Construction of Veyangoda Railway Crossing Fly-over is a fulfillment of long felt need of the users of Veyangoda – Nittambuwa – Ruwanwella Road (B 445) and Katunayake – Veyangoda Road (B 208) as this flyover reduces the heavy traffic congestion caused by the frequent closure of rail gates at Veyangoda town. As a result people travelling to the Bandaranaike International Airport at Katunayake from the Sabaragamuwa and Central Provinces will also be

hugely benefitted as their travel time is saved. This fly-over was constructed under a loan assistance of Euro 11.22 million extended by the BBVA Bank of Spain. A noteworthy feature of this steel fabricated, 432 meters fly-over is the two pedestrian paths lie along with the lanes of the fly-over. Veyangoda railway crossing fly-over was declared open by His Excellency the president in January 2014.

United Nation Agencies & Technical Assistance Division

United Nation Agencies Division

Since 1952 Sri Lanka has been receiving a significant amount of financial and technical assistance from United Nations (UN) agencies such as United Nations Development Programme (UNDP), Food and Agriculture Organization (FAO), United Nations Children's Fund (UNICEF), World Food Programme (WFP), United Nations Population Fund (UNFPA), United Nations High Commissioner for Refugees (UNHCR), World Health Organization (WHO), UN Habitat, International Labour Organization (ILO) and International Fund for Agriculture Development (IFAD) for the implementation of the various projects and programmes mainly in the field of Agriculture, Fisheries, Environment, Health, Education, Livelihood

Development, Disaster Relief etc. The UN pegs its assistance through the United Nations Development Assistance Framework (UNDAF) which is jointly agreed by the Government of Sri Lanka and the UN Agencies in line with the national priorities of the Mahinda Chinthana, the Millennium Development Goals. Under the current framework UN Agencies have agreed to raise approximately USD 405 million over five year period starting from 2013. The UN assistance to Sri Lanka comes mainly in the form of grants. However, the foreign financing provided by IFAD is extended through not only grants but also concessionary loans.

Commitments in 2013

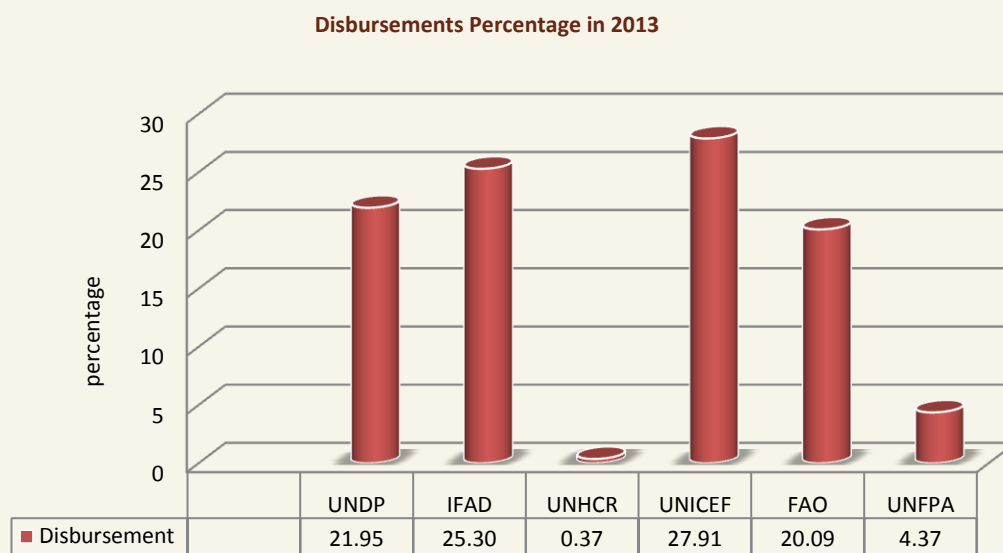
The following key projects were signed between GOSL and UN agencies in 2013.

Agency	Project	Amount USD million
UNDP	Governance for Local Economic Development	29.01
	Law, Access to Justice	10.96
	UN REDD National Programme	4.00
	Promoting Sustainable Bio Mass Energy Production	1.99
	Institutional Strengthening Phase IX	0.13
	Supporting to Human Rights Commission	0.53
	Strategic Positioning of Department of Project Management and Monitoring	0.22
FAO	Food Security in the Northern Province	0.75
	Management of Risks Associated with Pesticide Use	0.27
WFP	Marginalized Agricultural Communities Living in the Mahaweli River Basin of Sri Lanka	7.99
UNIDO	Enhancing the Capacities of the Cinnamon Value	1.50
UNHCR	Assistance to Return and Reintegration of IDP's	0.39

In addition to the above UNDP, UNICEF and UNFPA has agreed to commit USD 60 million, USD 60 million and USD 12 million respectively under the Country Programme Action Plan (CPAP) for the period of 2013-2017 which was signed between GOSL and the relevant agencies in 2013 in line with the United Nations Development Assistance Framework.

