



Department of External Resources
Ministry of Finance
Sri Lanka

Performance Report
2018

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Department of External Resources
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Vision

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

Mission

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

Our Objectives

- Mobilize external resources at affordable cost to finance development needs in priority sectors
- Facilitate the effective and efficient utilization of external resources
- Contribute to maintain long – term external debt sustainability of the country
- Contribute to the human resource development in the public sector by facilitating effective utilization of foreign training opportunities
- Continue to strengthen the capacity of the Department to fulfil the responsibilities in an effective and efficient manner

Our Values

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

Department of External Resources at a Glance

External Resources Department, is the apex government department for mobilizing foreign financing and is responsible for coordinating in this regard with the other Treasury Departments. The department was under the direct supervision of Ministry of National Policies and Economic Affairs until November 04, 2018 and after that subsequently gazetted under the Ministry of Finance.

External Resources Department is administered by the Director General and four Additional Director Generals. Following divisions and units are headed by respective Directors;

- Asian Development Bank Division
- East Asia Division
- World Bank and International Monetary Fund Division
- China and Asian Infrastructure Investment Bank Division
- Middle East and South Asia Division
- Advanced Economies Division
- United Nations and Technical Assistance Division
- Capital Market and Investments Division
- Debt Management Division
- Information, Resources Coordination, Policy Research Studies Division
- Administrative Division
- Accounts Division
- Sector Coordination and Performance Monitoring Unit
- Information Technology Unit



Overview

Sri Lanka, being a middle income country, has realized its new development challenges as stated in the Government's policy document "Vision 2025" and is committed to create conditions which will generate economic growth with equity. In this context, action has been taken to maintain annual public investment at the level of 5 - 6 percent of GDP during the next five year period while encouraging private sector investment in areas where there are substantial economic and financial returns in the short run.

Since domestic savings are grossly inadequate to bridge the savings-public investment gap of the country, government needs to rely on foreign financing opportunities, which plays a significant role in the government investment portfolio. Foreign financing has mainly been channeled to large scale strategic infrastructure development projects which are expected to generate significant economic returns in the medium and long run while promoting Foreign Direct Investment (FDI), exports and tourism. Meanwhile, special attention has been paid to enhance the quality of our human resource base by promoting health, education and skills development projects which will have many positive outcomes in the long run.

Accordingly, we explore foreign financing opportunities in accordance with our borrowing strategy focusing on mobilizing required foreign financing at least possible costs while maintaining the debt sustainability of the country.

However, as the country has reached an upper middle income status, the availability of concessional financing has been declined drastically during the past few years. Therefore, steps have been taken to broaden the options for foreign financing for public investment by mobilizing a mix of non-concessional, concessional and commercial funds from bilateral and multilateral development partners and financial markets as well to keep the cost of borrowing at an affordable level. New financing modalities such as multi-tranche financing facilities, flexible loan pricing options with different variable/fixed spreads and maturity structures, and development program loans have also been explored by the government for this purpose. Steps have also been taken to mobilize Local Bank financing with negotiated rates for the implementation of several strategic development projects.

On the other hand, there is a noticeable increase in the number of development project proposals initiated from line Ministries, and thereby demand for foreign financing has increased substantially over the recent past. However, it is difficult to increase foreign borrowing levels at the same rate as expected due to a number of reasons including the existing legal and institutional limitations relating to foreign borrowings, the absorption capacity of the government budget as well as government commitment towards maintaining the debt sustainability over the medium and long run.

In view of the above, the government has mobilized the required foreign resources for public investment during the year 2018 giving due consideration to the above while maintaining its default free status through the adoption of prudent monetary and fiscal management practices despite the risk of currency fluctuation and external shocks.

Foreign Financing

Foreign Financing Commitments

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

Over the years, the foreign financing portfolio of the country has become very diverse. The volume, composition and the form of foreign financing has changed with the increased demand for foreign financing in parallel with the steady increase of country's per capita income. Since 2005, a large number of economic infrastructure development projects covering different economic sectors such as Roads, Expressways, Bridges, Power, Ports, Airports, Water Supply, Irrigation and Railways have been implemented by the Government using foreign financing to facilitate socio development of the country. While the share of outright grants and concessional financing in the foreign financing basket has been reducing with the Sri Lanka's graduation to a lower middle income country status, the proportion of the mix credit and the credit obtained through international capital market has taken prominence over the years.

ERD has been performing well in its duties complying all relevant legislative arrangements and the limits and targets set by mid-term fiscal policy framework and borrowing strategy of the country to assist development while maintaining the debt sustainability.

During 2018, the total financing commitments from foreign development partners and lending agencies for the implementation of development projects and programmes amounted to USD 1,241.59 million. Of which, USD 1,108.67 million was recorded as loans through 28 agreements and the balance USD 132.92 million through 11 grant agreements signed during 2018. During 2018, loan commitments were received to implement flagship projects including Mahaweli Water Security Investment Programme - Tranche 2 (USD 210 million) funded by the Asian Development Bank, General Education Modernization Project funded by International Development Association of the World Bank, Skills Sector Enhancement Project Additional Financing (USD 120 million) funded by Asian Development Bank, Widening and Improvement of 64.31km of Roads and Reconstruction of 13 Bridges in Central and Uva Provinces in Sri Lanka (USD 84.98 million) funded by Exim Bank of China. Total commitments made are represented in the below table. This excludes International Sovereign Bond Issuances worth of USD 2,500 million and USD 1,000 million Term Loan Facility obtain from the China Development Bank. Foreign investments in Treasury Bills/Bonds are not included. Financing commitments made by development partners and lending agencies to State Owned Enterprises (SOEs) are also not included.

In addition, the Government has issued sovereign guarantees worth USD 160 million for ING Bank, Netherlands and Unicredit Bank Austria funded several water sector projects obtained by National Water Supply and Drainage Board (NWSDB) of Sri Lanka.

Foreign Financing Commitments by Development Partners in 2018

Development Partner	Amount Committed (USD Mn)		
	Loan	Grant	Total
Bilateral	475.99	57.00	532.99
Australia		25.10	25.10
France	50.88		50.88
Japan	95.78	2.30	98.08
Korea	14.00	7.50	21.50
Saudi Fund	15.83		15.83
Netherlands	59.07		59.07
Austria	30.38		30.38
India	45.27		45.27
USA		22.10	22.10
China	164.78		164.78
Multilateral	632.68	75.92	708.60
Asian Development Bank	472.50	25.00	497.50
World Bank	104.00		104.00
International Fund for Agricultural Development	6.18		6.18
OPEC Fund	50.00		50.00
UN Agencies		50.92	50.92
Total	1,108.67	132.92	1,241.59

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

Foreign Financing Disbursements

Total disbursements in terms of loans and grants received from foreign development partners and lending agencies to implement development projects and programmes in 2018 amounted to USD 1,389.98 million. Of which, loan disbursements were USD 1,368.34 million and the balance of USD 21.64 million was disbursed as outright grants. Disbursements made during the period under review by each development partner are depicted in table below.

Foreign Financing Disbursements in 2018

Development Partner	Amount Disbursed (USD Mn)		
	Loan	Grant	Total
Bilateral	791.27	17.70	808.97
France	71.74	0.40	72.14
China	371.19		371.19
Germany	2.53		2.53
India	49.34		49.34
Japan	156.76	14.40	171.16
Korea	15.44		15.44
Kuwait	14.03		14.03
Spain	4.84		4.84
Saudi Fund	16.93		16.93
Netherlands	31.59		31.59
UK	15.83		15.83
Australia	1.01		1.01
USA	9.42	2.90	12.32
Hungary	0.04		0.04
HSBC (Denmark)	8.37		8.37
Belgium	0.29		0.29
Austria	21.92		21.92
Multilateral	577.07	3.94	581.01
Asian Development Bank	400.79	0.20	400.99
World Bank	153.20		153.20
International Fund for Agricultural Development	3.46		3.46
OPEC Fund	19.62		19.62
UN Agencies		3.74	
Total	1,368.34	21.64	1,389.98

Committed Undisbursed Balance (CUB)

The total undisbursed balance of foreign financing available to utilize in development projects as at end of 2018 was USD 8,139.8 million. 61 percent of total CUB is to be utilized from bilateral development partners and other 39 percent from the multilateral agencies.

Development Partner- wise already Committed Financing yet to be utilized as at the end of December 2018

Development Partner	Amount (USD Mn)	%
Bilateral	4,957.2	61.0
France	411.3	5.1
Australia	0.1	0.0
China	1,878.0	23.1
Netherlands	96.5	1.2
UK	5.1	0.1
Austria	29.6	0.4
India	524.3	6.4
Japan	1,565.0	19.2
Kuwait	77.9	1.0
Pakistan	14.9	0.2
Korea	83.0	1.0
Russia	134.7	1.7
Germany	35.5	0.4
HSBC (Denmark)	11.1	0.1
Belgium	0.1	0.0
Spain	24.4	0.3
HSBC Limited (Hongkong)	65.7	0.8
Multilateral	3,182.5	39.0
World Bank	1,092.8	13.4
International Fund for Agricultural Development	58.9	0.7
OPEC Fund	156.8	1.9
Saudi Fund	159.2	2.0
European Investment Bank	57.2	0.7
Asian Development Bank	1,657.6	20.4
Total	8,139.7	100.0

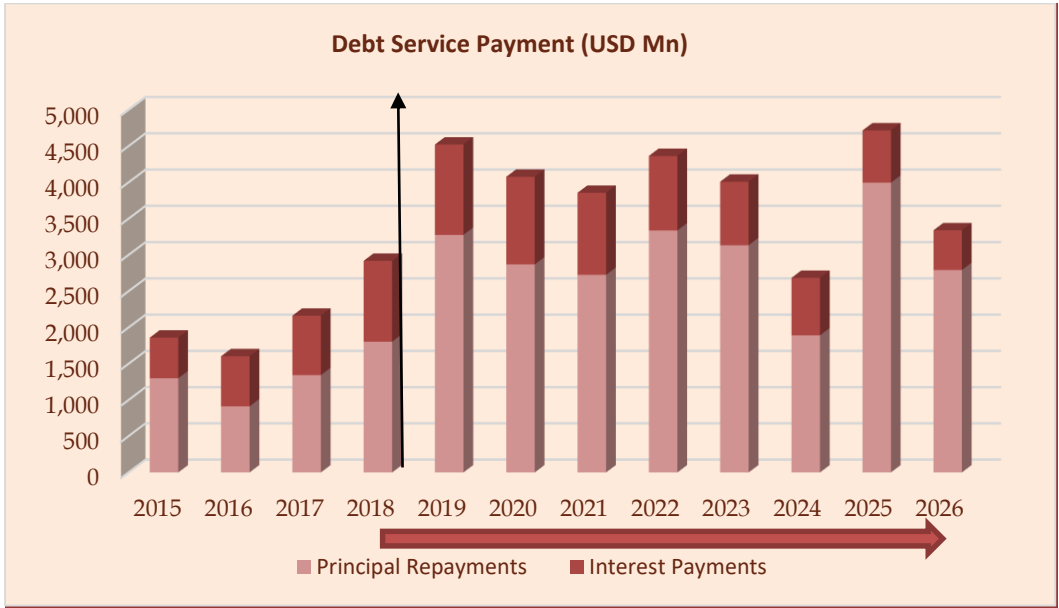
26.18 percent of total CUB is to utilized in Road and Bridges sector whereas, 22.38 percent each for Water Supply and Sanitation sector.

Sector - wise Committed Undisbursed Balance as at end of December 2018

Sector	Amount (USD Mn)	%
Agriculture	599.60	7.37
Agriculture	144.00	1.77
Livestock Development	56.40	0.69
Irrigation & Related Activities	399.20	4.90
Economic Infrastructure	5,370.50	65.98
Roads and Bridges	2,130.70	26.18
Ports & Shipping	186.30	2.29
Power & Energy	532.50	6.54
Transport	699.50	8.59
Water Supply & Sanitation	1,821.50	22.38
Social Infrastructure	1,031.30	12.67
Education & Training	16.30	0.20
Labor & Vocational Training	64.20	0.79
Health & Social Welfare	194.30	2.39
Housing & Urban Development	293.20	3.60
Disaster Management	463.30	5.69
Rural Development	133.20	1.64
Environment	293.40	3.60
Balance of Payments and Budget Support	290.00	3.56
Other	421.80	5.18
Total	8,139.80	100.00

Outstanding External Debt & Debt Service Payments

As at the end of 2018, the total outstanding external debt of the Government amounted was USD 32.54 billion while total debt service payment in 2018 amounted to USD 2,920.0 million. These figures do not include the loan directly obtained by SOE. Of this, USD 1,805.7 million was for principal payments and the balance USD 1,114.3 million was for the interest payments. The debt service payments from 2015 to 2018 and the estimated debt service payments up to 2026 is depicted in below chart.

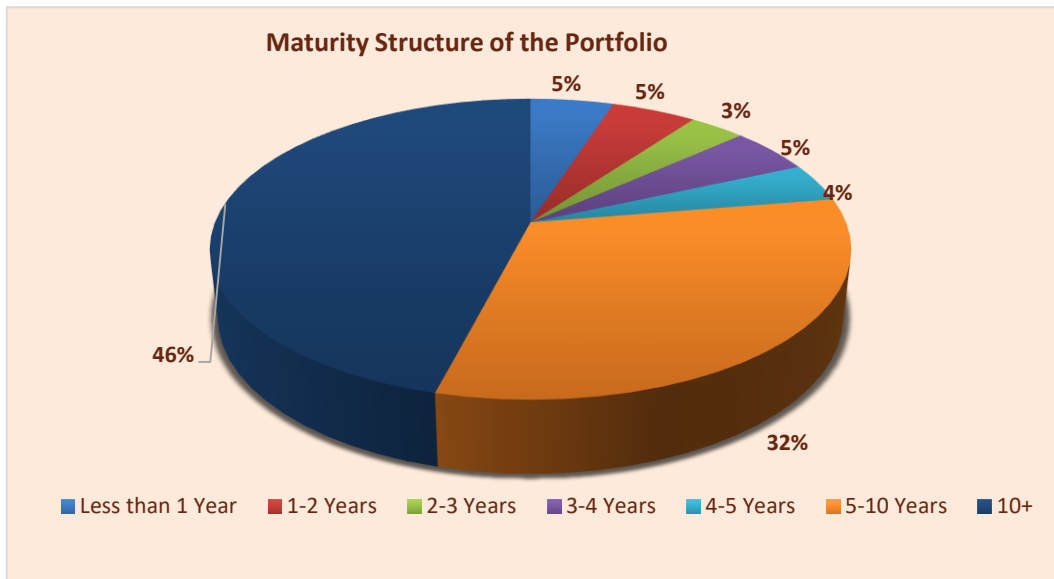


Note:

1. Contains outstanding debt of loans obtained to finance development projects and outstanding debt of International Sovereign Bonds and syndicated loan. Outstanding debt of loans obtained for SOE's are not included.
2. Debt service payment = Principal payments + Interest payments.
Debt service pf loan obtained for SOEs are not included.

Maturity Structure of the External Debt

Out of the total outstanding foreign debt of USD 32.54 billion obtained to finance development projects, approximately 22 percent will mature during next five years. 32 percent will mature during in 5-10 years and remaining 46 percent will mature after 10 years.



Performance by Divisions

Asian Development Bank

Division

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

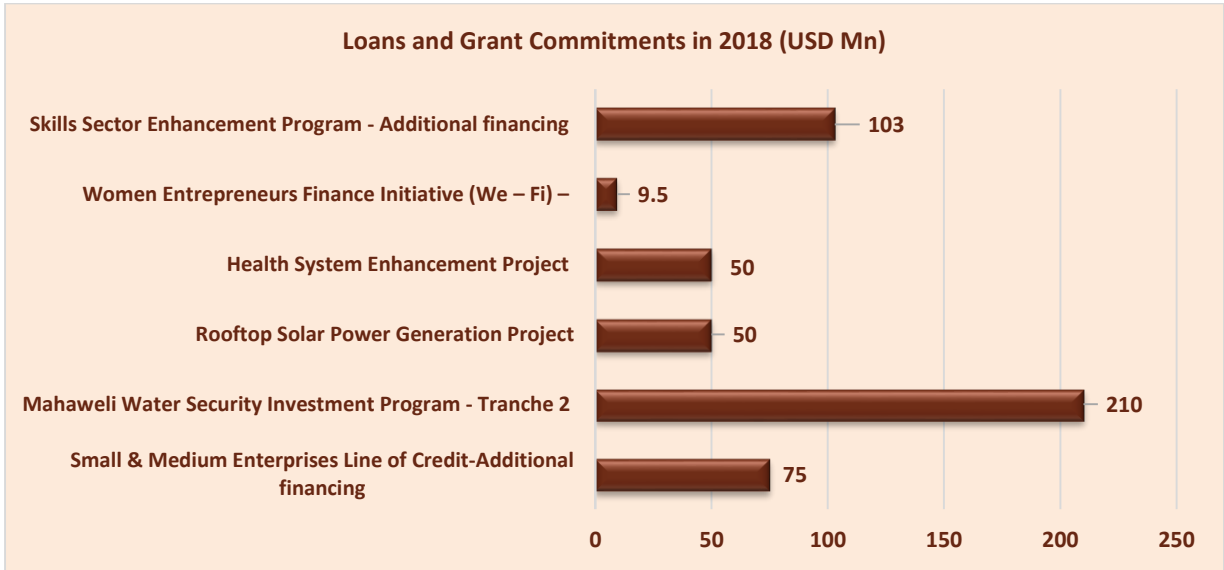
The ADB division is also responsible for evaluating the terms and conditions of the proposed financing and tapping the other sources attached to ADB such as South Asia Sub Regional Economic Cooperation (SASEC) and Asia Pacific Disaster Risk Fund for enhancing the required resources appropriately. The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

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

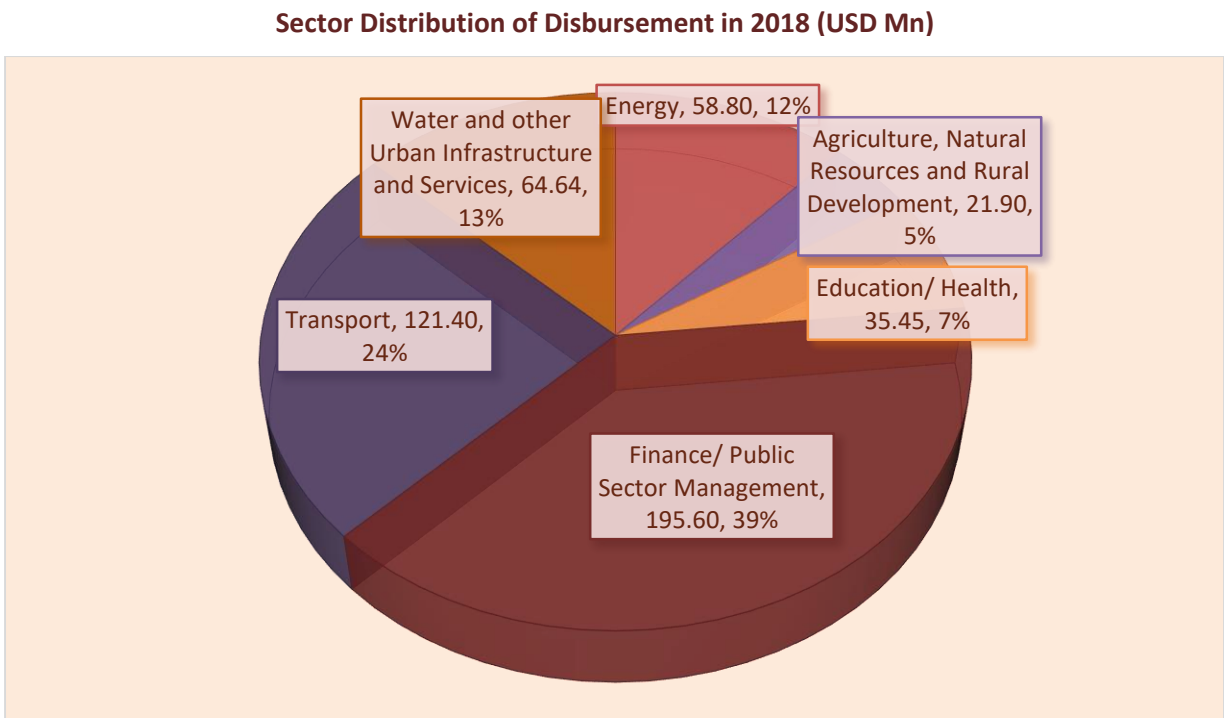
ADB has worked closely with Sri Lanka since 1966, providing loans, grants, and technical assistance totalling around USD 9.7 billion as on 31st December 2018. Priority investments for economic diversification and productivity enhancement will focus on building infrastructure (transport, energy and urban), developing an economic corridor and enhancing human capital. Priority investments to promote inclusiveness will include strengthening agriculture infrastructure and commercialization, improving rural connectivity, improving public service delivery and expanding access to finance for Small and Medium Enterprises.