Disbursements in 2013

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



Key Projects Completed in 2013

The following key projects implemented with the assistance of UN agencies in the field of Agriculture, Fisheries, Livelihood Development, and Humanitarian Assistance etc. were completed in 2013.

Agency	Project	Amount USD million
Grant		
FAO	Regional Fisheries Livelihood Programme for South East Region	0.75
	Agro Enterprise Development Project	0.40
	Sustainable Land Management and Climate Change	0.48
	Northern Integrated Agricultural Recovery and Growth	3.98
	Integrated Management of Weligama Coconut Leaf	0.30
UNDP	Equal Access to Justice Phase II	7.74
	Transition Recovery Programme	16.80
	Strategic Support to Operationalize the Road Map	2.63
UNHCR	Assistance to Return and Reintegration of IDP's	0.39
IFAD	Dry Zone Livelihood Support and Partnership Programme	0.24
Loan		
IFAD	Dry Zone Livelihood Support and Partnership Programme	22.91
	Post Tsunami Coastal Rehabilitation and Resource Management Programme I	14.39
	Post Tsunami Coastal Rehabilitation and Resource Management Programme II	16.19

Projects/Programmes to be Implemented in 2014

Donation of 50,000 MT of Rice to WFP

As Sri Lanka is emerging with surplus food production with graduation to a middle income economy, Sri Lanka has extended its willingness to strengthen bilateral cooperation with WFP by sharing our development benefits continuously. This time GOSL pledged to donate 50,000 MT of rice to WFP of which 10,000 MT will be donated to WFP to assist school meal programme in Sri Lanka and balance will be donated to WFP in order to distribute among needy countries.

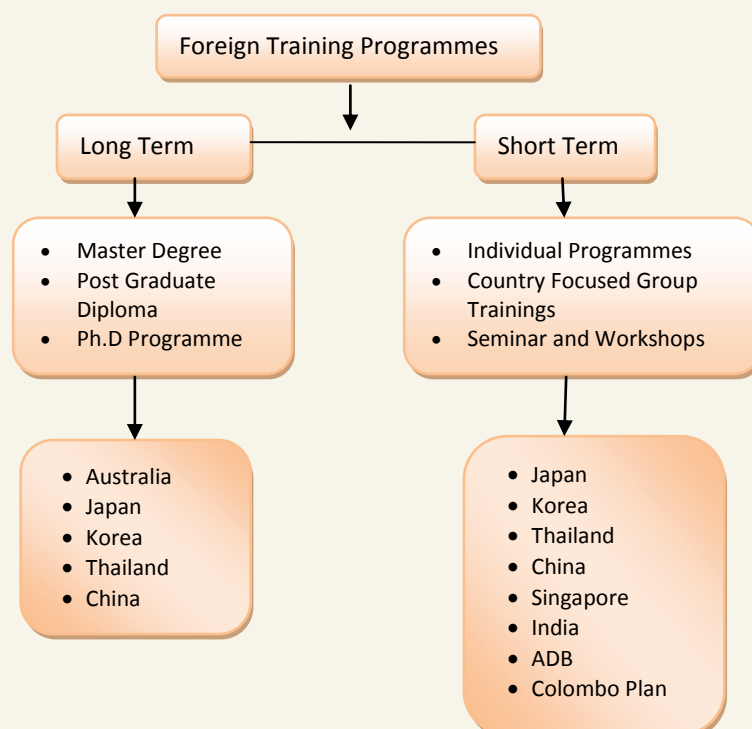
Technical Assistance Division

Sri Lanka has now stepping into a gigantic development with the graduation into a middle income country status. Since all public sector officials in this country work together with the common goal of promoting this country into an upper level middle income country, it is vital to enrich them with international exposure to coop with this gigantic development process to maintain the growth momentum continuously in future with a high economic growth rate.

Foreign training opportunities extended by the development partners continue to be the essential element to form a solid foundation for the human resources in the public sector. Since this is the mandate of the Department of External Resources, this Department continuously negotiates with the development partners to obtain demand driven training programmes to enrich with

qualities, such as ability to take effective decisions and ability to work with high technology to cope with the development process, global needs, the complexity and the uncertainty of the global economy.

Countries like Japan, Korea, Australia, China, Singapore, Thailand, India, Indonesia, Egypt, Malaysia and the Multilateral Development Agencies as ADB, Colombo Plan, and Commonwealth Secretariat and World Bank endow with long term and short term International Training Programmes, International Workshops, Seminars, Conferences, and Volunteer Programmes to improve the capacities of the Public Sector officials in Sri Lanka. The Government of Sri Lanka has obtained 5077 foreign training opportunities from these development partners during the period of 2007 to December 2013.



Long Term Foreign Training Opportunities

The major development partners like Australia, Japan, Korea, Thailand and China have well developed university education system equipped with eminent academia and states of the art facilities. It is fortunate to obtain opportunity to study Master Degree Programmes in universities in these countries. These universities assist academically qualified, capable, talented Sri Lankan public sector officials to improve analytical and decision making knowledge in various fields to apply those techniques for the development of the country. Sri Lanka annually obtains around 50 long term scholarships from these

development partners to follow Master Degree Programmes in key subject areas including education, health, sustainable economic development, environment, public administration and public policy, regional development, economic development, fisheries, information technology, development policy, agriculture etc. Accordingly, Sri Lankan public sector officials have benefitted from around 354 long term training opportunities provided by these development partners during the period of 2007 to 2013.

Short Term Foreign Training Opportunities

Development partners such as Korea, Japan, China, ADB, Singapore, Thailand, India, Colombo Plan, Commonwealth, the Netherlands etc provides individual and country focused group training programmes on a short term basis. These programmes mainly focus on the subjects of economic development, water resources management, port sector development, environment, education, public sector development, disaster

management, agriculture, power and energy, livestock, health, governance, transport etc.

During the period 2007 to December 2013, Sri Lanka has obtained 4,723 short term training opportunities from these development partners. In 2013, Sri Lanka has benefitted from 657 short term training programmes.

Long Term and Short Term Training Programmes in 2013

Development Partner	Number of Awards	
	Long Term	Short Term
Asian Development Bank (ADB)	-	85
Colombo Plan	-	15
Commonwealth Fund for Technical Cooperation (CFTC)	-	25
Government of Australia	22	-
Government of China	1	135
Government of Japan	18	134
Government of Singapore	-	40
Government of Thailand	3	20
Government of the Republic of Korea	11	102
India – Colombo Plan	-	89
Egypt	-	4
SAARC Secretariat	-	8
Sub Total	55	657
Total	712	

Volunteer Service

Government of Sri Lanka has also received support from the development partners such as KOICA, JICA and AusAid to obtain the services of volunteers as computer instructors, sport coaches, web design engineers, language instructors, and

other experts as part of regular technical cooperation to enhance the living standards of the community through knowledge sharing, improvement of the skills.

Capital Market Division

Capital Market Division is responsible for mobilizing domestic financing from Local Banks for the implementation of development projects, facilitate better accessibility for capital by the Government and the SOE's.

Mobilizing Domestic Financing from Domestic Banks

Road Development Authority was granted Cabinet Approval to access the local banks up to Rs. 151 billion to finance 64 road development projects. In the year of 2013 Capital Market Division arranged local bank financing almost Rs. 72 billion for 26 Priority Road Development Projects.

During the year, in line with the government policy of creating a knowledge hub, National School of Business Management (NSBM) has also accessed local bank financing to construct the Sri Lanka first Green University Town at a cost of Rs. 8.6 billion. In the medium term the pipeline for domestic financing includes the construction

of a Teaching Hospital at a cost of USD 201.6 million for Kotalawela Defence University.

The Sri Lanka Land Reclamation and Development Corporation has also managed to secure funding of Rs. 14.2 billion for its Weras Ganga Storm Water Drainage and Environment Project which is due to be completed by 2015. The National Water Supply and Drainage Board, which has shown consistent improvement in its financial position with profit being recorded in recent past years was also granted approval in 2013 to access the domestic banks for water projects amounting to Rs. 31 billion including Colombo City Water Supply Scheme.

Domestic Borrowings by SOEs for Infrastructure Development

Name of SOE	Bank	Commitment as at 31.12.2013 Rs. Bn	Disbursement as at 31.12.2013 Rs. Bn
Road Development Authority	BoC	28.04	12.78
	Peoples Bank	14.58	8.80
	NSB	21.54	6.45
	HNB	34.35	3.87
	Commercial Bank	4.32	3.02
	DFCC	0.58	-
	NDB	5.64	-
Sri Lanka Land Reclamation and Development Corporation	NSB	14.22	0.40
National Water Supply & Drainage Board	NSB, BOC, Peoples Bank, HNB, NDB, Commercial Bank	29	-
National School of Business Management	BoC	8.6	1.42
Kotalawela Defence University	NSB	USD 201.63Mn	USD 39.78Mn

Facilitate better accessibility for Capital by SOE's (Banks)

The Government strategy of attracting external financing is limited not only to the sovereign alone accessing the international capital markets. In this regard the Government strategy of accessing of the international debt capital market facilitated the broad basing of its financing sources while also establishing a benchmark yield curve enabling Sri Lankan corporates to access the market.

In this regard the Bank of Ceylon (BoC) a fully government owned State Bank with the largest asset base amongst the Banks in the

country with a credit rating of BB- (Fitch) issued a bond for USD 500 million in April 2013 at 5.325 percent with a tenure of 5 years. This enabled BoC to improve their Tier II capital Base in line with Basel II requirements.