Commitments and Disbursements in 2018

In the year 2018, the total commitment made by the Asian Development Bank in the year 2018 was USD 497.5 million. It includes USD 472.5 million loans and USD 25 million grants. The loans and grants mobilized in 2018 included USD 210 million for the Irrigation and Water Resource Management sector, USD 103 million for Education/Skills Development sector, USD 84.5 million for Finance sector and USD 50 million for both Health and Power and Energy sectors.

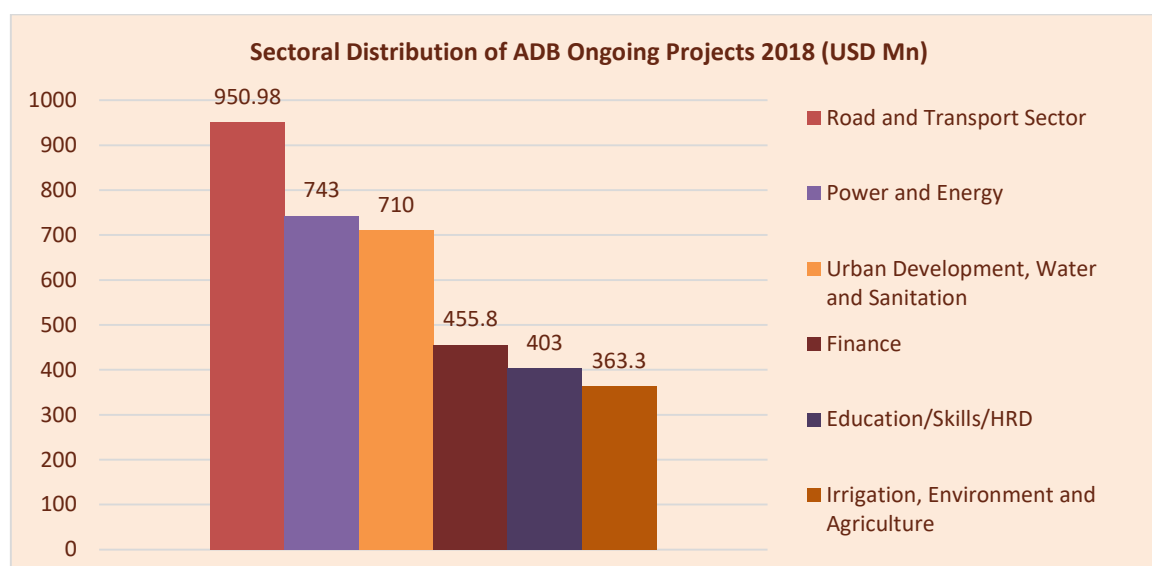


The total disbursement through ADB funded ongoing projects in 2018 was recorded as USD 497.5 million.



ADB Portfolio in 2018

The current ADB portfolio contains 29 ongoing projects, 05 grants and 22 technical assistance. ADB portfolio is spread across 06 sectors with Road & Transport as the largest sector followed by Power and Energy, Urban Development, Water Supply and Sanitation, Education/Skills/ Human Resource Development, Irrigation, Environment and Agriculture. Below figure illustrated the ADB sectoral portfolio at 31st December 2018.



Key Projects being Implemented in 2018

Below table shows the list of key projects implemented in 2018 under the financial assistance of ADB

Program/Project	Amount (USD Mn)
Road and Transport Sector	
Southern Road Connectivity Project	75.00
Integrated Road Investment Program-Tranche 1	90.00
Integrated Road Investment Program-Tranche 2	107.00
Integrated Road Investment Program-Tranche 3	200.00
Second Integrated Road Investment Program-Tranche 1	150.00
Integrated Road Investment Program - Tranche 4	150.00
Northern Road Connectivity Project - Additional Financing	95.00
Transport Project Preparatory Facility	24.48
Rooftop Solar Power Generation Project	50.00
Women Entrepreneurs Finance Initiative (We - Fi)	9.50
Power and Energy	
Clean Energy and Network Efficiency Improvement Project	128.00
Green Power Development and Energy Efficiency Improvement Investment Program - Tranche 1	150.00
Green Power Development and Energy Efficiency Improvement Investment Program-Tranche 2	150.00
Supporting Electricity Supply Reliability Improvement Project	115.00
Wind Power Development Project	200.00
Urban Development, Water and Sanitation	
Greater Colombo Wastewater Management Project	100.00
Jaffna and Kilinochchi Water Supply and Sanitation Project	90.00
Dry Zone Urban Water and Sanitation Project - Additional Financing	40.00
Local Government Enhancement Sector Project - Additional Financing	60.00

Program/Project	Amount (USD Mn)
Greater Colombo Water and Wastewater Management Improvement Investment Program - Tranche 1	84.00
Greater Colombo Water and Wastewater Management Improvement Investment Program - Tranche 2	88.00
Greater Colombo Water and Wastewater Management Improvement Investment Program - Tranche 3	128.00
Jaffna Kilinochchi Water Supply Project - Additional Financing	120.00
Finance	
Fiscal Management Efficiency Project	30.80
Capital Market Development Program	250.00
Small and Medium-Sized Enterprises Line of Credit Project	100.00
Small and Medium-Sized Enterprises Line of Credit Project - Additional Financing	75.00
Education/Skills/HRD	
Education Sector Development Program	200.00
Skills Sector Enhancement Program	100.00
Skills Sector Enhancement Project - Additional Financing	103.00
Irrigation, Environment and Agriculture	
Mahaweli Water Security Investment Program - Tranche 1	150.00
Northern Province Sustainable Fisheries Development Project (PDA)	1.30
Mahaweli Water Security Investment Program -Tranche 2	210.00
Total	3,624.08

Loans and grants Negotiated and Made Effective in 2018

07 loans and 03 grants totalling USD 841.5 million were negotiated and 08 loans and 02 grants for USD 992.5 million were declared effective during 2018.

Project	Loan /Grant	Amount (USD Mn)
Made Effective		
Skills Sector Enhancement Project - Additional Financing	Loan	100.0
Skills Sector Enhancement Project - Additional Financing	Grant	3.0
Jaffna and Kilinochchi Water Supply Project - Additional Financing	Loan	120.0
Capital Market Development Program	Loan	125.0
Second Integrated Road Investment Program	Loan	150.0
Small and Medium - Sized Enterprises Line Credit Project - Loan Additional Financing		75.00
Integrated Road Investment Program - Tranche 4	Loan	150.0
Women Entrepreneurs Finance Initiative (We - Fi)	Grant	9.5
Rooftop Solar Power Generation project	Loan	50.0
Mahaweli Water Security Investment Program -Tranche 2	Loan	210.0
Total		992.5

Loan Processing in 2019

Below table shows the list of key projects for which loans are being processed from ADB in 2019

Project	Amount (USD Mn)
Urban Project Preparatory Facility - Technical Assistant Loan	10
Science and Technology Human Resource Development Project	145
South Asia Sub regional Economic Cooperation Port Access Elevated Highway Project	300
Railway Efficiency Improvement Project	160
Strengthening the Pradeshiya Sanwardana Bank (Regional Development Bank – RDB) Project	50
Second Integrated Road Investment Programme (Tranche 1)	150
Total	815

Special Events in 2018

- March – Annual Country Programming consultation with ADB
- May – 51st ADB Annual Meeting was held in Manila, Philippines
- **High Level Mission**
 - January – ADB Board Group Visit to Sri Lanka, Mr. Kshatrapati shivaji, Executive Director, Mr. Helmut Heiez Fischer, Executive Director, Mr. Muhammad Sami Saeed, Executive Director, Mr. In Chang Song, Executive Director, Mr. Mario Guiseppe Di Maio, Alternate Executive Director, Mr. Johannes Immanuel Schneider, Alternate Executive Director, Mr. Masashi Tanabe, Alternate Executive Director
 - March- Ms. Ingrid Van Wees, Vice President (Finance & Risk Management)
 - April – Mr. Hun Kim , Director General , South Asia Department
 - August – Mr. Wencai Zhang , Vice President (Operation 1)

Including above High Level Mission, 150 ADB Mission visited Sri Lanka in 2018

China and Asian Infrastructure Investment Bank Division

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

The Government of China has played an important role in social and economic development in the country and it has emerged as a major development partner during last decades, contributing to the implementation of nationally important large scale infrastructure development projects. Major portion of borrowings from Chinese assistance has been invested in the sectors of Road & Transport, Port & Aviation, Water Supply & Sanitation and Power & Energy sectors. The fixed financial terms which are concessional in nature, longer maturity as well as extending financing facility for large scale development projects with higher investment cost are some of the advantages of the Chinese financing facilities.

Government of China has extended its development assistance mainly in three forms: loans, grants and interest free loan facilities through state owned Chinese financial institutions, such as Export - Import Bank of China (EXIM bank of China), China Development Bank (CDB) and Industrial and Commercial Bank in China. (ICBC) The grants and interest free loans are provided directly by the Government of China through the Ministry of Commerce. Hongkong and Shanghai Banking Limited (HSBC) as an international bank provides financing facilities for projects implemented by Chinese contractors.

Commitments

The total commitments extended by Chinese development partners China from for project financing from 2008 to 2018 was USD 8,319 million, out of which USD 1,707 million has been committed after 2015 (including SOEs). Two loan agreements were signed in 2018, Widening & Improvement of 64.31km of Roads and Reconstruction of 13 Bridges in Central & Uva Provinces and Procurement, Purchase & Delivery of 09 Nos Diesel Multiple Units for Upcountry Line Operations in Sri Lanka Railways Project.

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

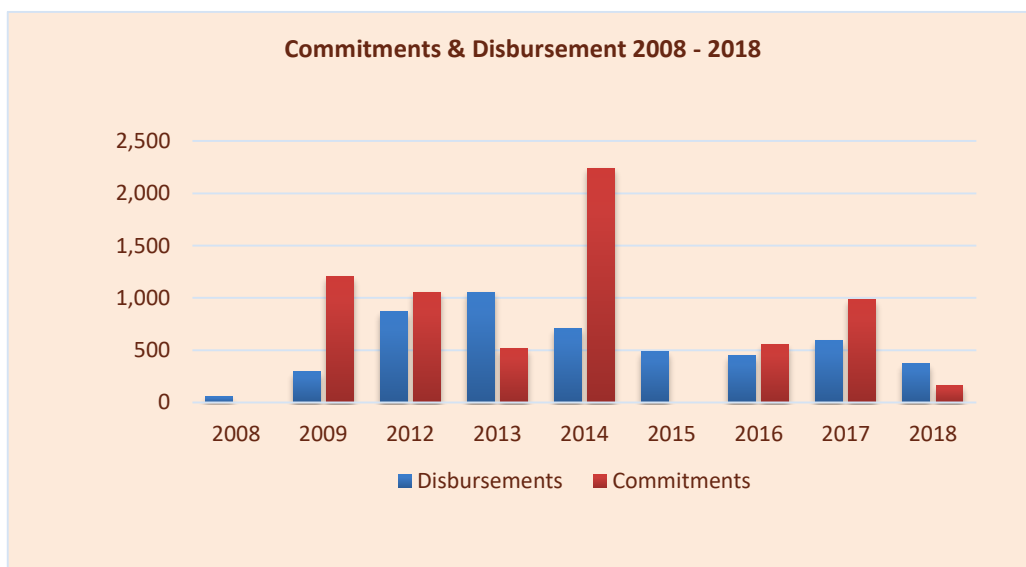
The Government has entered into a Loan Agreement to obtain a loan of USD 80 million to finance the Procurement, Purchase & Delivery of 09 Nos Diesel Multiple Units for Upcountry Line Operation of Sri Lanka Railways Project with the Hongkong and Shanghai Banking Corporation Limited (HSBC). Accordingly, it is expected to improve the performance of train service by adding new locomotives for the upcountry service of Sri Lanka Railways from this new project and first Diesel Multiple Unit will be shipped to Sri Lanka at the end of 2019. First Diesel Multiple Unit set shall be operated in Sri Lanka for at least 03 months and once making first trial run, balance Diesel Multiple Units will be shipped after applying the necessary alterations which identified during the trial run.

Widening & Improvement of 64.31km of Roads and Reconstruction of 13 Bridges in Central & Uva Provinces of Sri Lanka

In view of the government's priority towards widening and improvement of roads and reconstruction of bridges which are very old and have reached their maximum serviceable life, the EXIM Bank of China, Hunan Branch agreed provide financing facility amounting to USD 85 million (85 percent of the total contract amount) for Widening and Improvement of 64.31km of Roads and Reconstruction of 13 Bridges in Central and Uva Provinces.

Disbursement

The total disbursement recorded from development projects funded by China for last 10 year period was USD 6,173 million. EXIM Bank and CDB together account for a total disbursement of foreign funds for Sri Lanka, which is USD 371 million in 2018 (including SOEs).



Development Assistance from Export-Import Bank of China

The Government of Sri Lanka obtains loan assistance from the EXIM Bank of China generally in the form of Preferential Buyer's Credit, Chinese Government Concessional Loan and Buyer's Credit mainly for focusing on supporting infrastructure development projects which generates substantial economic benefits to the country. Nationally important large scale projects such as the Extension of Southern Expressway Project from Matara to Hambantota, Construction of Outer Circular Highway Project Phase III from Kerawalapitiya to Kadawatha, etc. are being implemented progressively in 2018 under the financial assistance of the EXIM Bank of China and reached the final stages of the projects enhancing inter connectivity of the existing expressway network in the country. More than 80 percent of project activities have been completed for all 4 sections of Extension of Southern Expressway Project and it is scheduled to compile the whole project in 2019. The overall progress of Construction of Outer Circular Highway Project Phase III is 85 percent and it is expected to complete this project by June 2019.

In addition, construction works of the Greater Kurunegala Water Supply & Sewerage Project has been completed in 2018 ensuring the present & future demand of drinking water in Kurunegala area and establishing a proper wastewater disposal system with assistance from the EXIM Bank of China. Matara-Beliatta section of Matara-Kataragama Railway Project is in the final stage of the implementation while reporting more than 80 percent of physical progress. The railway operational works are scheduled to be started by mid of 2019.

Furthermore, the Government was able to secure the financial assistance of USD 85 million for Widening & Improvement of 64.31km of Roads and Reconstruction of 13 Bridges in Central & Uva Provinces Project from the Hunan Branch of the EXIM Bank of China extending further cooperation for financing of more infrastructure projects in the country.

Loan agreements of Kandy North Pathadumbara Integrated Water Supply Project, Consultancy Services for Design Review and Construction Supervision of Civil Works on Extension of Southern Expressway Project and Widening & Improvement of 64.31km of Roads and Reconstruction of 13 Bridges in Central & Uva Provinces Project were made effective in 2018.

In addition to the aforementioned commitments, the preliminary works of loan applying process of Agro-based Industries and Agro Economic Centre Project and Towns East of Polonnaruwa Water Supply Project under the "Rajarata Novodaya - Presidential Programme - Let's Awaken Polonnaruwa District Development Programme 2016-2020" were completed in 2018 and it is expected to finalize these loans in 2019. Further, all necessary proceedings and approvals for the signing of the loan agreement were concluded for the Section 1 of Central Expressway Project which is one of the most priority projects of the government and it is expected to be signed the loan agreement with the EXIM Bank in early 2019.

Development Assistance from China Development Bank (CDB)

The Government of Sri Lanka has obtained a considerable amount of financial assistance from the China Development Bank and currently, CDB becomes the second largest Chinese financial assistance provider for Sri Lanka. At present, there are five ongoing water supply projects financed through CDB loans namely; Gampaha, Attanagalla and Minuwangoda Integrated Water Supply Scheme, Katana Water Supply Project, Thambuttegama Water Supply Project, Valachchanai Water Supply Project and Bandarawela, Diyatalawa and Haputale Water Supply Project. Further, project related activities of the Rehabilitation and Improvement of Priority Roads Project - 3 (Phase 1) & (Phase 2) are ongoing and more than 60 percent of loans were utilized. These projects are expected to be completed in 2019. In addition, the government has secured a USD 1 billion Foreign Currency Term Financing Facility from CDB, at highly competitive interest rates offering a big boost to the country's reserves and defenses against external-factor-led pressure on the rupee.