As was stated in the Budget 2013 National Savings Bank (NSB) the only local bank with a credit rating of AAA (Fitch) and with an issuance rated at B+(S&P) and BB-(Fitch), also accessed the market in September 2013 with the issuance of an international bond for USD 750 million at 8.875 percent with a tenure

of 5 years. NSB was able to price its bond inside of the BoC'15 and around 150bp wide of the SL '22. This issuance enabled NSB also to increase its Tier II capital. The proceeds of this bond is to be utilized to finance infrastructure projects which are financially viable.

On the back of the NSB issuance, DFCC raised USD 100 million at 9.625 percent with a tenure of 5 years, to be channeled towards expanding their business operations which includes predominantly the financing of Small and Medium scale enterprises in the country.

Details of Sri Lankan Corporates' International Bond Issuances

Name	Date of Issuance	Ratings**	Amount USD million	Coupon Rate (%)	Maturity Date	Price as at 31.12. 2013	Yield as at 31.12.2013 (%)
BoC'17	03/05/2012	--/--/BB-	500	6.875	03/05/2017	100.50	6.700
BoC'18	16/04/2013	--/--/BB-	500	5.325	16/04/2018	94.38	6.864
NSB'18	18/09/2013	--/B+/BB-	750	8.875	18/09/2018	105.75	7.397
DFCC'18	31/10/2013	--/B/B+	100	9.625	31/10/2018		

Source: Barclays Bank

Monitoring Domestic Debt Capital Market and Facilitating SL Sovereign Bond Issuances

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

Details of Sri Lanka Sovereign Bond Issuances

Name	Date of Issuance	Ratings *	Amount USD million	Coupon Rate (%)	Maturity Date	Price as at 31.12.2013	Yield as at 31.12.2013 (%)
SL'12	17/10/2007	--/B+/BB-	500	8.250	17/10/12	Retired	Retired
SL'15	22/01/2009	--/B+/BB-	500	7.400	22/01/15	103.75	3.676
SL'20	30/10/2010	B1/B+/BB-	1,000	6.250	30/10/20	98.25	6.573
SL'21	27/07/2011	B1/B+/BB-	1,000	6.250	27/07/21	96.63	6.829
SL'22	25/07/2012	B1/B+/BB-	1,000	5.875	25/07/22	93.00	6.976

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

*Moody's/Standard and Poor's/Fitch

Debt Management Division

The Role of the Debt Management Division

- Recording new commitment details to the debt management system known as Commonwealth Secretariat Debt Management and Recording System (CS-DRMS) database and updating details in relation to subsequent amendments such as cancellations and enhancement of loan/grant commitments, extension of drawdown periods
- Cross-checking the payment claimed by development partner agencies with CS-DRMS forecasts, authentication of payments and making necessary recommendation for CBSL to pay the due amounts on time
- Obtaining necessary clarifications for the payment claims made by development partner through the respective development partner desk for the cases where there are discrepancies between development partner claims and CS-DRMS forecasts which are set in line with the provisions of the Loan Agreement
- Entering disbursements, loan repayments, interest payments and other payments related to loan agreements to the CS-DRMS
- Preparing a summary on terms and conditions of the new loan commitments and submit them to the Economic Research Department of the CBSL with copies of agreement. Publish a list of loan/grant agreements
- Providing debt statistics to the Treasury Operations Department (TOD) and other relevant agencies and publishing 814 report generated from CS-DRMS on disbursements (project-wise) on the ERD public web
- Compilation and publishing of Foreign Aid Review and preparation of write-up on foreign debt for Performance Report, Annual Report, Budget Publication and other publications
- Completion of required economic analytical reports and data relevant to foreign debt in Sri Lanka on time and at a satisfactory level requested by other Divisions of ERD and other Treasury Departments
- Preparation of answers to the Parliament questions pertaining to external Government's Debt
- Provision of foreign debt data recorded in CS-DRMS database for CBSL in required formats to be used for debt management / analyzing tool known as "Horizon" developed by the Commonwealth Secretariat
- Preparation of Cabinet Observations for Hon. Minister of Finance and Planning which are relevant to foreign debt matters
- Communicating with development partner agencies with the consent of the respective development partner desk of ERD to get clarifications / submit clarifications for the foreign debt related issues
- Taking appropriate actions for various requests made by the outside agencies which referred to the Secretary to the Treasury and DG/ERD regarding foreign financing and debt
- Facilitating the Missions fielded by the Commonwealth Secretariat as their routine work and on request of CBSL in order to improve the debt management capacity of the country
- Provision of required data on foreign debt on quarterly basis in separate format requested from IMF/World Bank through Quarterly External Debt Statistics Initiative in order to publish official foreign debt data

Performance of the Year 2013

- Recorded new commitments in the debt management database(CS-DRMS) with regard to the year 2013 and updated as per the subsequent amendments
- Authenticated payment advices received throughout the year from development partners and lending agencies and sent CBSL after cross-checking the payment claims with CS-DRMS forecasts and referencing respective loan agreements in order to make the due repayments and other charges on time
- Obtained necessary clarifications for the payment claims made by development partner agencies through the respective development partner desks for the cases where there are discrepancies between development partner claims and our records
- Recorded disbursements, loan repayments, interest payments and other payments related to loan agreements in CS-DRMS during 2013
- Prepared and published a list of loan/grant agreements with terms and conditions for the new loan commitments during 2013
- Provided required debt statistics to the other Divisions of ERD and Treasury Operations Department (TOD) and other relevant agencies where it is necessary
- Prepared and published 814 report generated from CS-DRMS on disbursements (project-wise) on the ERD public website
- Prepared the write-up on foreign debt for Performance Report, Annual Report, Budget Publication and other publications in 2013
- 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 2 Parliamentary Questions pertaining to external Government's Debt
- Provided the foreign debt data recorded in CS-DRMS database for CBSL to be used for debt management tool known as "Horizon"
- Communicated with development partner agencies with the consent of the respective development partner 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 2 Missions fielded by the Commonwealth Secretariat and the World Bank/IMF in order to improve the debt management capacity of the country
- Provided the required data on foreign debt on quarterly basis requested from IMF/World Bank

Policy Planning Division

The Role of the Policy Planning Division

The Division is responsible for enhancing foreign aid coordination, mobilization, management of external Official Development Assistance (ODA), attracting new foreign financing sources for implementation of priority projects identified in line with the Development Policy Framework of the Government. In order to achieve these objectives, following tasks are undertaken by the Division:

- Coordination with Line Ministries and Development Partners to obtain the necessary funding facilities for the development projects and programmes that are to be implemented as government development initiatives.
- Obtaining the recommendations of the Department of National Planning for the project proposals submitted by the Line Ministries.
- Submitting the project proposals recommended by the Department of National Planning to prospective development partner desks in consultation with senior staff of the Department to secure foreign financing.
- Preparation and maintenance of updated project pipeline which are to be implemented with foreign assistance.
- Studying unsolicited development project proposals received from various Line Ministries along with Financial Proposal and provide ERD observations on financial terms in consultation with higher authorities.
- Preparation and coordination of publications; Foreign Aid Review, Performance Report and Budget Publication of the Department.
- Providing inputs for the Foreign Financing Chapter for Ministry of Finance and Planning Annual Report.
- Issuing necessary Circulars relevant to foreign aid utilization.
- Coordinating of submission of Cabinet Observations on the Cabinet Memorandum submitted to the Ministry of Finance and Planning.
- Coordination of foreign aid meetings and development forums.

Performance of the Year

- Prepared and published the report on "Global Partnership Towards Development 2013".
- Prepared and published of Annual Performance Report for the year 2012.
- Prepared of Foreign Financing Chapter for Ministry of Finance and Planning Annual Report 2012.
- Submission of 46 project proposals cleared by the Department of National Planning to the development partner desks to obtain foreign finance.
- Clearance of three Memorandum of Understanding (MOUs).
- Studied 13 unsolicited project proposals submitted by the Line Ministries and appraise the terms and conditions offered by the respective funding sources. And evaluated financial terms and conditions offered by respective funding sources for the above project proposals and send our observations.
- Compiled and prepared Foreign Financing Budget Estimates for the ongoing and new project proposals for the year 2014

Financial Review

Financial Information on Expenditure

This Department is not collecting revenue to this Government and therefore, it is not identified as a revenue collecting agency, financial information on expenditure against provision on Personnel Emoluments. Other Recurrent Expenditure, Capital Expenditure and Advance Accounts Operations of the Department under Budget Head No.239 in the year 2013 are given in the following tables.

Personnel Emoluments

	<u>Rs.</u>
Original Provision	40,400,000
Add:	
Transfers under FR.66 and Supplementary Provision	3,000,000
Less:	
Transfers under FR.66 and Supplementary Provision	1,228,766
Total Provision	42, 171,234
Expenditure during the year	42,171,233

Other Recurrent Expenditure

	<u>Rs.</u>
Original Provision	262,609,000
Add:	
Transfers under FR.66 and Supplementary Provision	10,145,000
Less:	
Transfers under FR.66 and Provision Frozen	2,899,834
Total Provision	273,982,766
Expenditure during the year	140,823,739

Capital Expenditure

Object Code	Object Title	Provision Rs.	Expenditure Rs.
2002	Rehabilitation & Improvement of Plant, Machinery & Equipment	15,000,000	1,433,794
2003	Rehabilitation & Improvement of Vehicles	1,000,000	593,600
2102	Acquisition of furniture and Office equipment	5,500,000	5,445,520
2202(13)	Capital Transfers – Sweden Consultancy Assistance	0	0
2204(21)	Asian Development Bank Ordinary Capital Increasing	521,000,000	507,248,992
2401	Training and Capacity Building	300,000	271,350
2401(13)	Training and Capacity Building	0	0
2502(17)	Reimbursement of VAT for Residence Missions	5,000,000	1,590,214
Total		547,800,000	516,583,470

Advance Accounts

This Department has one Advance Account for granting loans to public officers. During the year we have complied with the stipulated limits of the Advance Account and operations of this Account are as follows.