Development Assistance from Hongkong and Shanghai Banking Corporation Limited (HSBC)

The government has obtained a loan of USD 80 million from the Hongkong and Shanghai Banking Corporation Limited (HSBC) to implement the Procurement, Purchase and Delivery of 09 Nos Diesel Multiple Units for Upcountry Line Operations in Sri Lanka Railways Project with a Chinese contractor, M/s Dongfang Electric International Corporation which is one of the important projects aiming at improving the transport facilities of the general public of the country. Further, the negotiations have been finalized between HSBC and GOSL to obtain a loan of USD 72 million to implement the project of Upgrading Health Facilities in Selected Hospitals of Sri Lanka, which aims at developing 13 hospitals under this project. It is expected to sign loan agreement in early 2019.

Asian Infrastructure Investment Bank (AIIB)

Asian Infrastructure Investment Bank (AIIB) is the latest addition to the group of Multi-lateral financiers to Sri Lanka. AIIB is keen on implementing sustainable infrastructure projects in member countries giving more priority to road and rail connectivity, renewable energy and information and communication technology.

Sri Lanka as one of the founding members of AIIB, proposed several projects to be implemented through AIIB financing during 2017 and 2018. Out of these proposals, AIIB was interested in implementing two proposals. The two project proposals are as follows;

1. Reduction of Landslide Vulnerability by Mitigation Measures
2. Support to Colombo Urban Regeneration Project - Construction of Low Income Housing for Slum Dwellers under the Colombo Urban Regeneration Project.

During 2018, the two implementing agencies of these projects namely, National Building Research Organization (NBRO) and Urban Development Authority (UDA) in consultation with AIIB and the ERD completed all the preliminary activities of these two projects. Various reports were prepared in-line with the requirements of AIIB including Detailed Project Document, Environment and Social Management Framework, Social Management and Resettlement Planning Framework, Resettlement Policy Framework and Procurement Plan. Several missions from AIIB were fielded in order to support, monitor and evaluate these preparatory activities.

The loan amount of Reduction of Landslide Vulnerability by Mitigation Measures Project is USD 80 million. There are 147 priority sites identified to be mitigated under this project. Project implementation will be carried out in two phases; Phase I will address emergency situations at 27 critical sites and the Phase II will address the balance 120 sites. These landslide emergency sites are spread in 11 districts of the country.

The loan amount of Support to Colombo Urban Regeneration Project is USD 200 million. The Colombo Urban Regeneration Project is an ongoing project implemented by UDA, which aims at constructing 60,000 housing units for underserved communities in Colombo district. Under AIIB's Support to Colombo Urban Regeneration Project 5,500 housing units will be constructed.

Having completed all the preliminary activities of these two projects, it is planned to conduct official loan negotiations in 2019. Once the negotiations are completed, the AIIB will obtain the approval of their Board of Directors for signing of Loan Agreements.

In addition, several high priority project proposals are in the pipeline for AIIB financing. The AIIB and ERD are currently having discussions as to implement these projects according to the most favorable terms and conditions to the Government of Sri Lanka, considering the current fiscal constraints the country has faced with.

Project Pipeline

The following projects have been identified to be included in the pipeline for financing from EXIM Bank, CDB and AIIB;

EXIM Bank of China

- Central Expressway Project – Section 1 from Kadawatha to Meerigama
- Towns East of Polonnaruwa Water Supply Project
- Agro-based Industries and Infrastructure Facilities Development Project
- Maduru Oya Right Bank Development Project

China Development Bank (CDB)

- Bandarawela, Diyathalawa and Haputale Water Supply Project
- Valachchenei Water Supply Project

Asian Infrastructure Investment Bank (AIIB)

- Anuradhapura Sewerage Disposal System Development Project (co-finance with AFD)
- Colombo Suburban Railway Project (CSRP)
- Seethawaka Ganga Hydropower Project

Grant Assistance from the Government of China

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

In response to the Sri Lanka Government's priority to fight Chronic Kidney Disease (CKD) in North Central Province of Sri Lanka, the Government of China provided grant facility for the Construction of New Laboratory and Hospital Complex for Chronic Kidney Disease in Polonnaruwa and China - Sri Lanka Joint Research and Demonstration Centre for Water Technology. These two projects are ongoing. While the former provides treatment facilities for patients suffering from CKD, the latter will carry out researches in order to find the cause for CKD and to find a solution to it. Another major project that is being implemented under Chinese grant assistance is Construction of the Out-Patient Department (OPD) of the National Hospital of Sri Lanka.

East Asia Division

East Asia Division of ERD is responsible for coordinating Official Development Assistance (ODA) of Japan, Republic of Korea, Thailand, Vietnam, Singapore and Malaysia for the implementation of development projects and capacity development programs. Japan and Korea are the leading partners of Sri Lanka for providing ODA for large scale development projects and technical cooperation programs in various sectors.

Japanese assistance provides through Japan International Cooperation Agency (JICA) and the Government of Republic of Korea provides loan assistance through the Economic Development Cooperation Fund (EDCF) of the Exim bank of Korea and grant assistance through the Korea International Cooperation Agency (KOICA).

ODA assistance of other countries is basically provided for the capacity development of the government sector.

Japan



Development Partnership with Japan

The Government of Japan is contributing to the country's strategic development effort by 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 assistance is provided through various schemes such as Yen Loans Packages, Grant Aid, Development/Feasibility Studies and Technical Cooperation Programs. Japanese Yen Loan Packages are extended on annual basis covering wide range of sectors including Power and Energy, Water Supply and Drainage, Ports, Roads, Transport, Aviation, Health, Agriculture and Irrigation, Disaster Management, Telecommunication and Rural Development etc.

Japanese Technical Cooperation is aimed at sharing Japanese knowledge, experience and skills for the economic development of the country by dispatching of experts from Japan to provide technical support or the provision of necessary equipment.

Further, technical cooperation includes the programme of Science and Technology Research Partnership for Sustainable Development (SATREPS) which promotes international joint research programs based upon the social and economic needs and technological innovations of the recipient country.

Since 1965, the Government has obtained Japanese ODA amounting USD 8,829 million for 120 development projects and 15 commodity loans at very concessionary rates along with USD 1,392 million of grant assistance.

Total Commitments in 2018

The existing portfolio of Japanese financial assistance was improved in 2018, by receiving a concessionary loan amounting to USD 100 million for the implementation of Health and Medical Services Improvement Project. The Government of Sri Lanka intends to obtain USD 300 million from the Government of Japan in year 2019 as the first tranche for the implementation of the “Project for Establishment of Light Rail Transit System in Colombo (I).”

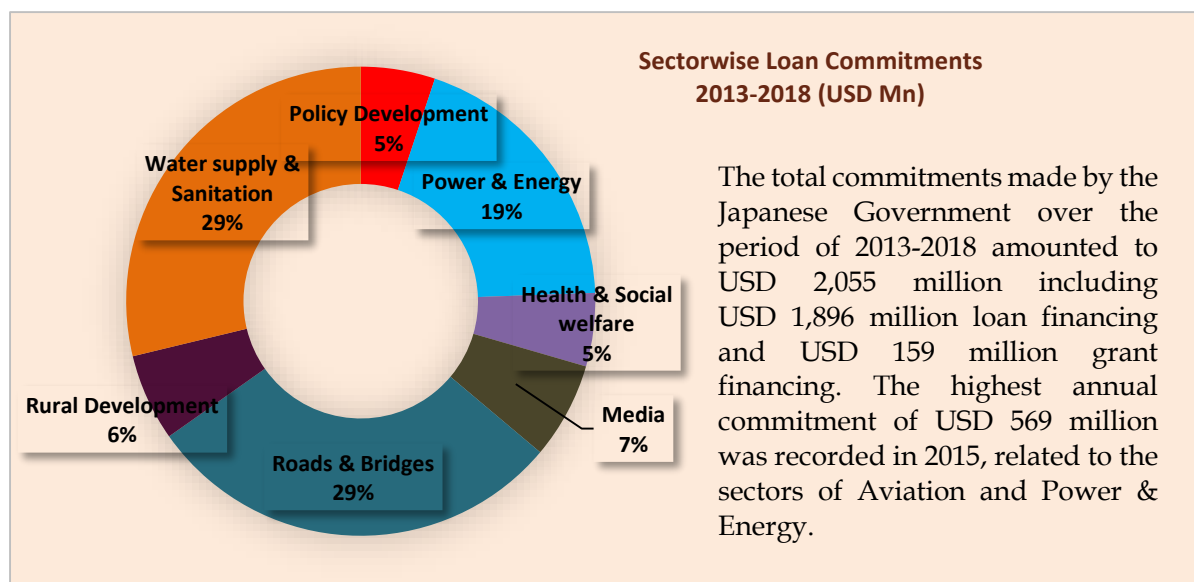
Health and Medical Service Improvement Project - USD 100.25 Mn

Non Communicable Diseases (NCDs) such as cardiovascular diseases and cerebrovascular diseases have increased in the recent past in Sri Lanka due to the apparent epidemiological, socio-economic and demographic transitions of the country.

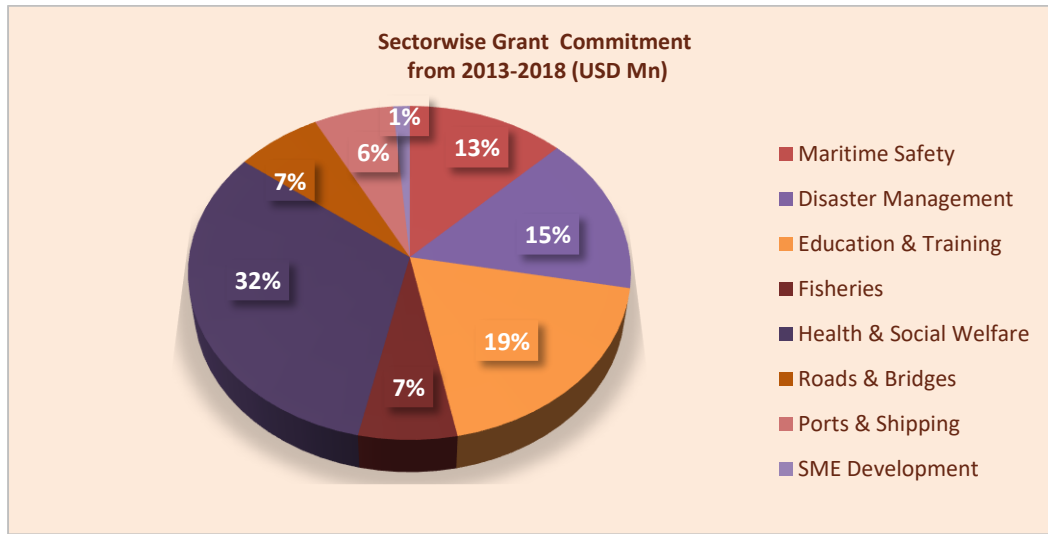
To address the issue, the Government of Japan has extended their support through JICA, in an amount of Japanese Yen 10,639 million to improve the medical service for diagnosis and treatment of non-communicable diseases, especially cardiovascular diseases to deliver appropriate and accessible high quality curative care for all Sri Lankan citizens.

Project will mainly focus on cardiovascular diseases by improving the medical facilities and equipment in five tertiary care hospitals and training centers for medical staffs, in Anuradhapuura, Kandy Kurunegala, Badulla and Trincomalee. The project will also cooperate strengthening the maintenance of the medical equipment to enhance the effective utilization and to ensure sustainability.

Sectoral Distribution of Japanese Loan Assistance from 2013-2018

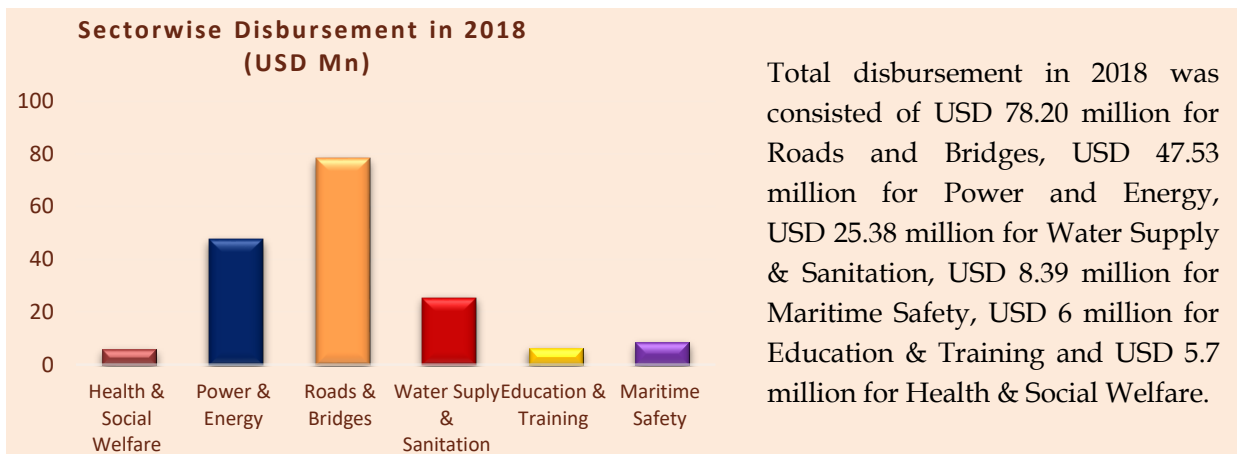


Sectoral Distribution of Japanese Grant Assistance from 2013-2018



Total Disbursement in 2018

Total Disbursement for the Japanese official development assistance is USD 171.23 million for the year 2018.



Projects Completed in 2018

Project	Loan Amount (USD Mn)
SL P - 101: Greater Colombo Urban Transport Development Project Phase 2	390.97
SL P - 105: Improvement of Basic Social Services Targeting Emerging Regions	47.40

Greater Colombo Urban Transport Development Project

The Government of Japan has committed for the development of Sri Lanka's road network financing large national roads and expressways. The Outer Circular Highway (OCH) is 29.1km in length and connecting all expressways and 'A' class highways radiating from the city of Colombo.

Construction of 12km section from Kottawa to Kaduwela was completed in 2014, mobilizing Japanese financial assistance of USD 186 million. Road section of 8.9km from Kaduwela to Kadawatha has been completed with the assistance of Japan.

The road section from Kaduwela to Kadawatha of OCH will contribute to ease the traffic congestion in Colombo Metropolitan region and improve the connectivity with Expressway network.



Outer Circular Highway

In addition, three major townships in Makumbura (Kottawa), Kaduwela and Kadawatha areas are being developed with the maximum infrastructure facilities.

Project for the Improvement of Basic Social Services Targeting the Emerging Regions

The Government has invested approximately USD 47.4 million loan extended by JICA for the expansion of the production capacity of the State Pharmaceutical Manufacturing Corporation (SPMC) to meet the annual pharmaceutical requirement of the Country and improvement of existing facilities in secondary hospitals.

Also, selected secondary hospitals of Teldeniya, Warakapola, Galgamuwa and Kalawanchikudy were upgraded to the required level to function as core hospitals in the region, with the objective of improving health conditions of the community in rural areas.

In addition, 124 ambulances were provided to hospitals in Central, Sabaragamuwa, North Western, North Central, Uva, Eastern and Northern Provinces, ensuring speedy transfer of patients who are in a critical condition from peripheral, central and district hospitals to base and teaching hospitals for immediate curative treatment.



Manufacturing of Pharmaceuticals

Development Projects Expected to be Committed in 2019

The Project for Establishment of Light Rail Transit System in Colombo (I) (Fort - Malabe) - First Tranche of USD 300 Mn (Out of the total cost of a USD 1,800 Mn)

As proposed by the "Vision 2025: An Enhanced Country" Government's Development Policy and the "2030 Western Region Megapolis Masterplan" Government has decided to set up an efficient and comfortable passenger transport system to address the heavy traffic congestion in Colombo city and suburbs.

The feasibility study for the line was conducted by JICA on grant-basis. Necessary procedures to obtain ODA loan financing from JICA for the implementation is in progress. The proposed Light Rail System has designed to construct 17km long elevated rail track including 16 stations to cover important and major intersections from Malabe to Colombo Fort.



Concept of Light Rail Transit

The project will be completed in 2026 and establishes the connectivity between many administrative complexes, commercial hubs and densely populated residential areas of the city.

Under the proposed light rail system, 25 trains will be deployed for the service and each unit will comprise of four air-conditioned passenger compartments to accommodate 800 passengers.

Construction of the Sewerage Treatment Plant in Sri Jayawardenapura Kotte

Preparation of Sewerage Sector Master Plan in Sri Lanka, including two feasibility studies for the establishment of Sewerage Treatment Plants in Sri Jayawardenapura Kotte and Nuwara-Eliya are scheduled to be completed under Japanese grant assistance.

Under the proposed loan assistance from the Government of Japan, the main Sewerage Treatment Plant will be established in Heenatikumbura, located along the Kalapaluwawa road from Koswatta junction and another 50 pumps including 07 major pumping stations will be covered Rajagiriya, Nugegoda, Delkanda, Diyawannawa and Madiwela areas.

Construction of Central Expressway 3rd Section from Pothuhera to Galagedara

Third section of the Central Expressway Project from Pothuhera to Galagedara will be constructed in a total length equal to 32.5km with two interchanges in Polgahawela and Rambukkana.

The feasibility study and preliminary design have already been completed and land acquisition activities are in progress. The loan amount is JPY 100 billion and the terms and conditions of the facility are being negotiated by the Department of External Resources with the MUFG Bank, Japan.

Key Projects Implemented in 2018

Project	Amount (USD Mn)
Loans	
Kandy City Wastewater Management Project	152.38
Greater Colombo Urban Transport Development Project- Phase II	390.97
Kalu Ganga Development Expansion Project I	279.48
Rural Infrastructure Development Project in Emerging Regions	113.84
Habarana - Veyangoda Transmission Line Project	115.33
Greater Colombo Transmission & Distribution Loss Reduction Project	166.38
Major Bridges Construction project of National Road Network	129.23
Landslide Disaster Protection Project of National Road Network	79.52
Anuradhapura North Water Supply Project - Phase I	53.92
Anuradhapura North Water Supply Project - Phase II	212.16
Bandaranaike International Airport Development Project Phase II Stage I	272.89
Bandaranaike International Airport Development Project Phase II Stage II	427.94
New Bridge Construction Project over the Kelani River	342.85
Digitalization of Terrestrial Television Broadcasting Project	132.10
National Transmission and Distribution Network Development and Efficiency Improvement Project	200.07
Improvement of Basic Social Services Targeting Emerging Regions	47.40
Health & Medical Service Improvement Project	100.25
Grants	
Establishment of Research and Training Complex at the Faculty of Agriculture, University of Jaffna	15.70
Project for Maritime Safety Capability Improvement for the Sri Lanka Coast Guard	17.05
Non- Project Grant Aid for Providing Navigation Aids to the Port of Trincomalee	9.42
Project for the Establishment of a Doppler Weather Radar Network	23.58

Republic of Korea

Development Partnership with Republic of Korea

The Republic of Korea has become a leading bilateral development partner of Sri Lanka while providing diverse range of development assistance such as concessional loans, grants, technical assistance, knowledge sharing programmes (KSP), cultural exchange programmes, expertise supports and volunteers exchange programmes etc. Further the Republic of Korea provides a large number of training opportunities for the government officers in Sri Lanka annually to enhance their academic and professional skills.