	<u>Rs</u>
Maximum limit of expenditure	4,500,000
Actual expenditure	3,398,541
Minimum limit of receipts	2,500,000
Actual receipt	3,948,814
Maximum limit of debit balance	32,000,000
Actual balance	16,704,935

Auditor General's Queries

During the year 3 audit queries were received and all the queries were answered. Queries were raised on Appropriation Account and Public Advance Account of 2012.

Appropriation Account 2013

The Appropriation Account for the year 2012 was submitted to the Auditor General on 28th March 2013.



List of Loan Agreements Signed in 2013 and their Financial Terms

Development Partner/ Lending Agency	Agreement Date	Project	Amount Committed				Interest Rate per Annum			Commitment Fee (from the undisbursed balance)	Other Payments	Grace Period (Years)	Maturity (Including Grace Period) (Years)
			Currency	Original Amount	Rs. million	USD million	Interest Type	Rate	Margin (100 basis points)				
Bilateral - ODA													
Japan	2013/03/14	Greater Colombo Transmission and Distribution Loss Reduction	JPY	15,941.0	21,019.8	166.4	Fixed	Tranche 1 - 0.3% Tranche 2- 0.01%	N/A	0.1%	-	10	40
	2013/03/14	Major Bridge Construction Project of the National Road Network	JPY	12,381.0	16,325.6	129.2	Fixed	Tranche 1 - 0.2% Tranche 2- 0.01%	N/A	0.1%	-	10	40
	2013/03/14	Landslide Disaster Protection Project of the National Road Network	JPY	7,619.0	10,046.4	79.5	Fixed	Tranche 1 - 1.4% Tranche 2- 0.01%	N/A	0.1%	-	7	25
	2013/03/14	Anuradhapura North Water Supply Project (Phase i)	JPY	5,166.0	6,811.9	53.9	Fixed	Tranche 1 - 1.4% Tranche 2- 0.01%	N/A	0.1%	-	7	25
Korea	2013/07/23	Construction of Solid Waste Disposal Facilities	USD	33.5	4,407.1	33.5	Fixed	0.15	N/A	-	-	10	40
	2013/07/23	Establishment of Colombo Central Vocational Training Center and Gampaha College of Technology Project in Sri Lanka	USD	26.0	3,422.8	26.0	Fixed	0.15	N/A	-	-	10	40
India	2013/11/11	Procurement of Two Advanced Offshore Patrol Vessels	USD	124.0	16,260.3	124.0	Variable	LIBOR – 6 Month for USD	3.5	0.5%	Management Fee (0.5% of loan amount, payable one time) Insurance Premium Fee (5% of principal portion & 1% for Interest portion) Guarantee Fee (0.5% calculated on accrued interest)	3	10



List of Loan Agreements Signed in 2013 and their Financial Terms, *cont...*

Development Partner/ Lending Agency	Agreement Date	Project	Amount Committed				Interest Rate per Annum			Commitment Fee (from the undisbursed balance)	Other Payments	Grace Period (Years)	Maturity (Including Grace Period) (Years)
			Currency	Original Amount	Rs. million	USD million	Interest Type	Rate	Margin (100 basis points)				
Bilateral - Export Credit													
Banco Bilbao Vizcaya Argentaria S.A. (Spain)	2013/01/15	Implementation of the Greater Rathnapura Water Supply Scheme	EUR	21.9	3,702.7	29.4	Variable	EURIBOR - 6 Month for EUR	2.1	0.35%	Management Fee (0.5% of loan amount, payable one time)	2	12
Co-op Centrale Raiffeisen-Boerenleenbank (Netherlands)	2013/02/19	Upgrading of the National Blood Transfusion Services of SL	USD	27.7	3,519.6	27.7	Fixed	4.94%	N/A	0.25%	Management Fee (0.25% of loan amount, payable one time)	3	13
	2013/02/19	Upgrading of the National Blood Transfusion Services	USD	4.9	621.1	4.9	Fixed	5%	N/A	0.25%	Management Fee (0.25% of loan amount, payable one time)	2.5	3.5
	2013/06/14	Upgrading of the National Blood Transfusion Services	EUR	18.5	3,152.9	24.7	Fixed	4.65%	N/A	-	-	3	13
	Export Import Bank of Hungary	2013/02/14	Rehabilitation Of Kalatuwawa Water Treatment Plant	EUR	17.4	2,954.0	23.5	Fixed	1.03%	N/A	-	-	3
	2013/02/14	Rehabilitation of Labugama Water Treatment Plant	EUR	16.7	2,840.2	22.5	Fixed	1.03%	N/A	-	-	3	15
HSBC Bank PLC (UK)	2013/03/15	Modernization of Processing Factories of MILCO (Pvt) Ltd	EUR	33.7	5,505.9	43.6	Variable	Tranche 1 - LIBOR- 6 Month for USD	6	1%	Structuring fee (1% of loan amount, payable one time)	1	9
								Tranche 2- LIBOR- 6 Month for USD	2	1%	Structuring fee (0.5% of loan amount, payable one time) EKF Premium EUR 2,274,016.4	2.25	9.25
	2013/06/21	Regional Bridges – Phase II	USD	60.0	7,715.9	60.0	Variable	LIBOR- 6 Month for USD	2	0.25%	0.25%	4	14
				10.6	1,361.6	10.6	Variable	LIBOR- 6 Month for USD	4	0.25%	0.25%	1	6
The Export-Import Bank of China	2013/02/19	Matara Beliatta Section of Matara Kataragama Railway Extension	USD	200.0	25,375.8	200.0	Fixed	2%	N/A	0.50%	Management Fee (0.5% of loan amount, payable one time)	7	20
	2013/05/28		CNY	508.0	10,481.3	82.9	Fixed	2%	N/A	0.25%	0.25%	7	20