Economic Development Cooperation Fund (EDCF)

The Government of Korea provides concessional loans to Sri Lanka through Economic Development Cooperation Fund (EDCF) of the Export-Import Bank of Korea (Korea Exim Bank). In line with the development priorities of the Government, Transportation, Water Management and Sanitation, Education and Rural Development are identified as priority sectors to be financed under the Country Partnership Strategy between two countries.

Current Terms and Conditions of EDCF Loans for Sri Lanka			
Terms & Conditions	Normal Conditions	Korean Consultant is hired	Compact Loan ¹
Interest Rate	0.20%	0.15%	0%
Repayment	30 years	40 years	30 years
Grace Period	10 years		
Loan Amount	Up to 100% of total project cost		
Currency	Korean won		
Feasibility Study	Support by grant basis for potential projects	Standard form	

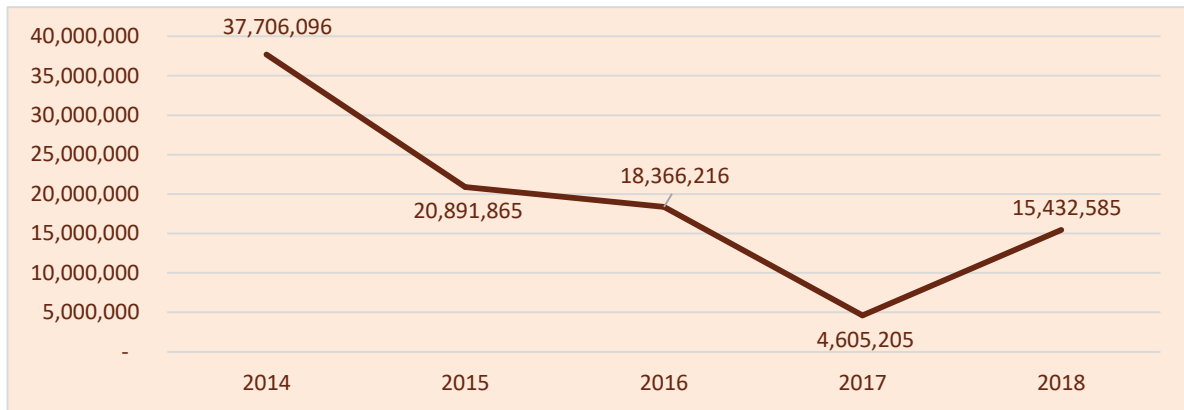
Knowledge Sharing Program (KSP)

Knowledge Sharing Program (KSP) is a special technical assistance program provided by the Korea Exim bank under the auspices of the Ministry of Strategy and Finance of Korea to share Korea's development experience and knowledge accumulated over the past decades with partner countries.

In 2018, a consultancy program was successfully carried out under the Knowledge Sharing Program to produce policy recommendations and promote the development of the future Colombo Municipal Council (CMC) tax administration system by sharing on the experience of establishing the advanced tax information system in Seoul, South Korea.

¹ The compact loan scheme covers the supply of machinery and equipment processed through procurement from Korean small and medium-sized enterprises (SMEs)

Disbursement details of Korean Loan Assistance from 2014 - 2018 (USD)



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

The Government of Sri Lanka has realized the crucial need of intervention in the solid waste management sector with new technologies and best practices for introducing sustainable solution for the growing problem. The present practice of local authorities for open dumping of solid wastes in urban areas have resulted numerous environmental and health hazardous.

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

190 Garbage Collecting Compactors to the Local Authorities of Sri Lanka

In order to further strengthen the capacity of solid waste management system of the country, the EDCF has agreed to provide 190 garbage compactors to the Government of Sri Lanka under the zero interest compact loan scheme of EDCF. The government will distribute the 190 garbage collecting compactors among local authorities in all 9 provinces of Sri Lanka, in order to improve the capacity of waste collection and transportation of local authorities.



EDCF Funded Ongoing Projects

Sector	Project	Approval Date	Amount (USD Mn)
Environment	Construction of Solid Waste Disposal Facilities Project	2010	33.54
Education	Establishment of Colombo Central Vocational Training Centre and Upgrading of Gampaha Technical College	2011	26.05
Water Supply	Deduru Oya Water Supply Project	2013	58.16
Water Supply	Ruwanwella Water Supply Project	2014	20.53
Environment	Supply of Garbage Collection Compactors in South Sri Lanka	2017	7.00
Environment	Supply of Garbage Collection Compactors in North and Central Sri Lanka	2017	7.00
Total			152.28

Korean Grant Assistance

The grant assistance of the government of Korea is mainly extended to Sri Lanka through the Korea International Cooperation Agency (KOICA) in order to finance grant aid projects and conduct technical cooperation programs, capacity building training for government officials and dispatching experts and World Friends Korea (WFK) volunteers.

Development of Schools in Kilinochchi District

Taking a step forward in its endeavor for the betterment of the Educational Environment in Kilinochchi, Korean International Cooperation Agency (KOICA) is giving a grant worth USD 7.5 million to renovate a number of schools in the District. The agreement between the two countries for the project was signed in November 2018.

The project will be focused on developing the Education Capacity of the district and thus it will be an all-inclusive endeavor with the components of infrastructural development, teacher training and community awareness activities. Ensuring that the focus of the project will surpass the mere infrastructural development and will move on to secure the parental support in the process of their children's education, there is an awareness of the parents segment to the project.

Ongoing Projects

Ministry	Project, Period and Cost
Ministry of Education	<ul style="list-style-type: none"> Establishment of National College of Education and Teacher Training System for Technology Stream (2015-2022 / USD 13 Mn) Development of Schools in Kilinochchi District (2018-2022/USD 7.5 Mn)
Ministry of Health and Indigenous Medicine	<ul style="list-style-type: none"> Matara District Maternal and Newborn Health Care Strengthening Project (2016-2020 / USD 8.5 Mn)
Ministry of Skills Development and Vocational Training	<ul style="list-style-type: none"> Establishment of Master Plan and Capacity Building for Ocean University of Sri Lanka (2017-2021/USD 2.5 Mn)

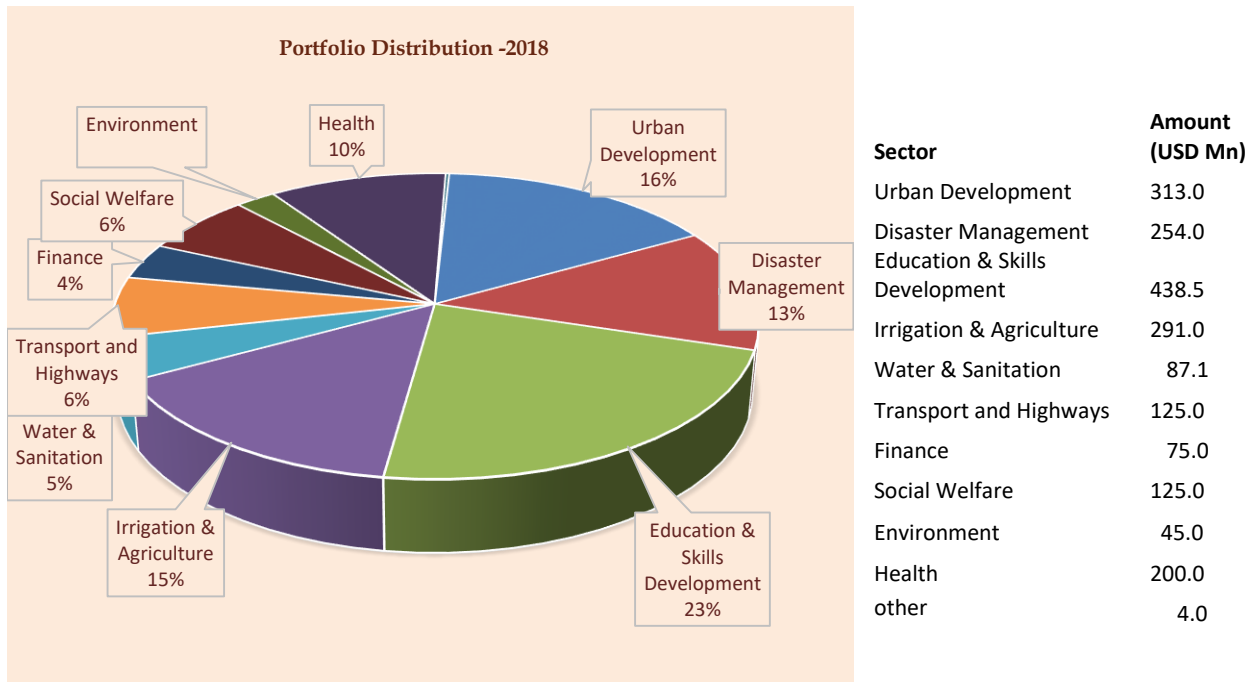
World Bank & IMF Division

The World Bank is a leading international financial institution providing financial and technical assistance to developing countries around the world with the objective of fighting poverty worldwide through sustainable solutions. The World Bank Group consists five institutions i.e. International Development Association (IDA), International Bank for Reconstruction and Development (IBRD), International Finance Cooperation (IFC), Multilateral Investment Guarantee Agency (MIGA) and International Centre for Settlement of Investment Disputes (ICSID).

At the end of 2018, there was USD 1,957.6 million worth active loan portfolio operating under the versatile World Bank financial assistance extended over different investment sectors. World Bank Division of External Resources Department coordinates the financial and technical assistance from the World Bank Group.

World Bank Active Loan/ Grant Portfolio in 2018

Program/ Project	Amount (USD Mn)
Skills Development Project	101.5
Strategic Cities Development Project	147.0
Climate Resilience Improvement Project	110.0
Climate Resilience Improvement Project - Additional Financing	42.0
Transforming the School Education as Foundation of a Knowledge Hub Project	100.0
Metro Colombo Urban Development Project	213.0
Early Childhood Development Project	50.0
Water Supply and Sanitation Improvement Project	165.0
Strategic Cities Development Project - Additional financing	55.0
Ecosystems Conservation and Management Project	45.0
Agriculture Sector Modernization Project	125.0
Accelerating Higher Education Expansion and Development Project	100.0
Transport Connectivity and Assets Management Project	125.0
Financial Sector Modernization Project	75.0
Social Safety Nets Project	75.0
GPOBA - Sri Lanka Access to Sanitation Project	5.1
General Education Modernization Project	100.0
Programmatic Preparation Advance	4.0
Second Health Sector Development Project	200.0
Transforming the School Education as Foundation of a Knowledge Hub Project	37.0
Dam Safety and Water Resources Planning Project - Additional Financing	83.0
Total	1,957.6

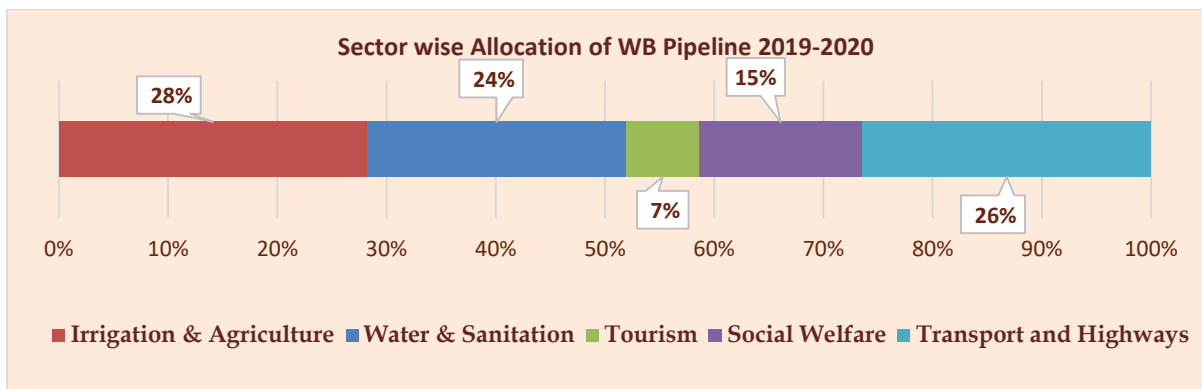


World Bank Country Partnership Framework 2018-2020

Focusing on the World Bank’s two goals of ending extreme poverty and increasing shared prosperity in a sustainable manner, World Bank Group’s Country Partnership Framework (CPF) targets to make the development with more systematic, evidence-based, selective approach. The World Bank CPF for Sri Lanka is segmented among three pillars; improving macro-fiscal stability and competitiveness, promoting inclusion and opportunities for all and seizing green growth opportunities, improving environmental management and enhancing adaptation and mitigation potential.

World Bank Project Pipeline for 2019-2020

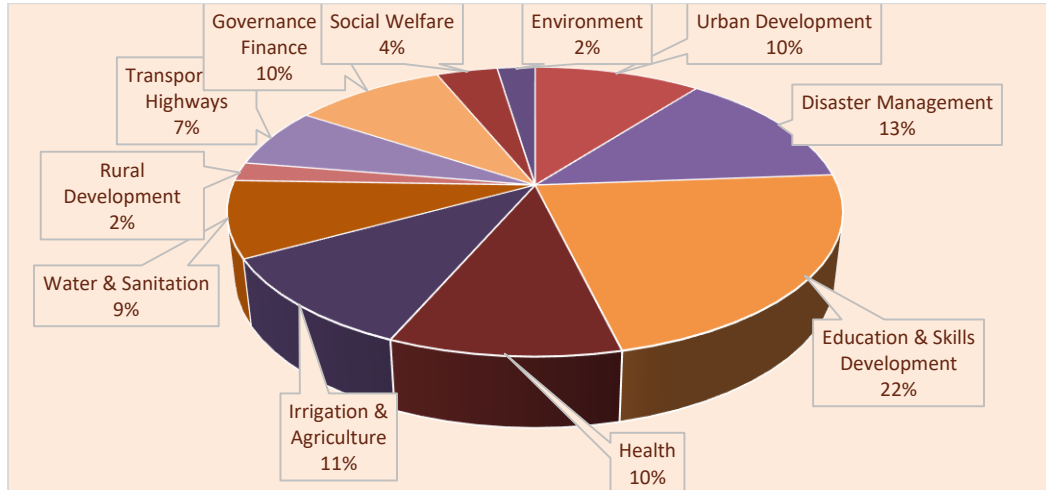
World Bank Project Pipeline for 2019-2020 has been prepared optimizing the increased financing cost associated with the graduation of Sri Lanka from concessional IDA borrowing to IBRD borrowing at commercial rates.



Commitments

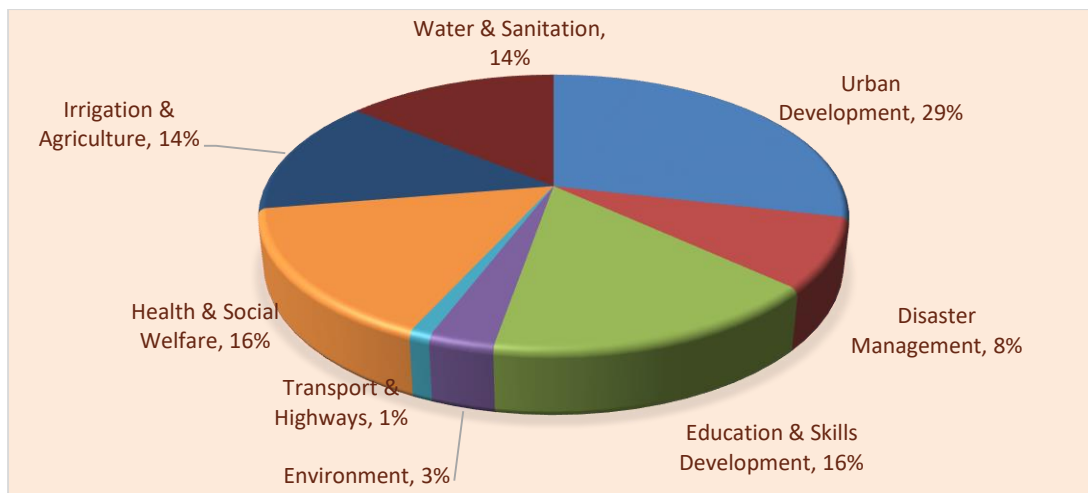
Sri Lanka was able to mobilize USD 104 million from the World Bank by ways of loans in 2018.

Sectoral Commitments 2013-2018



During the period from 2013 to 2018, the highest commitment of World Bank funding was recorded in Education and Skills Development sector with a 22 percent of the total commitments, followed by the commitments in disaster management sector at 13 percent as the second highest.

Sectoral Disbursements 2013-2018



The total disbursement recorded for World Bank funded Projects in 2018 was USD 153 million and the largest share reported in the Urban Development sector with a contribution of 29 percent. As the second highest contribution, both Education and Skills Development sector and Health and Social Welfare sector contributed at 16 percent each of the total disbursements.

New Development Initiatives

Climate Smart Irrigated Agriculture

The objective is to improve climate resilience of farming communities and productivity of irrigated agriculture in selected climatically vulnerable Hot-Spot areas in Sri Lanka. This will be achieved through increased adaptation of climate - resilient agricultural practices and technologies, improved agricultural productivity and increased access to markets in targeted smallholder farming communities.

Negotiated in 2018

Loan Amount: USD 125 Mn

Implementation Period: 2018 – 2024

Local Development Support project

The objective of this project is to strengthen local government authorities' capabilities to deliver services to communicate in a responsive and accountable manner and to support economic infrastructure development in participating provinces. The overall responsibility of the implementation of this project lies with the Ministry of Internal and Home Affairs and Provincial Councils and Local Government. The project will target more vulnerable sections of the population, such as extreme poor, women, women-headed households, unemployed youth, people with disabilities and elders in 134 local authorities in Northern, Eastern, North Central and Uva province through strengthening local government planning systems, improving local services and economic infrastructure by improving local service delivery and economic cluster support, institutional development and contingent emergency response.

Negotiated in 2019

Loan Amount: USD 70 Mn

Implementation Period: 2019 – 2024

Primary Health Care System Strengthening Project

The objective of the project is to increase the utilization and quality of primary health care services with an emphasis on detection and management of non-communicable diseases in high-risk population groups in selected areas of the country. It is expected to achieve this objective by supporting the reorganization and strengthening of the Sri Lankan Primary Health Care System. The primary beneficiaries of the project will be the users of public Primary Health Care (PHC) Institutions in the selected communities of the country. The primary users of the public PHC Institutions tend to be the poorer segments of the population. Within the communities supported by the project, those who are most at risk of having or developing a severe or catastrophic Non-communicable Disease (NCD) will be the primary target. Project interventions will benefit the health sector staff at the central and provincial levels by strengthening their capacities and making resources available to plan and execute the strategy for strengthening PHC services.

Negotiated in 2018

Loan Amount: USD 200 Mn

Implementation Period: 2018 – 2024

World Bank Technical Missions - 2018

Technical Mission	Mission Dates
Technical Missions for Sri Lanka Energy Infrastructure Sector Assessment Program	March 16-30, 2018
Public Sector Efficiency Strengthening Project – Technical Mission	March 16-30, 2018
Technical Assistance on Foreign Reserves Portfolio Risk and Performance Mission	March 16-30, 2018
North East Local Services Improvement Project (NELSIP) –Technical Support Mission	March 16-30, 2018
Technical Assistance to Investment Promotion Component Mission	March 16-30, 2018
Infrastructure Assessment Program (InfraSAP) for Urban Transport Mission-Technical Visit	March 16-30, 2018
Climate Resilience Improvement Project II (CRIP II), Joint Technical Mission with AIB	March 16-30, 2018
Climate Change Mitigation Action Support Project (P160552), Technical Mission	March 16-30, 2018
Climate Resilience Improvement Project I (CRIP I), Technical Mission	March 16-30, 2018
Metro Colombo Transformation Platform – Technical Mission	March 16-30, 2018
Dam Safety and Water Resources Planning Project, Technical Mission	March 16-30, 2018
Pre appraisal of the Primary Health Care System Strengthening Project Mission	March 16-30, 2018
Disaster Risk Financing and Insurance and Creating an Enabling Environment for Boarder Capital Market Development	March 16-30, 2018
Public Sector Efficiency Strengthening Project - Technical Mission	March 16-30, 2018
Technical Mission on Establishing of a Natural Flood Forecasting and Early Warning System	March 16-30, 2018
Technical Assistance Mission to Enhance Trade and Competitiveness in Sri Lanka	March 26-29,2018
Perspectives on Labour Market Challenges in Sri Lanka Technical Mission	April 2-7, 2018
Sri Lanka Energy Infrastructure Sector Assessment Program- Technical Mission	Apr 30- May 11, 2018
Technical Assistance to Update DS Division Estimates of Population and Poverty Mission	May 21 - June 1, 2018
Technical Assistance: Reforming Income Support for the Elderly Mission	May 21 - June 1, 2018
Sri Lanka Energy Infrastructure Energy InfraSAP- Technical Mission	May 28 - June 11, 2018
Plantation Sector Engagement – Technical Assistance	May 31- June 5, 2018
Climate Change Mitigation Action Support Project (P160552), Technical Mission	July 2-6, 2018
Primary Health Care System Strengthening Project Technical Assistance Mission	July 2-6, 2018
Building Regulation for Resilience Technical Assistance Scoping Mission	July 25-27, 2018
Plantation Sector Engagement – Technical Assistance Mission	August 1-7, 2018
Technical Assistance to Update DS Division Estimates of Population and Poverty Mission	August 6-17, 2018
Technical Mission on Establishment of National Flood Forecasting and Early Warning System Mission	August 6-17, 2018
Technical Assistance on Trade Policy and Trade Facilitation Mission	August 13-16,2018
Elderly Care Project, Technical Mission	Sep 10 - 17, 2018
Technical Mission on Climate Resilience Improvement Project (CRIP) Mission	Sep 17-22, 2018
National Natural Disaster Insurance Scheme – Technical Mission	Sep 24-28, 2018
Local Development Support Project – Technical Mission	October 7-12, 2018
Technical Assistance on Trade Policy and Trade Facilitation Mission	October 8-19, 2018
Sri Lanka Climate Resilience Program Multi Phase Programmatic Approach – Technical Mission	October 20-26, 2018
Local Development Support Project – Technical Mission	Oct 26 – Nov2, 2018

Middle East & South Asia Division

Middle East

Development partners of the Middle East have been playing a significant role towards social and economical development of the country focusing on the development priorities of the country, since mid 1970s.

Bilateral development partners agencies such as Saudi Fund for Development (SFD), Kuwait Fund for Arab Economic Development (KFAED) and Export Development Bank of Iran (EDBI) as well as multilateral development partners agencies such as OPEC Fund for International Development (OFID) enrich the Middle East portfolio through Concessional Loans and Export Credits while Government of Bahrain, Kazakhstan, Oman have provided few grants to construct houses specially for the IDPs resettlement.

Since 1975 GOSL has obtained fourteen numbers of loans worth of USD 281 million from KFAED and it has provided two grant assistance worth of USD 2 million for feasibility studies of Moragahakanda Irrigation & Agricultural Development Project and Moragolla Hydropower Project.

The total amount of loans extended by the SFD as at end of 2018 was USD 386 million. The priority areas of the SFD assistance are; Road, Health, Irrigation & Community Development Sectors, Higher Education etc.

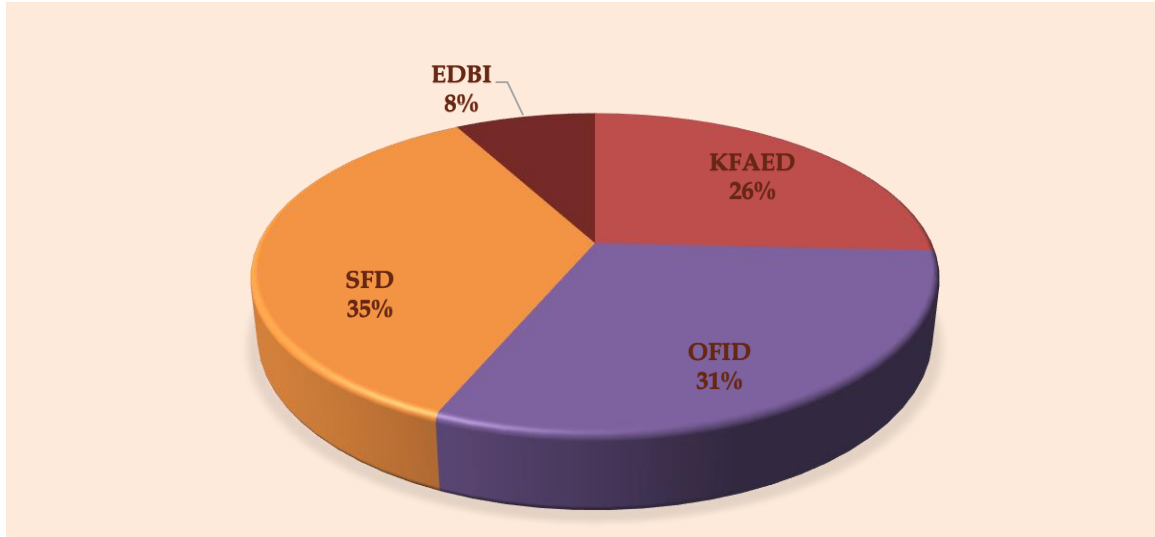
Since its inception OFID has extended USD 333 million as public sector loan facilities to Sri Lanka and out of which the majority has been given for development of roads. Other priority areas of OFID are Education, Irrigation, Power & Energy, Tea Development and Science & Technology.

Uma Oya Multipurpose Development Project and the Rural Electrification-8 Projects were financed under two loans amounting approximately USD 530 million by EDBI. The Government of Iran has agreed to provide USD 450 million which is 85 percent of the total cost of the "Uma Oya Multipurpose Development Project". However, imposing of sanctions on the Iran's international relations, it has to stop funding on this project. So far, around USD 51 million has been disbursed by the Iran for this project. The Government decided to continue the work with the deployed Iranian Contractor utilizing the Government funds ensuring the bilateral ties between Iran and Sri Lanka.

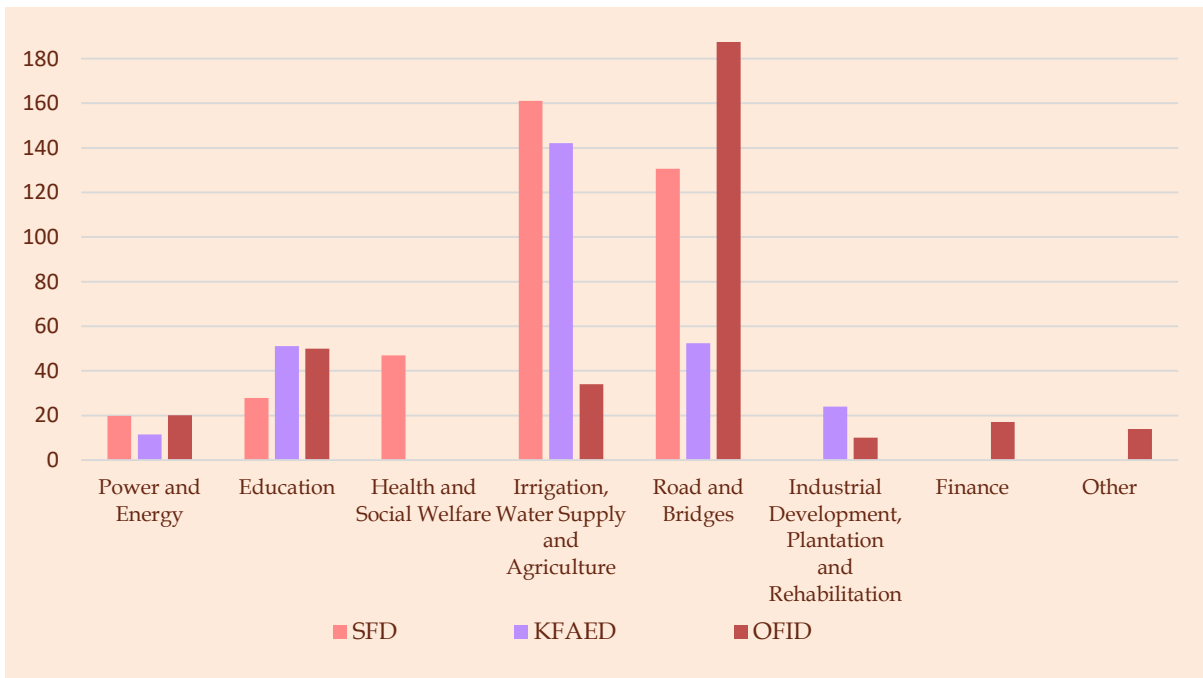
Moreover, the project of "Rural Electrification Project - 8" has also been started under Iran financial assistance at a cost of EUR 77 million. Out of which, 75 percent of the TEC was agreed to be financed by the Iran which is EUR 58 million. However, EUR 32 million has been disbursed by Iran for this project.

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

Total Commitments from the Middle East Partners (USD Mn)

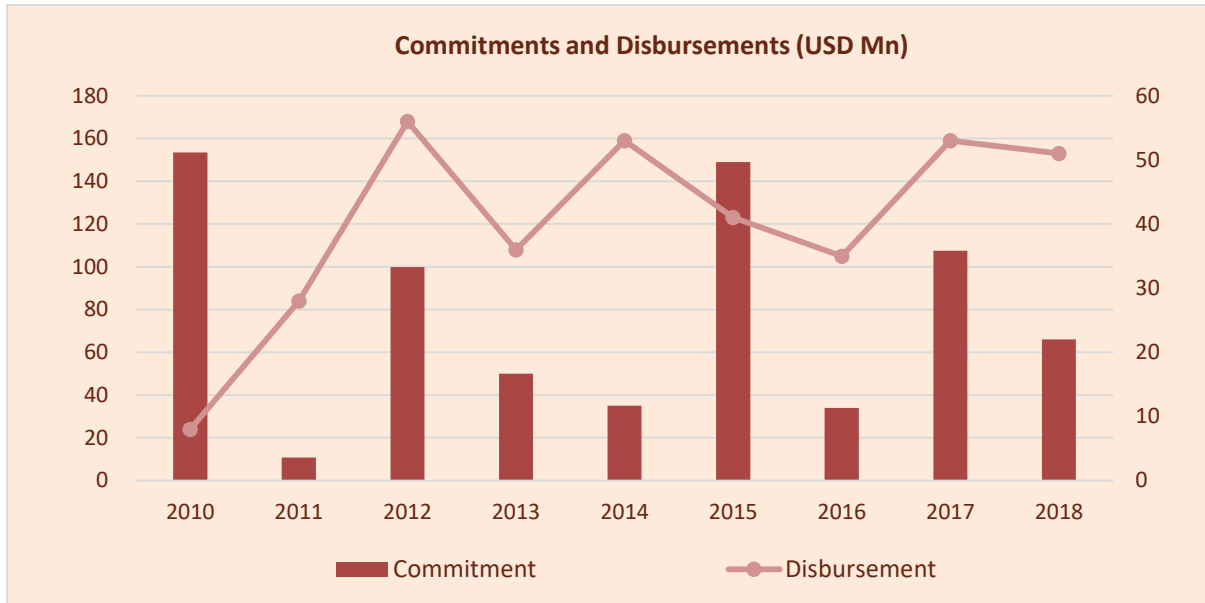


Sectorial Commitments from the Middle East Partners (USD Mn)



Disbursements in 2018

Total disbursements from the Middle East development partners are USD 51 million during the year.



Commitments from the Middle East Development Partners in 2018

Two loan agreements were concluded and signed during 2018 with SFD and OFID for the implementation of following projects.



Saudi Fund for Development

USD 16 Mn

Kalu Ganga Development Project - Additional Financing

Due to unforeseen geological conditions in the foundations and necessary design revisions have led to a price increase of the Kaluganga Development Project. In this regard, SFD, KFAED and OFID has provided additional financing and Loan Agreement with the SFD has signed on 18th July 2018.

OPEC Fund for International Development

USD 50 Mn

Technological Education Development Programme

Project helps to construct technical laboratories and provide required machinery and equipment to the schools. The Loan Agreement has signed on 3rd July at the Headquarters of OFID in Vienna.

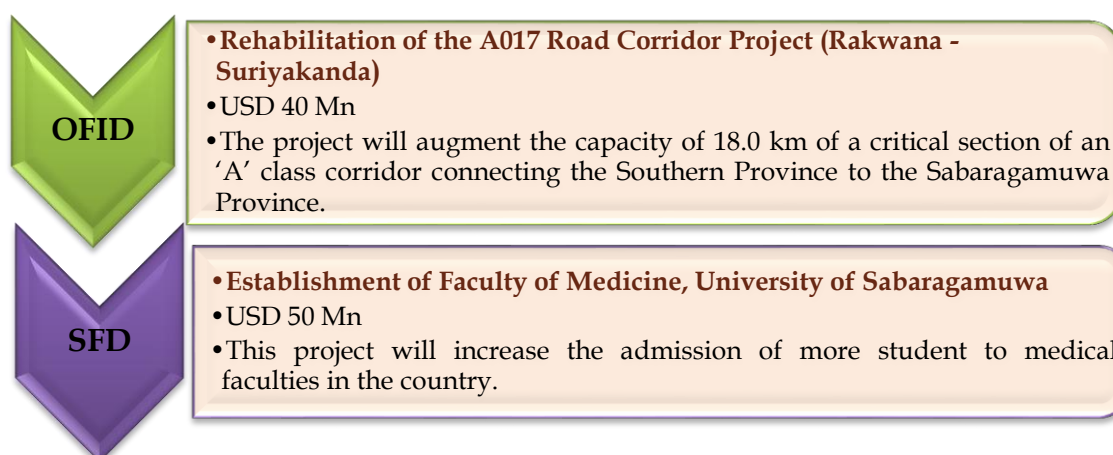


Projects Being Implemented In 2018

Middle East Prortfolio	Loan Amount (USD Mn)
Saudi Fund for Development	
Epilepsy Hospital and Health Centers Project - Additional Financing	12.0
Kalu Ganga Development Project - Additional Financing	16.0
Road Network Development Project	60.0
Improvement of Peradeniya - Badulla - Chenkaladi Project	60.0
Left Bank Development Project in Kalu Ganga	45.0
Wayamba University Township Development Project	28.0
Kuwait Fund for Arab Economic Development	
South Eastern University Development Project - Phase 1B	11.0
Kalu Ganga Development Project - Additional Financing	16.0
Reconstrucion of 25 Bridges Project	35.0
Building Complex for the Faculty of Health Care Science, Eastern University	33.0
OPEC Fund for International Development (OFID)	
Road Network Development Project	40.0
Colombo National Highways Development Proeject	50.0
Western Proince Road Development Project	17.0
Rehabilitation of the A 05 Road Corridor From Badulla to Chenkaladi	60.0
Kalu Ganga Development Project - Additional Financing	18.0

Future Assistance from Middle East Partners

Following projects has been identified for the financing of Middle East developments partners and anticipated to conclude financing agreements during 2019.



- In addition to the above projects, proposal of the establishment of the Medical Faculty at University of Moratuwa has forwarded to the KFAED and total cost of the project is LKR 8,011 million (approximately KWD 15 million).
- Moreover, project proposal of the Construction of Center Excellence Fourteen Storied Multi-Tasking Building at Teaching Hospital Peradeniya has forwarded to the OFID and total cost of the project is LKR 7,950 million (approximately USD 46 million).

South Asia

India

Indian development assistance are mainly channeled in the form of loans, grants and technical assistance, mainly focusing on improvement of economic infrastructural facilities, livelihood development, education, healthcare, capacity building and economic renewal. In this backdrop, Government of India has become one of the major development partners among other traditional development partners.

Indian Loan Financing in 2018

Line of Credit

A line of credit is an account can have with a bank or credit union that allows to borrow money when need it, up to the preset limit for the line. Interest is only charged once borrow money.

- Purchase of Equipment Supplies to Three Forces and Sri Lanka Police – USD 100 Mn
- Restoration Northern Railway Line – USD 416 Mn & USD 382 Mn
- Restoration Railway Sector Development – USD 318 Mn
- USD 45.27 Credit Line for Development of Kankasanthurei Harbour.