List of Loan Agreements Signed in 2013 and their Financial Terms, *cont...*

Development Partner/ Lending Agency	Agreement Date	Project	Amount Committed				Interest Rate per Annum			Commitment Fee (from the undisbursed balance)	Other Payments	Grace Period (Years)	Maturity (Including Grace Period) (Years)
			Currency	Original Amount	Rs. million	USD million	Interest Type	Rate	Margin (100 basis points)				
The Export-Import Bank of China UniCredit Bank Austria (Austria) AG	2013/03/24	Hambantota Port Development Phase I for Ancillary Work and Supply of Equipment	CNY	960.0	19,616.1	154.5	Fixed	2%	N/A	0.25%	Management Fee (0.25% of loan amount, payable one time)	5	20
	2013/09/18	Greater Kurunegala Water Supply and Sewerage	CNY	487.0	10,521.1	79.6	Fixed	2%	N/A	0.25%	Management Fee (CNY 1,217,542.0 payable one time)	5	19
	2013/03/14	Augmentation of Mahiyangana Water Supply	EUR	10.4	1,704.1	13.5	Interest Free	-	N/A	0.40%	Management Fee (0.45% of loan amount, payable one time) Guarantee Charge (i) Upfront EUR 74,568.83 (ii) (1.093% this behaves as an interest since the charge is calculated on outstanding amount)	6.5	16
	2013/02/27	Supply of 2 Nos Cardiac Catheterization System to Cardiology Dep. of the NHSL	EUR	2.4	396.3	3.1	Fixed	0.40%	N/A	0.40%	Management Fee (0.45% of loan amount, payable one time) Handling Fee (EUR 1,440) Guarantee Charge (EUR 4,400)	7	19.5
	2013/12/14	Upgrading of Sewerage Infrastructure at Kataragama Sacred City Area	EUR	10.5	1,889.1	14.4	(Interest Free)			0.40%	Service fee 1% of loan amount Management Fee (0.45% of loan amount, payable one time) Guarantee Charge (i) Upfront EUR 59,062.5 (ii) margin part 1% Handling fee EUR 1,440	8	18
Export Import Bank of United States	2013/07/01	Badulla, Haliaela, Ella Intergrated Water Supply	USD	64.9	8,455.8	64.9	Variable	CIRR	1.26%	0.5%	Exposure Fee (4.6% of loan amount, payable one time)	3	14.5
BNP Paribas Belgium	2013/08/14	Reconstruction of 7 Railway Steel Bridges	EUR	4.4	774.8	5.9	Fixed	1%	N/A	0.25%	Upfront 0.5% of loan amount	3	16.5
European Investment Bank	2013/11/13	SME and Green Energy Gobaal Loan	EUR	90.0	15,862.9	121.0	Applicable interest rate will be notified by the disbursement notices of EIB, yet to receive				0.15%	4	20