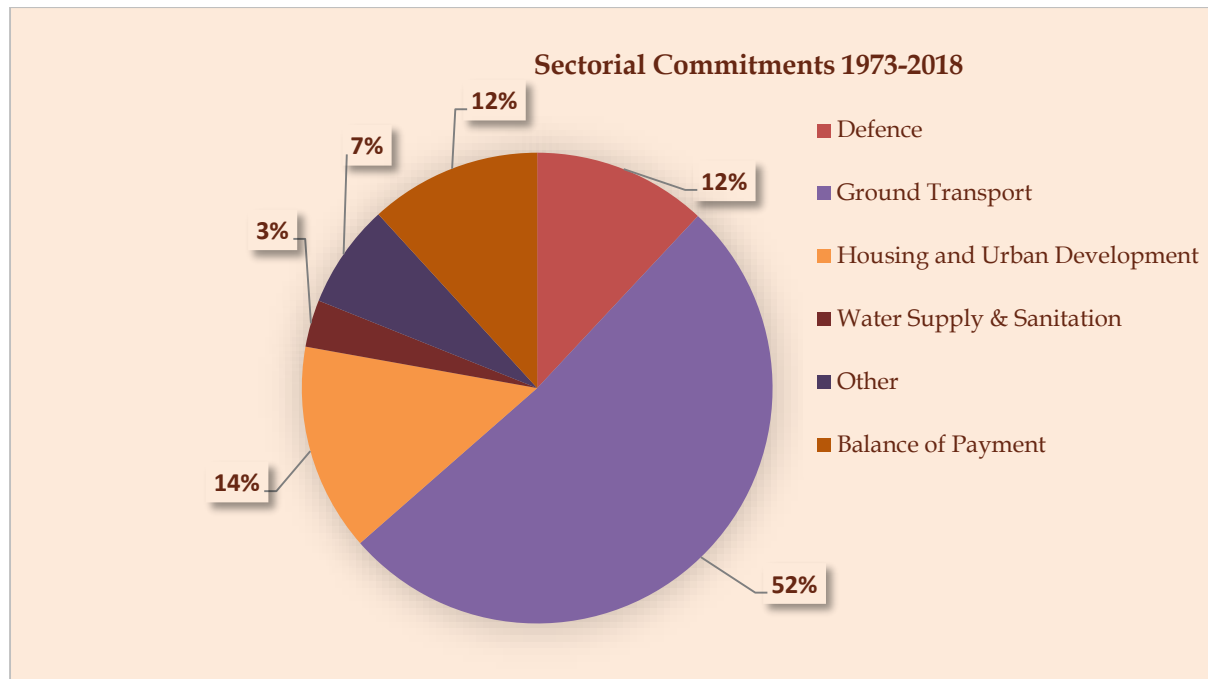
Buyers Credit

A loan obtained by the overseas purchaser for procurement of goods or services.

- Greater Dambulla Water Supply Project – USD 60.69 Mn
- Procurement of two AOPV Ships to Sri Lanka Navy – USD 124 Mn
- Alawwa, Pothuhera and Polgahawela Integrated Water Supply Project – USD 91.8 Mn
- Aluthgama, Mathugama and Agalawaththa Integrated Water Supply Project – USD 164.9 Mn

Commitments and Disbursements under Loan Financing

During the year, the loan assistance amounting to USD 45 million for the financing of the project of Kankesanthurai Harbour was signed. During 2018 USD 49 million has been disbursed.



Indian Grant Initiatives

Indian Grant assistances are provided through the scheme of Special Development Projects and Small Development Projects.

Special Development Projects	Small Development Grant Projects
<p>The grant of USD 270 million has been extended for the purpose of construction of 50,000 housing units in Northern, Eastern, Central and Uva Provinces under the Special Development Project Scheme. This project is implemented by UNHABITAT, IFRC, Habitat for Humanity, Sri Lanka and the National Housing Development Authority. Planned 46,000 houses in the Northern and Eastern provinces have already been completed excluding 131 residual houses. Remaining 4,000 houses have been scheduled to be constructed in Uva and Central Province. Out of this 1,000 houses are nearly been at completion stage. The balance 3,000 houses are planned to be completed as early before mid-2019.</p>	<p>The Government of India provides a maximum of Rs. 300 million for a project under Small Development Projects category. A number projects are being implemented at present covering sectors of Resettlement, Livelihood Development, Employment, Women Empowerment, Vocational Training, Education & Research, Cultural Activities, Sports, Industrial Development, Infrastructure Development of Medical Centers and Hospitals and Supply of Medical Equipment.</p>

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

In Sri Lanka, there is a rising demand for emergency medical care due to various reasons such as road accidents, heart attacks, traumas, poisoning, disaster victims, etc. consequently, immediate medical attention is needed to save the lives of such victims. Having recognized the necessity, Government of Sri Lanka has taken initiative to establish an Emergency Pre Hospital Care Ambulance Service with the support of the Government of India. The project has been completed in 2018 by providing 297 ambulances island wide. The project is implemented successfully by addressing the burning emergency requirement of the people living in the remote areas of the country. The government of India has extended USD 22.06 million grant assistance for the implementation of this project.

The “1990 Suwaseriya Foundation” was established by enacting an Act passed by the Parliament. Since the intended project activities under Indian grant assistance have been successfully completed, all the assets including 297 ambulances of the project have been transferred to the above foundation which is a government owned institution. Now the project is being implemented by the above foundation.

Ongoing Grant Projects

Project	(Rs. Mn)
Setting of an Emergency Pre Hospital Care Ambulance Service	3,530 (USD 22 Mn)
Implementation of Indian Grant Assistance for 50,000 Housing Projects	43,200 (USD 270Mn)
Implementation of Indian Grant Assistance for 10,000 Housing Projects	11,200 (USD 70 Mn)
Construction of New Jaffna Cultural Center	1,800 (USD 11.35 Mn)
Renovation of 27 Schools in Northern Province	250
Construction of a Surgical Unit and Supply of Medical Equipment at Teaching Hospital Batticaloa.	275
Training School for Dalada Maligawa at Pallekele, Kandy	145
Building Complexes and Necessary Facilities for the Faculties of Agriculture and Engineering at the Jaffna University	600
Construction of 3,400 Sanitation Units/Toilets in Batticaloa District	300
Construction of 300 Low Cost Transit Housing Units in Madhu, Mannar	300
Construction of 600 Houses under Model Village Housing Project in 25 District of Sri Lanka	300
Construction of Multi-ethnic Trilingual Secondary School in Polonnaruwa	300
Upgradation of Thondaman Vocational Training Centre Hatton	199
Construction of 3000 Rain Water Harvesting Units in Jaffna District	294
Upgradation of Swami Vipulananda Institute of Aesthetic Studies Eastern University, Batticaloa.	275
Construction of 153 Houses in Sobitha Thero Village in Anuradhapura	300
Upgradation of Saraswathi College in Pussellawa	95
Gramashakthi Housing Project in Southern Province	300
Gram-Shakthi Housing Project in Northern Province of Sri Lanka	300
Establishment of a Temperature Controlled Warehouse - Dambulla	300

Pakistan

First loan assistance from Pakistan was obtained in 1991 amounting USD 5 million for procurement of railway wagons. The Government of Pakistan has offered USD 50 million as a Line of Credit in 2006 for Defence sector. Further, Pakistan has offered a USD 10 million Credit Line in 2017.

A grant assistance of USD 1 million has obtained from Pakistan for the Housing Programme for the IDPs in Mannar and Vavuniya Districts in 2014. The project has still been implemented. In addition, USD 350,000 has been offered as grants for 6 development projects by 2014.

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

Advanced Economies Division

Development Partnership with Advanced Economies

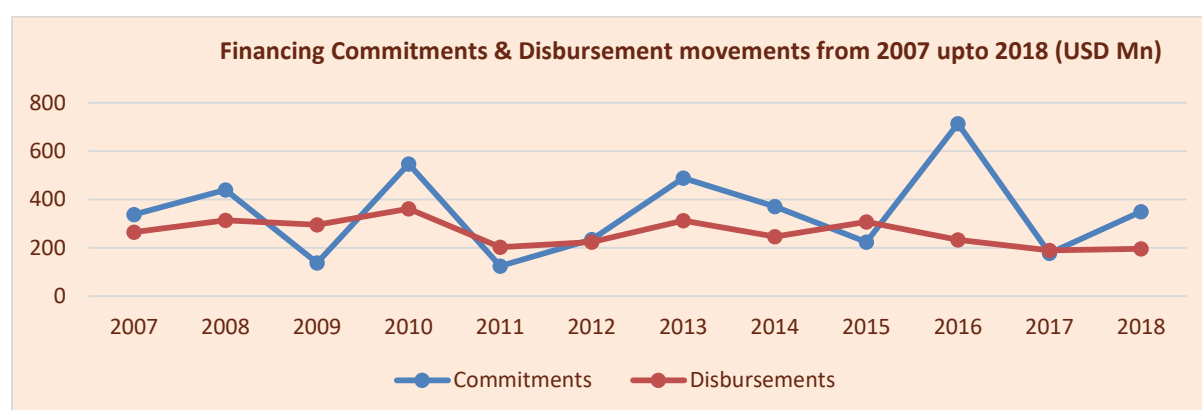
Financial assistance from the countries in the western hemisphere, Australia, New Zealand and Russia to Sri Lanka is mobilized through the Advanced Economies Division of the Department of External Resources. The major development partners in the who provide financial assistance to Sri Lanka comprise of Germany, Netherlands, European Union, USA, France, Spain, Austria, Belgium, Russia, Australia, United Kingdom, Hungary and Finland.

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

These financing were obtained mainly in the form of export credits, commercial credits concessional loan assistance and grant assistance. Most of the non-concessional borrowings from western countries have been utilized to complete the urgent and prioritized development projects in the sectors of roads, bridges, 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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Commitments	337	439	138	547	124	234	488	370	224	713	177.27	349
Disbursements	264	313	295	361	202	223	312	246	307	233	188.61	196

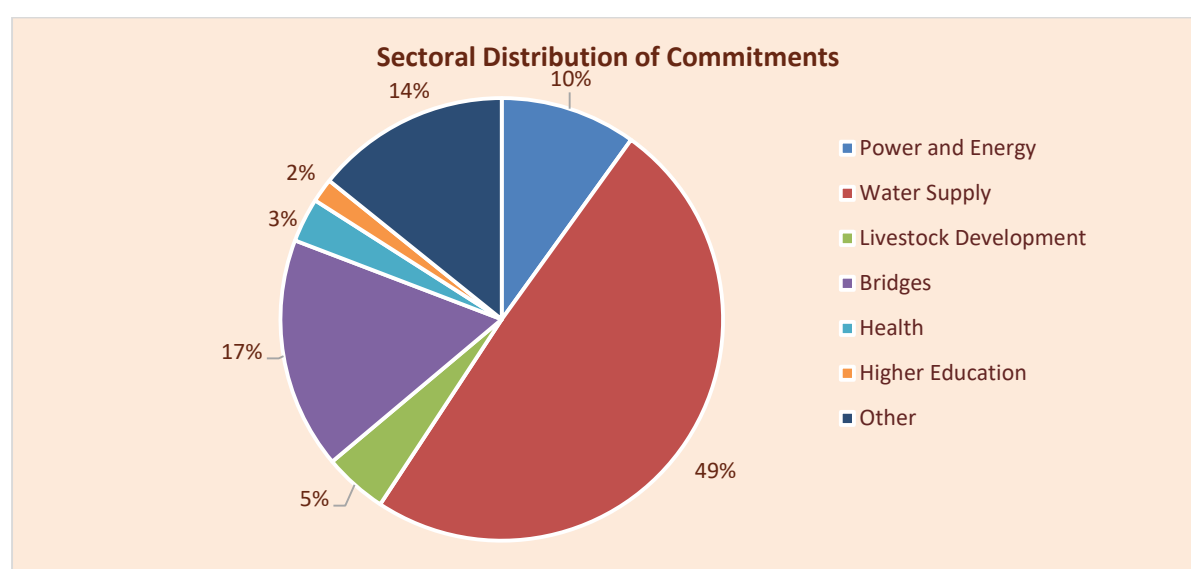


Foreign Financing Commitments made in 2018

Necessary steps were taken in 2018 to conclude financial arrangements in order to implement the following projects under export credit facilities, concessional financing as well as grant assistance from Advanced Economies.

Financing Commitments in 2018

Development Partner	Project	Amount (USD Mn)
French Agency for Development (AFD)	Green Power Development and Energy Efficiency Improvement Investment Program - Tranche 2	34.7
ING Bank N.V. of the Netherlands	Hemmathagama Water Supply Project	96.5
Gov. of Australia	Governance for Growth Programme	25.0
Rabobank of Netherlands	Rural Bridges Project	59.1
Government of France	Development of Mini Dairy Cooperatives	16.2
ERSTE Bank of Austria	Upgrading of Operation Theatres and ICU Equipment	11.3
Unicredit Bank Austria	Supply of Medical Equipment to the Medical Faculties of Rajarata and Eastern University and the Faculty of Allied Health Science of the University of Peradeniya	6.1
Unicredit Bank Austria	Augmentation of Water Pipelines along with the Orugodawaththa - Ambatale Road Development Project	62.7
Unicredit Bank Austria	Implementation of the Kirama - Katuwana Integrated Water Supply Project	13.0
USA	The Compact Agreement between the Millennium Challenge Corporation (MCC) and the Government of Sri Lanka (Additional Financing)	2.6
USAID	Programme for Strengthen Partnership for Democratic Governance and Social cohesion	9.7
USAID	Sustain and Inclusive Economic Growth Programme	12.4



Key Projects negotiated in 2018

A list of key projects negotiated during 2018 under the financial assistance from Advanced Economies is as follows.

Development Partner	Project	Amount (USD (Mn))
Austria	Supply of Firefighting Vehicles/Equipment for the Colombo Municipal Council	11.93
Austria	Supply of Railway Bridges and Turn-Tables and Auxiliary Supplies and Service for Maintenance and Expansion of Railway Network	8.64
Austria	Construction and Replacement of Old Kelaniya Railway Bridge Project	10.23
Brazil	Procurement of Rolling Stock for Upcountry line Operation for Sri Lanka Railways – Purchase of 12 No's Locomotives	49.00
U.S.A	The Compact Agreement between the Millennium Challenge Corporation (MCC) and the Government of Sri Lanka	480.00
French Agency for Development (AFD)	Construction of Rathmalana - Moratuwa Waste Water Management Project	86.00
French Agency for Development (AFD)	Mundeni Aru Integrated Irrigation Project	172.00
UK	Construction of Rural Bridges Project	63.00
France	Implementation of a Neonatal and Obstetrics Reference Center for the De Zoyza Maternity Hospital Project	30.00
Netherlands	Strengthening of the Health Delivery Service in the Northern Province	60.00
Netherlands	Development of Polunnaruwa Vocational Training Institute	33.00
Netherlands	Construction of Rural Bridges Project	54.00
Germany	Reconstruction of Panadura Base Hospital	120.00
Total		1,178.00

Major projects being implemented in 2018

Hemmathagama Water Supply Project

Safe drinking water is an essential prerequisite for better health and socio economic development in a country. At present, the safe drinking water coverage in the country is around 86 percent of the population while the population having pipe borne water supply facilities is around 46 percent. Though the country has achieved significant progress in terms of access to safe water coverage at national level there is regional disparities in coverage of safe water in district /DS & GN division wise all around the country. Districts such as Nuwara Eliya, Badulla and Monaragala have safe water coverage less than the national average. When

considering pipe borne water facilities throughout the country, Uva, Sabaragamuwa, North Western and Northern provinces are behind the national average.

In light of the above, the government has decided to implement the Hemmathagama Water Supply Project to provide safe pipe born drinking water to the people in Hemmathagama and Aranayaka areas in Kegalle district of Sabaragamuwa Province. Around seventy percent of households living in Hemmathagama area basically depend on ground water sources for their drinking water requirements. Most of these ground water sources dry up during the dry season and people has to spend much time to collect water during this period for their domestic water needs. The existing surface water sources mainly in Aranayaka & Hemmathagama are situated close to tea and rubber estate areas and water in these sources are not suitable for drinking purposes due to its high level of pollution. In this background, majority of people living in these areas are demanding safe drinking water for their households. Having considered the above situation, it has been proposed to implement the above project to provide drinking water for a population of around 197,000 people living in the area. The estimated contract cost of the project is Euro 81.9 million. The ING Bank N.V. of the Netherlands has agreed to finance this project.

Enhancing and Upgrading of Institute of Engineering Technology (IET), Katunayake

The human factor is the most important parameter for ensuring a continued success of the Sri Lankan industrial sector and of Sri Lankan workmanship abroad. Education and training has therefore become an important part of the country investment strategies for increasing and stabilizing economic growth and ensuring job opportunities in the country and abroad.

Since its establishment in 1985, the Institute of Engineering Technology Katunayaka has been actively involved in producing qualified manpower for the industry community. In the future, the role of the Institute of Engineering Technology Katunayaka will be much more important particularly in manpower enhancement and manpower development for the engineering sector. The current student enrolment is around 1,500 whereas an average of 2,000 applications are being received for the annual intake of 450 students. Reports reveal that huge unmet demand for middle level technicians who have national diplomas equivalent to NVQ level 6.

Facilities of the IET has not been improved with the increased intake of the students in past several years and this has resulted in a huge problem of insufficient facilities such as class room space, equipment and required academic staff. Taking into account the above facts government decided to enhance and upgrade the IET, Katunayake. The total estimated cost of the project is Euro 9.5 million. The Government of Austria provided an interest free soft loan to finance the above project through the Raiffeisen Bank of Austria.

Supply of 100 Ambulance Cars to the Government Hospitals

Emergency Medical Services is being established as a priority in the Health Care System. Based on international research, doctors proved that the most critical time for trauma and major medical patients is the first hour of the emergency, also known as the “golden hour”. Because of this, the role of ambulances have been transformed from a transport vehicle to a mobile extension of the hospital services.

The project provides 100 Ambulances to enhance Pre-Hospital care to patients in transit so that complications from harmful or inadequate pre-hospital care is eliminated and care to infants through specific medical equipment is provided, so that the patients delivered to physician and nursing personnel at hospitals are able to professionally treat these patients and rehabilitate them to society as contributing citizens. The ambulances provided in this project are comfortable and stable for the transport of patients that require emergency pre-health care treatment and neonatal patients that must have extreme stability and comfort so that the emergency medical technicians can do their part to reduce the infant mortality rate in this country.

The total cost of the project is Euro 9.8 million. The project was financed under the Austrian Soft Loan Scheme with zero interest rate.

United Nation's Agencies & Technical Assistance Division

United Nation's Agencies

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

The UN, collectively and through its specialized agencies, funds, programmes and offices has been supporting the Government of Sri Lanka through the implementation of projects and programmes identified under the "Development Assistance Framework" which is jointly prepared by GOSL and UN agencies in each five year period. This framework guides individual UN agencies to prepare their country programmes with more specific targets and detailed implementation programmes, and provides a strategic direction to UN agencies to closely work with the GOSL to implement the projects and programmes.

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

The following key projects were signed between GOSL and UN agencies in 2018.