List of Loan Agreements Signed in 2013 and their Financial Terms, *cont...*

Development Partner/ Lending Agency	Agreement Date	Project	Amount Committed				Interest Rate per Annum			Commitment Fee (from the undisbursed balance)	Other Payments	Grace Period (Years)	Maturity (Including Grace Period) (Years)
			Currency	Original Amount	Rs. million	USD million	Interest Type	Rate	Margin (100 basis points)				
Multilateral													
Asian Development Bank	2013/02/13	Dry Zone Urban Water & Sanitation Project - Additional Financing	XDR	25.9	5,061.7	40.1	Fixed	1% Disbursing During Period, 1.5% During Repaying Period	N/A	-	-	8	24
	2013/05/08	Clean Energy and Network Efficiency Improvement	USD	100.0	12,636.7	100.0	Variable	LIBOR- 6 Month for USD	0.6%	0.15%	-	5	20
			XDR	19.9	3,825.7	30.3	Fixed	1% Disbursing During Period, 1.5% During Repaying Period	N/A	-	-	8	32
	2013/08/19	Education Sector Development Programme	USD	100.0	13,160.0	100.0	Variable	LIBOR- 6 Month for USD	0.6%	0.15%	-	5	20
			XDR	66.6	13,260.7	100.7	Fixed	2%	N/A	-	-	5	25
		2013/06/28	Greater Colombo Water & Wastewater Management Improvement	USD	70.0	9,097.2	70.0	Variable	LIBOR- 6 Month for USD	0.6%	0.15%	-	5
XDR				9.2	1,795.0	13.8	Fixed	1% Disbursing During Period, 1.5% During Repaying Period	N/A	-	-	8	31
International Development Association	2013/08/19	Second Health Sector Development	XDR	129.8	25,849.0	196.4	Fixed	2%	N/A	0.5%	-	5	25
OPEC Fund for International Development	2013/06/10	Colombo National Highways	USD	50.0	6,319.4	50.0	Fixed	4.6%	N/A	-	-	5	20
Total					295,833.4	2,301.8							

Note : 1. The conversion rates used for the report were the exchange rates prevailed for different currencies at the date where the Agreement was signed.

2. N/A = Not Applicable, - = nil



List of Grants Committed in 2013

Annexure II

Development Partner	Agreement Date	Project	Currency	Amount in committed Currency, million	LKR, million	USD, million
Bilateral						
Japan	2013/03/18	Non Project Grant Aid for Provision of SME's	JPY	200.0	266.4	2.1
	2013/03/18	Non Project Grant Aid for Provision of Medical Equipment (2013)	JPY	550.0	732.5	5.8
	2013/03/18	Procurement of a self Propelled Grab Hopper Dredger	JPY	988.0	1,315.9	10.4
	2013/03/18	The Project for the Development of Intelligent Transport System for Expressways in Sri Lanka	JPY	940.0	1,252.0	9.9
	2013/08/22	Human Resources Development Scholarship Programme (JDS)	JPY	192.0	257.5	2.0
	2013/12/19	Non Project Grant for Provision of Industrial Products - 2013	JPY	4,000.0	5,034.8	38.5
Korea	2013/03/22	The Construction of the International Convention Center in Hambantota (Enhancement)	USD	2.7	342.7	2.7
Germany	2013/12/30	Establishment of 8 Satellite Centers to the Vocational Training Centre in the Northern Province	EUR	4.4	790.9	6.0
Multilateral						
Asian Development Bank	2013/05/08	Clean Energy & Network Efficiency Improvement Project	USD	1.5	189.6	1.5
	2013/11/06	Integrated Road Operation & Dev. Inv. Programme	USD	1.0	131.1	1.0
Food & Agriculture Organization	2013/09/30	Northern Integrated Agricultural Recovery & Growth (Enhancement)	USD	0.3	41.2	0.3
	2013/07/15	Building Statistical Capacity for Quality Food Security & Nutrition	USD	0.5	58.9	0.5
	2013/08/05	Management of Risks Associated with Pesticide in Agri. in Sri Lanka	USD	0.3	35.7	0.3
	2013/10/08	Food Security in the Northern Province	USD	0.8	98.3	0.8
International Development Association	2013/07/18	AusAid+IDA Grant Transforming the School Education System as the Foundation of Knowledge Hub	USD	11.1	1,461.4	11.1
UNDP	2013/02/27	Institutional Strengthening Phase IX	USD	0.1	17.1	0.1
	2013/07/25	UN-REDD National Programme -Sri Lanka	USD	4.0	526.1	4.0
	2013/07/10	Promoting Sustainable Biomass Energy Production	USD	2.0	260.7	2.0
	2013/07/25	Support to Human Rights Commission Phase 2	USD	0.5	69.8	0.5
	2013/07/17	Strategic Positioning of the Dep. of Project Management & Monitoring	USD	0.2	29.5	0.2
	2013/08/13	Law, Access to Justice & Social Integration in Sri Lanka	USD	11.0	1,443.0	11.0
	2013/09/20	Governance for Local Economic Development (G-LED)	USD	29.0	3,837.2	29.0
	2013/10/04	National Bio - diversity Strategic Action Plan	USD	0.3	35.6	0.3
UNFPA	2013/06/07	Strengthened National Capacity to Deliver Quality Reproductive Health Service	USD	5.9	747.4	5.9
UNHCR	2013/09/05	Assistance to return & re-integration of IDPs Sri Lanka.	LKR	5.2	5.2	0.0
UNICEF	2013/02/27	UNICEF Country Programme 2013-2017	USD	50.2	6,401.0	50.2
UNIDO	2013/01/15	Enhancing the Capacities of the Cinnamon Value Chain in Sri Lanka.	USD	1.5	192.9	1.5
World Food Programme	2013/12/23	Climate Change Impacts on Living in the Mahaweli River Basin	USD	8.0	1,044.6	8.0
				Total	26,619.2	205.7