UN Agency	Project	Amount (USD Mn)
WFP	Country Strategic Plan 2018 - 2022	46.83
IFAD	Implementation of Smallholder Agribusiness Partnership (SAP) Program (Enhancement)	6.18
UNFPA	Country Program Action Plan 2018 - 2022	4.00
FAO	Strengthening the e-agriculture Environment and Developing ICT-mediated Agricultural Solutions	0.10
UNHCR	Enabling Returnees in Kilinochchi, Puttalam and Mannar Districts to Access their Rights	0.01

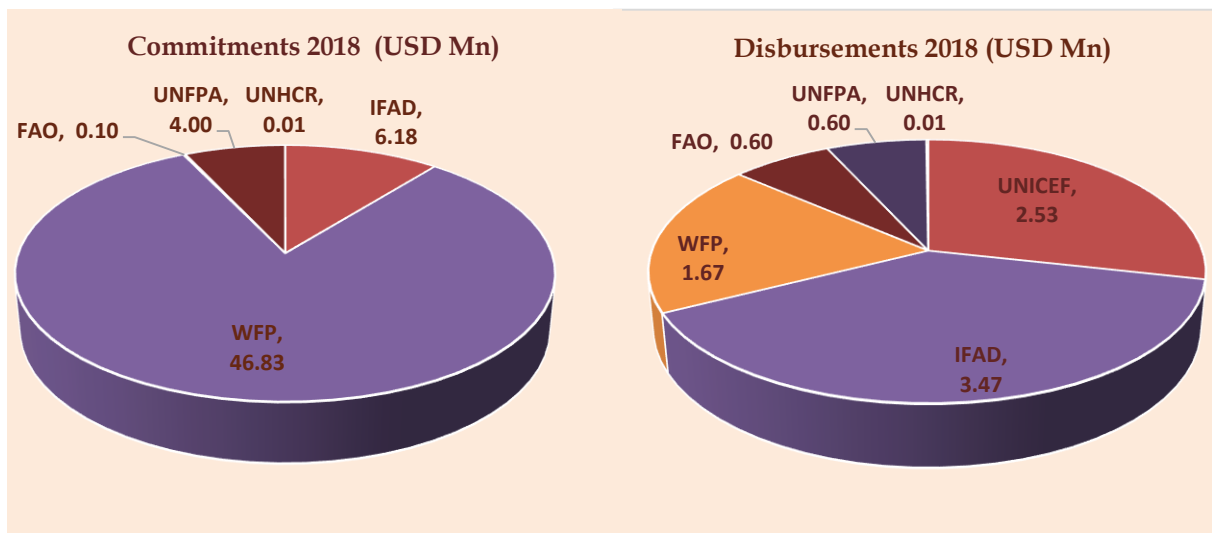
In addition to the above UNICEF and UNFPA has signed annual work plans for 2018 under the Country Programme Action Plan (CPAP) for the period of 2018-2022 signed between GOSL and the relevant agencies. The Country Programming Framework (CPF) has also been signed by the FAO and GOSL in 2018 for the implementation of the FAO funded projects and programmes for the period of 2018-2022. The estimated resources requirement for the implementation of this CPF is USD 28 million.

Strategic Outcome	Cost (USD Mn)
Crisis affected people have access to food all year round	15
School aged children in food insecure areas have access to food all year round	13
Children under 5, adolescent girls, and women of reproductive age have improved nutrition by 2025	4
Vulnerable communities and smallholder farmers have strengthened livelihoods and resilience to shocks and stresses all year round	14

The Country Strategic Plan for 2018-2022 was signed between GOSL and WFP on 19.07.2018 at the Ministry of Finance. It will contribute to the implementation of government priorities as articulated in its Vision 2025 and Public Investment Programme (2017-2020) in line with the United Nations Sustainable Development Framework for 2018-2022. This country Strategic Plan seeks to achieve the four strategic outcomes.

Commitments and Disbursements

The UN assistance received in 2018 have been utilized to provide relief, rehabilitation and reconstruction activities mainly for social and community development through specific projects aimed at improving agricultural productivity, fisheries development activities, improving livelihoods of rural communities, improving child and maternity health, early childhood development and primary education, rural development, providing disaster relief, environment protection and women affairs etc. As our records, major share of total disbursement has been provided by IFAD, following by UNICEF and WFP assisted programmes mainly in the area of child and maternity health, education, water and sanitation etc.



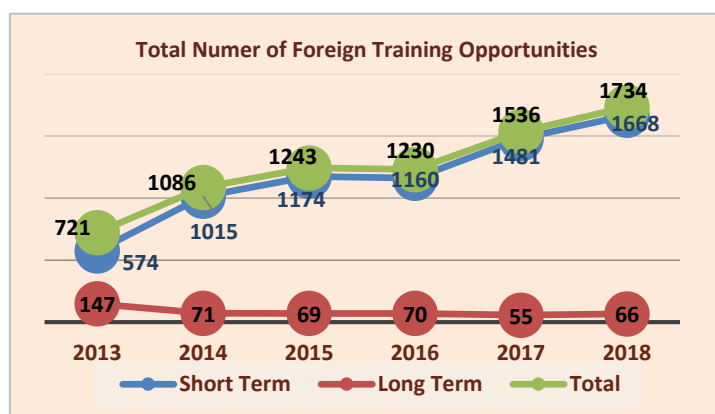
*Note - 1. Includes commitments, disbursements made only through the Department of External Resources
 2. Late disbursements in UNFPA and WFP grants are also included*

Key Projects/Programmes/Activities being implemented in 2018

UN Agency	Project	Grant/ Loan
IFAD	Implementation of Smallholder Agribusiness Partnership(SAP) Program	Loan
	Sri Lanka Smallholder Tea and Rubber Revitalization	Loan
WFP	Country Strategic Plan 2018 - 2022	Grant
	Addressing Climate Change Impacts on Marginalized Agricultural Communities Living in the Mahaweli River Basin of Sri Lanka	Grant
UNDP	Enhancing Biodiversity Conservation and Sustenance of Ecosystem Services in Environmentally Sensitive Areas	Grant
	Ensuring Global Environment Concerns and Best Practices	Grant
UNIDO	Minamata Convention Initial Assessment (MIA)	Grant
	Environmentally Sound Management and Disposal of Polychlorinated Biphenyls (PCBs) Wastes and PCB Contaminated/Contained Equipment in Sri Lanka	Grant
FAO	Strengthening the e-agriculture Environment and Developing ICT-mediated Agricultural Solutions	Grant
	Agro-Economic Development Project (ADP)	Grant
	Rehabilitation of Degraded Agricultural Lands in Kandy, Badulla and Nuwara Eliya Districts of the Central Highland	Grant
	Implementation of the National Biosafety Framework	Grant
	Development of Site Specific Fertilizer Management	Grant
	Promote Scaling-up Innovative Rice-Fish Farming and Climate Resilient Tilapia pond Culture Practices	Grant
UNICEF	Work Plan Activities for 2018	Grant
UNFPA	Work Plan Activities for 2018	Grant
UNHCR	Enabling Returnees in Kilinochchi, Puttalam and Mannar Districts to Access their Rights	Grant

Technical Assistance

Technical Assistance for human resources development in the public sector by facilitating effective utilization of foreign training opportunities is another main responsibility of this division. Accordingly, this division performs as the Focal Point of contact of the technical cooperation by coordinating the development partners and line Ministries/agencies to administrate the foreign training opportunities in a transparent manner.

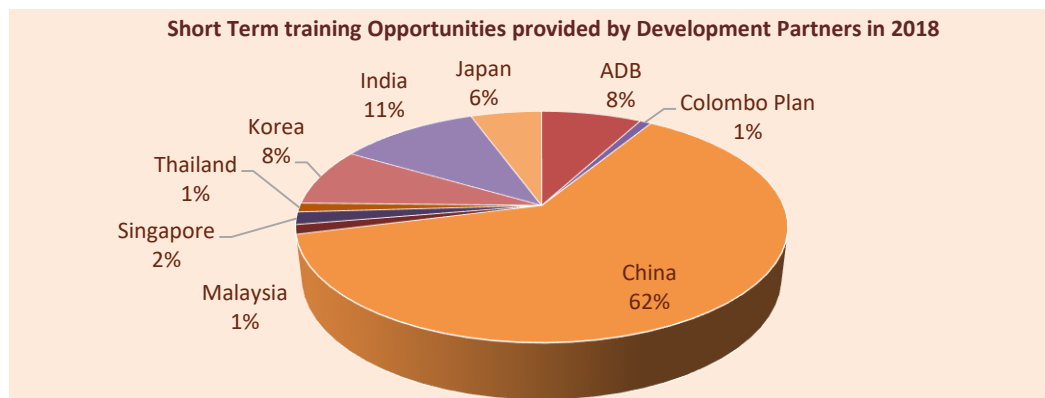


Accordingly, ERD has succeeded to reach high performance by obtaining 1,734 number of foreign training opportunities in 2018 which is about 11 percent increase than the previous year. These training programmes covered by wide range of subjects such as Health, Agriculture, Animal Husbandry, Infrastructure, Environment, Education, Disaster Management, Public Administration etc.

Number of Foreign Training Opportunities Awarded by Development Partners in 2018

Development Partner	No of Programmes		No. of Nomination Received		No. of Selected Officials	
	Short Term	Long Term	Short Term	Long Term	Short Term	Long Term
China	243	1	1,217	2	1,038	2
India	166	1	524	1	183	-
Korea	33	25	191	66	135	11
ADB	55	-	174	-	131	-
Japan	73	12	309	46	93	17
Singapore	26	-	245	-	29	-
Malaysia	15	-	58	-	22	-
Thailand	27	19	149	6	21	-
Colombo Plan	10	-	26	-	15	-
Australia	-	1	-	36	-	36
Israel	2	-	3	-	1	-
Total	650	59	2,896	157	1,668	66

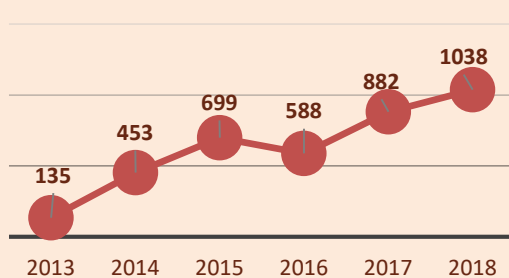
In 2018, the majority of the short term training opportunities were provided by Government of China which is almost 62 percent, followed by Government of India (11 percent), Government of Korea and ADB (8 percent) respectively.



Contributions by Development Partners

Government of China

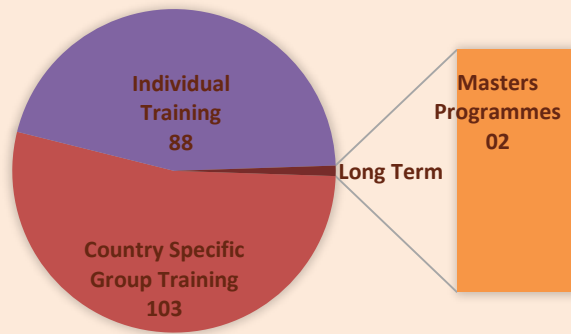
Trend of the Trainings Offered by the Government of China



The Government of China has gradually increased its support to train public sector officials by providing training programmes covering a large number of subject areas. In 2018, more than 1,000 officials have been selected to obtain foreign exposure in China which is 15 percent increase than the previous year.

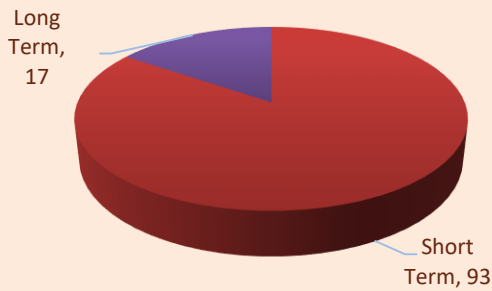
Government of Korea

The Government of Korea through the Korean International Cooperation Agency (KOICA) has provided about 753 foreign training opportunities from 2013 to 2018.



The Government of Japan

Total Training Opportunities Received from Government of Japan in 2018



The Government of Japan provides short term and long term training programmes annually through the Japanese International Cooperation Agency (JICA) to obtain exposure from their development experience enabling trainees to make productive decisions and to deliver efficient, effective and good quality service.

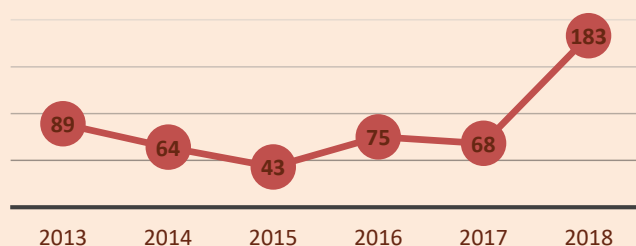
Japan-Asia Youth Exchange Program in Science (SAKURA)

With the aim of raising the interest of Asian youths toward the leading Japanese science and technologies at Japanese universities, research institutions and private companies the Japan Science and Technology Agency (JST) has provided opportunities to ten high school students and two supervisors to take part in the Sakura Science Programme in 2018.

Government of India

The Government of India has provided in 2018 large number of training programmes relevant to the health, agriculture, entrepreneurship and small medium enterprises, finance and accounting, English Language, IT and other sectors.

Trend of the Trainings Offered by the Government of India



The Government of Australia



The Government of Australia has been providing opportunities to Sri Lankan private and public sector officials to follow Master's Degree Programmes in prominent Universities in Australia. In 2018 they have provided 36 opportunities in the areas of Economic Development, Good Governance and Gender.

Asian Development Bank

The foreign exposures arranged by the Asian Development Bank (ADB) are mostly comprise of Seminars and Forums of 2–8 days and mainly focuses on the senior level officials. As per the records, opportunities have been given to around 131 officials in the fields of such as environment, trade and finance, capital market, debt management, public sector challenges and social protection in 2018. ADB also utilizes the expertise knowledge of Sri Lankan Expertise for one training programmes as Resources Person.

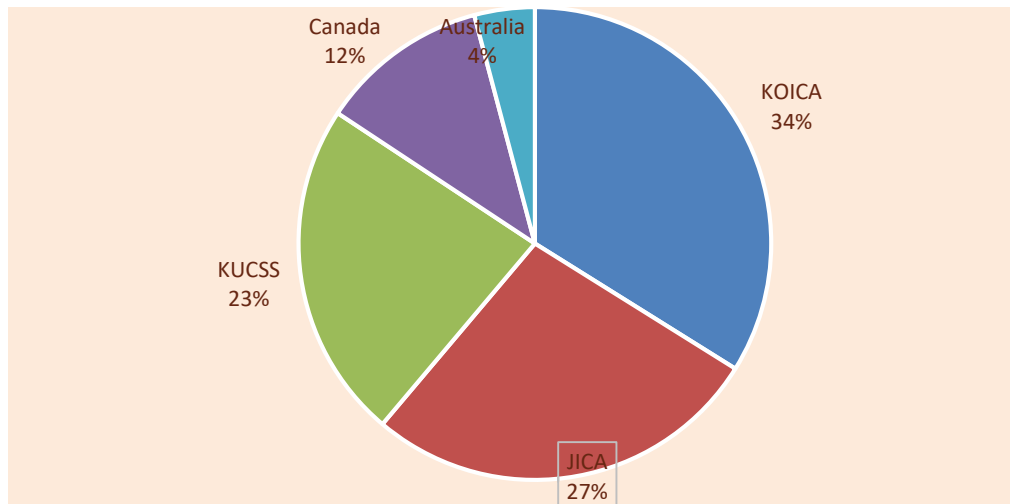
Services of Volunteers

Apart from the training programmes, Technical Assistance Division coordinates and facilitate to obtain services of foreign experts and volunteers for the line ministries. Based on the request made by the line ministries, suitable experts/volunteers are identified and necessary steps are taken to recruit them. During the year 2018, the Government of Sri Lanka received Volunteers from Korea, Japan, Canada and Australia which accounts for 69, 33, 14, 05 respectively.

Role of the ERD on International Volunteerism

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

Percentage of Volunteers Received in 2018



2018 Highlights

Japanese Development Scholarship Programme (JDS)

- The third framework (2018 - 2021) for the Japanese Grant Aid for Human Resources Development Scholarship (JDS) was started in 2018 and Government of Japan offered a grant assistance of Japanese Yen 265 million (approximately Rs. 374 million) in 2018 to facilitate it's first batch.

International Sae maul Forum

- International Sae maul Forum was held on 12th December 2018 in Sri Lanka.

Reporting Sessions

- Two reporting sessions for the returning fellows of JDS and KOICA Masters were conducted on 23rd January 2018 and 14th November 2018 respectively.

Information Sessions

- An information session was conducted on 09th March 2018 for the officials to make them aware regarding the Australian Awards intake 2019.

Volunteer Cooperation

- 12 official ceremonies for dispatch JICA Volunteers have been conducted in 2018 with Representatives of the respective Ministries.
- 04 awareness programmes was conducted to KOICA Volunteers on "Role of ERD towards the volunteer programs in Sri Lanka" in 2018.
- Issued 100 identity cards for JICA and KOICA volunteers

In-country Fellowship Program

- Conducted two in-country fellowship programs on "Management of Free Trade Zone" and "Vocational Education" in Colombo in collaboration by the Government of China.

Capital Market and Investment Division

Capital Market Division is Responsible for mobilizing domestic financing from local banks for the implementation of development projects and facilitating Foreign Currency loans from International Markets. Further, this division monitors the global debt capital market conditions to seek the best opportunity to access the global markets to fulfill the financing needs of the government.

Mobilizing Domestic Financing from Domestic Banks

Road Development Authority (RDA) was supported to raise funds from the local banks amounting to Rs.151.7 billion to finance 64 priority road rehabilitation and improvement projects which by the end of 2018, RDA had disbursed Rs.149.64 million completing almost all 64 projects. Other than these priority road development projects, RDA had also accessed local bank financing to supplement the domestic financing component of three foreign financed projects. This included USD 44.7 million to meet the variations to the scope of works of construction of Colombo - Katunayake Expressway Project (CKE), Rs.1,810 million to finance the consultancy services for the supervision of construction of the Outer Circular Highway Project (OCH) - phase III - Kadawatha to Kerawalapitiya and Rs.2,551 million to finance the consultancy services of the Central Expressway Project Section I.

The Central Expressway Project (CEP), one of the flagship projects of the government also accessed the local banks to finance Section II of the CEP. The total length of the Section II from Meerigama to Kurunegala is 39.3km. The access to the Section II will be provided through five interchanges at Mirigama, Nakalagamuwa, Pothuhera, Dambokka and Kurunegala, to be installed with Toll Booths. The project was divided into four contract packages, each section with an approximate length of 10km. Construction works of the Section II was undertaken by consortium of four Local Contractors through Joint Ventures comprising in total of 15 Contractors for which by the end of December 2018, Rs. 52.3 billion was raised from the People's Bank, National Savings Bank, Sampath Bank and Bank of Ceylon to be utilized for Land Acquisition, Civil Construction and Consultancy for Construction Supervision. By end of December 2018, the physical progress of the project stood at 55.2 percent and the financial progress at 44.3 percent. The construction works of the CEP section II is expected to be completed by end of 2019.

Access to safe drinking water is a priority of the government and since year 2014 the National Water Supply and Drainage Board (NWS&DB) has entered into loan agreements with local banks amounting to almost Rs.71.5 billion for 18 Water Supply Projects.

In addition to these Priority Water Supply Projects, NWS&DB also accessed local bank financing to meet part of the cost of three Indian Exim Bank funded projects; Aluthgama, Mathugama and Agalawatta Integrated Water Supply Project, Polgahawela, Pothuhera,

Alawwa Integrated Water Supply Project and Kundasale – Haragama Integrated Water Supply Project.

Details of the Water Supply Projects Funded By the Local Banks

Water Supply Project (WSP)	Contractor	Bank	Cost (Rs. Mn)
Implementation of Colombo City Water Supply Improvement Project – Phase 1	V.V. Karunaratne & Company	BOC	2,792.07
Town's East of Colombo- Package I (Diyagama & Padukka Balance Area)	Access Engineering PLC	BOC	5,170.00
Bentota WSP	K.D.A.Weerasinghe & Co (Pvt) Ltd	NSB	1,239.47
Ruhunupura Distribution WSP	K.D.A.Weerasinghe & Company (pvt) Ltd	Commercial Bank	1,929.61
Ampara Distribution Network WSP	Sunpower Construction (pvt)Ltd	NDB, BOC & DFCC	6,848.06
Implementation of 22 Water Supply Projects for the Enhancement of Piped Water Supply Service Coverage by the NWS&DB	National Water Supply & Drainage Board	BOC	3,499.00
Laggala Water Supply Project	Hovael, CML-MTD Joint Venture	HNB	4,495.87
Wilgamuwa Water Supply Project	Hovael, CML-MTD Joint Venture	HNB, NDB	3,580.42
Town's East of Colombo- Package III - Supply & Laying of HDPE/DI Pipes for Distribution Network in Homagama, Padukka and Seethawaka DS Areas	Sierra Construction (Pvt) Ltd	BOC	10,049.41
Uragasmanhandiya, Gonapinuwala, Dikkumbura, Weligama WSP	Squire Mech Engineering (Pvt) Ltd	BOC, People's Bank	1,754.78
Town East of Colombo District WSP Package II	Maga Engineering Ltd	BOC	4,822.96
Galagedara/ Mawathagama WSP	Maga Engineering (pvt) Ltd	DFCC	3,126.24
Kosgama, Avissawella Integrated WSP	International Construction Consortium (pvt) Ltd	BOC	1,382.43
Medirigiriya Water Supply Project	Sanken Construction (Pvt) Ltd	BOC	1,500.03
Ettampitiya Water Supply Project	Tudawe Brothers (Pvt) Ltd.	People's Bank	2,243.89
Greater Ratnapura Water Supply Project	Subasinghe Contractors & Earth Movers-Finite Lanka (Pvt) Ltd.	BOC	1,528.98
Giridara Water Supply Project	Squire Mech Engineering (Pvt) Ltd	People's Bank	513.28
Kundasale – Haragama Integrated Water Supply Project	Pratibha Industries Limited	BOC	3,378.00
Matara Stage IV Water Supply Project	Kolon-Samsung C&T JV	NDB	Rupees equivalent to USD 76.83 Mn + LKR 2,448.81 Mn
Aluthgama, Mathugama and Agalawatta Integrated WSP	Ion Exchange India Limited	BOC	Rupees equivalent to USD 29.10 Mn
Polgahawela, Pothuhera, Alawwa Integrated Water Supply Project	Va Tech Wabag Limited	BOC	Rupees equivalent to USD 16.20 Mn

Source: Department of external Resources, National Water Supply & Drainage Board

Majority of these water supply projects have been financed by local banks with an interest of Average Weighted Prime Lending Rate (AWPLR) plus 2.25 percent margin with a tenure of 14 ½ years including a 2 ½ years grace period. Priority was given to water projects in areas that are vulnerable to the Chronic Kidney Diseases (CKD).

Given the financial position of the NWS&DB, 75 percent of the loans raised by the NWS&DB for rural projects and 50 percent of the loans raised for urban projects will be serviced and repaid by the government as approved by the Cabinet of Ministers.

Further, NWS&DB entered into a loan agreement with People's Bank in 2018 for Rs. 9,613 million in lieu of the GOSL counterpart funds for the foreign funded projects. This loan was also utilized to settle VAT & Custom Duties of the projects as approved by the Cabinet of Ministers.

Similarly, the Urban Development Authority (UDA) also accessed the People's Bank for a loan facility amounting to Rs. 11,510 million in lieu of the counterpart funds to be provided by the GOSL.

Domestic Borrowings by SOEs for Infrastructure Development Projects (Rs. Billion)

Name of SOE and the Project	Bank	Commitment as at 31.12.2018	Total disbursement as at 31.12.2018
Road Development Authority (RDA)- Priority Road Development Projects	BOC	36.66	35.78
	Peoples Bank	14.59	14.45
	NSB	55.37	55.27
	HNB	28.26	27.63
	Commercial Bank	7.21	7.11
	DFCC	1.33	1.31
	NDB	8.35	8.13
RDA- Colombo Katunayake Expressway Project	People's Bank	USD 44.72Mn	USD 43.56 Mn
RDA- Outer Circular Highway Project (Financing of consultancy services for construction supervision)	Bank of Ceylon	1.81	0.98
RDA- Central Expressway Project Section I, consultancy services for construction supervision	Bank of Ceylon	2.55	0.23
RDA - Central Expressway Project Section II (including land Acquisition)	People's Bank, NSB, Sampath Bank,BOC	52.33	52.33
Sri Lanka Land Reclamation and Development Corporation- Weras Ganga Storm Water Drainage and Environment project	NSB	14.2	2.80
National Water Supply & Drainage Board	NSB, BOC, P/B, HNB,NDB, DFCC Commercial Bank	79.53	41.45
National School of Business Management (NSBM)- Construction of Proposed university Complex of National school of Business Management Limited (NSBM) at Homagama	BOC	8.60	8.59
Kotalawala Defence University (KDU)-	NSB	USD 201.6Mn	Rs. 3.16 Bn +USD 177.33 Mn
Ceylon Shipping Corporation Ltd- purchase of 2 Ships (02 Panamax Bulkers)	People's Bank	USD 80.7Mn	USD 80.7 Mn
Ministry of Higher Education -relocate and develop the Institute of Technology at University of Moratuwa	Commercial, HNB	10.29	10.26

Source: BOC, Peoples Bank, NSB, HNB, Commercial Bank, DFCC, NDB

Foreign Currency Term Loan Facilities from International Markets

GOSL raised USD 1,000 million successfully in year 2018 through a Foreign Currency Term Financing Facility within the approved borrowing limits for 2018. USD 1,000 million was disbursed in October 2018 from China Development Bank concluding the transaction successfully.

The USD 1,000 million was raised at 6 Month USD LIBOR plus margin of 2.56 percent p.a. Upfront fee of 1.25 percent and the tenure of the facility is 8 years inclusive of a grace period of 3 years. The China Development Bank was chosen through a competitive bidding mechanism after evaluating 10 financing options submitted by 4 international and domestic banks/investment houses.

International Sovereign Bond Issuances

During the year 2018 International Sovereign Bonds (ISBs) amounting to USD 1,250 million with 5 year tenure and USD 1,250 million with 10 year tenure were issued in April 2018. Bonds were priced at 5.75 percent and 6.75 percent at par value. This issuance was marked Sri Lanka's twelfth US dollar benchmark offering in the international bond markets since 2007. This was also represented the largest offshore bond offering ever by Sri Lanka.

The geographical distribution was well diversified, with 66 percent to the US, 24 percent to Europe, and the remaining 10 percent to Asia for the 5 year tranche and for the 10 year tranche, 65 percent to the US, 29 percent to Europe, and the remaining 6 percent to Asia.

Details of Sri Lanka Sovereign Bond Issuances								
Name	Date of Issuance	Ratings (Moody's/S&P/Fitch)	Amount (USD Mn)	Coupon Rate (percent)	Tenure (Years)	Maturity Date	Price As at 31.12.2018	Yield as at 31.12.2018 (percent)
SL'19	06/01/2014	B1/B+/B+	1,000.0	6.000	5	14/01/19	100.00	5.83
SL'19	07/04/2014	B1/B+/B+	500.0	5.125	5	11/04/19	99.62	6.51
SL'20	30/10/2010	B1/B+/B+	1,000.0	6.250	10	04/10/20	97.88	7.57
SL'21	27/07/2011	B1/B+/B+	1,000.0	6.250	10	27/07/21	96.50	7.78
SL'22	25/07/2012	B1/B+/B+	1,000.0	5.875	10	25/07/22	94.62	7.77
SL'22	11/07/2016	B1/B+/B+	500.0	5.750	5.5	18/01/22	94.12	7.80
SL'23	11/04/2018	B1/B+/B+	1,250.0	5.750	5	18/04/23	92.75	7.77
SL'25	28/05/2015	B1/B+/B+	650.0	6.125	10	03/06/25	90.50	8.05
SL'25	27/10/2015	B1/B+/B+	1,500.0	6.850	10	03/11/25	93.62	8.08
SL'26	18/07/2016	B1/B+/B+	1,000.0	6.825	10	18/07/26	93.00	8.08
SL'27	04/05/2017	B1/B+/B+	1,500.0	6.200	10	11/05/27	88.75	8.08
SL'28	11/04/2018	B1/B+/B+	1,250.0	6.750	10	18/04/28	91.00	8.15

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

Debt Management Division

The Role of the Debt Management Division

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

- Communicating with donor agencies with the consent of the respective donor desk of ERD to get clarifications / submit clarifications for the foreign debt related issues
- Taking appropriate actions for various requests made by the outside agencies which referred to the Secretary to the Treasury and DG/ERD regarding foreign financing and debt
- Facilitating the Missions fielded by the Commonwealth Secretariat as their routine work and on request of CBSL in order to improve the debt management capacity of the country
- Provision of required data on foreign debt on annual basis in separate format requested from IMF/World Bank through Quarterly External Debt Statistics Initiative in order to publish official foreign debt data Debt Management Division

Performance of the Year 2018

- Recorded 57 new commitments in the debt management database (CS-DRMS) with regard to the year 2018 and updated as per the subsequent amendments
- Recorded disbursements, loan repayments, interest payments and other payments related to loan agreements in CS-DRMS during 2018
- Authenticated payment advices received throughout the year from development partners and lending agencies and sent CBSL after cross-checking the payment claims with CS-DRMS forecasts and referencing respective loan agreements in order to make the due repayments and other charges on time
- Obtained necessary clarifications for the payment claims made by donor agencies through the respective donor desks for the cases where there are discrepancies between donor claims and our records
- Prepared and published a list of loan/grant agreements with terms and conditions for the new loan commitments during 2018
- Provided required debt statistics to the other Divisions of ERD and Treasury Operations Department (TOD) and other relevant agencies where it is necessary.
- Prepared and published 814 report generated from CS-DRMS on disbursements (project-wise) on the ERD public website
- Prepared the write-up on foreign debt for Performance Reports, Annual Reports, Budget Publications and other publications under the Ministry of National Policies and Economic Affairs and Ministry of Finance and Mass Media in 2018
- Prepared and compiled various economic analytical reports and data relevant to foreign debt on time required by other Divisions of ERD and other Treasury Departments

- Prepared answers for 3 Parliamentary Questions pertaining to external Government's Debt and prepared clarifications for 9 Audit Queries with regard to foreign debt
- Communicated with donor agencies with the consent of the respective donor desk of ERD to get clarifications/submit clarifications for the foreign debt related issues
- Taken timely and appropriate actions for various requests made by the outside agencies which referred to the Secretary to the Treasury and DG/ERD regarding foreign financing and debt
- Facilitated 03 missions fielded by the Commonwealth Secretariat and the World Bank/IMF in order to improve the debt management capacity of the country
- Provided the required data on foreign debt on annual basis requested from IMF/World Bank
- Completed the upgrading of the debt management system (CSDRMS) from Version 1.3 to Version 2 which will provide improved debt management facilities. This will improve the efficiency of overall debt management by enabling ERD and CBSL to maintain a consolidated debt database comprising both foreign and domestic debt of the Government.

Sector Coordination & Performance Monitoring Unit

The unit is responsible for enhancing foreign aid coordination, mobilization, management of external Official Development Assistance (ODA), for implementation of priority projects identified in line with the Development Policy framework of the Government of Sri Lanka.

This unit coordinates all divisions of the department and engaged with the following activities during 2018 successfully.

2018 Activities

- Reviewed 62 project proposals received from the line Ministries to obtain the necessary funding facilities for the development project and programmes that are to be implemented as government development initiatives.
- Submitted 19 project proposals cleared by the Department of National Planning to the development partner desks to obtain foreign finance
- Prepared project pipeline which are to be implemented with foreign assistance in consultation with development partner desks of the department
- Provided inputs for Annual Performance Report of the department for the year 2017
- Prepared Foreign Financing Budget Estimates for the ongoing and new project proposals for the year 2019 by compiling estimates submitted by the development partner divisions of the department
- Prepared activity plan for the department for year 2018 and prepared the progress report of the activity plan 2017 in collaboration with all divisions of the department
- Update information were submitted for 38 requests received by the Parliament, Presidential Secretariat, Prime Minister's Office, Auditor General's Department, Various Departments of the Treasury and the Deputy Secretary to the Treasury's Office on various matters related to foreign financing projects, their progress, repaying methods, procurement delays, etc.

Administration & Financial Performance

Administration

Administration and Finance Divisions provide necessary supporting services for the smooth and proper functioning of the department. Development of physical and human resources are the main functions amongst them. Actions were taken for proper usage of resources of the department within its framework and for the utilization of physical and human resources to the optimal level to deliver the functions of the department.

Implementation of provisions of Right to Information Act

The department has taken actions to implement provisions of the Right to Information Act No. 12 of 2016 passed by the Parliament of Sri Lanka. Accordingly, information unit of the department was established and Mr. R M P Rathnayake, Director General is the nominated officer of the External Resources Department in this regard. The information officers are Mr. D A P Abeysekera, Additional Director General and Mr. C W K Dharmasena, Director.

In 2018, 08 requests for information was forwarded to the information unit and all the requests were provided with the required information.

Staff Development and Training

The department paid special attention for the capacity development of the staff in 2018. Therefore, steps were taken for skills and efficiency enhancement through the provision of local and foreign training opportunities for the staff. The foreign and local training opportunities, seminars and conferences provided to the staff in 2018 are as follows;

Local Training Opportunities Provided to Officers

Training Programme	No. of Participants
Framework Agreement as a Tool for Procurement of Medicines	1
Speech Craft Training with the Toastmasters International for Special Grade Officers of All Island Services	2
Speech Craft Training with the Toastmasters International for Class I Officers of All Island Services	5
Database Management in MS Access	1
Advanced Excel	6
Capacity Building Programme for the Officers of SLPS Class - I	4

Training Programme	No. of Participants
Capacity Building Programme Funded by USAID Project	5
Report Writing Skills	2
Project Management & Proposal Writing	10
Presentation Techniques & Public Speaking Skills	5
Diploma in English for Professionals (DEP) 2018	3
Supporting Delivery of Strategic Knowledge Solutions Workshop on Input - Output Analysis - Part 1	3
Training on New CIGAS Program	2
Certificate in English for Employment Purpose (CEEP)	5

Foreign Training Opportunities Provided to Officers

Training Programme	Country	No. of Participants
Master's Degree Program in Economic and Public Policy	Australia	1
The Training Attachment on the Commonwealth Secretariat Debt Recording and Management System (CS-DRMS)	United Kingdom	1
2018 Seminar on the Management of Free Trade Zone for Sri Lanka	China	1
Economic Analysis of Investment Project	Korea	1
IMF -SARTIAC Fiscal Analysis and Forecasting	India	1
Seminar on Promotion Development under Belt and Road Initiative for Developing Countries	China	1
Cross Border RMB Settlement and RMB Internationalization	China	2
Financial Strategy for Developing Countries	China	1
Executive Programme on Public Finance Management / Government Debt Management	Japan	1
Seminar on Highway Building for Foreign Officials under Belt and Road Initiative	China	5
Seminar on South-South Cooperation for Developing Countries	China	4
Second Country visit of the Diploma in Public Procurement and Contract Administration - MILODA Funded by the Second Health Sector Development Project (SHSDP)	India	2
Second Country Study Visit -Capacity Development Programme For the Officers of SLAS (Class-I)	Malaysia	1
Seminar on Soybean Production and Processing Technology and Intuitional Capacity Building for Developing Countries	China	1
Global Partnership for Executive Development Cooperation (GPEDC) and 2018 Korea's Learning and Accelerating Programme (LAP)	Korea	1
Seamoul Leadership & Mushrooms Training Programme	Korea	1
Seminar on Promoting Information Connectivity for Asian Countries	China	2

Financial Review

Financial Information on Expenditure

This Department is not identified as a revenue collecting agency and financial information on expenditure against provision on Personnel Emoluments, Other Recurrent Expenditure, Capital Expenditure and Advance Accounts Operations of the Department under Budget Head No.239 in the year 2018 is given in following tables.

Personnel Emoluments	
(Rs.)	
Original Provision	80,985,000.00
Add:	
Supplementary Provision	
Transfers under F.R.66 & F.R.69	1,745,000.00
Less:	
Transfers under F.R.66	
Total Provision	82,730,000.00
Expenditure during the year	82,470,025.44

Other Recurrent Expenditure	
(Rs.)	
Original Provision	372,360,000.00
Add:	
Supplementary Provision	11,100,000.00
Transfers under F.R.66 & F.R.69	
Less:	
Transfers under F.R.66	1,745,000.00
Total Provision	381,715,000.00
Expenditure during the year	380,911,635.92

Capital Expenditure	
(Rs.)	
Original Provision	3,601,700,000.00
Add:	
Supplementary Provision	345,200,000.00
Transfers under F.R.66 & F.R.69	940,000.00
Less:	
Transfers under F.R.66	940,000.00
Total Provision	3,946,900,000.00
Expenditure during the year	3,890,313,442.32

Capital Expenditure				
Object Code	Object Title	2018 Estimate (Rs.)	2018 Net Provision (Rs.)	Expenditure (Rs)
2001	Rehabilitation & Improvement of Buildings & Structures	50,000.00	50,000.00	3,840.00
2002	Rehabilitation & Improvement of Plant, Machinery & Equipment	200,000.00	200,000.00	69,837.50
2003	Rehabilitation & Improvement of Vehicles	1,000,000.00	1,190,000.00	1,182,807.30
2102	Acquisition of Furniture and Office Equipment	1,000,000.00	60,000.00	28,900.00
2103	Acquisition Plant, Machinery & Equipment	1,000,000.00	1,750,000.00	1,712,325.00
2204 (21)	Asian Infrastructure Investment Bank	3,443,200,000.00	3,634,400,000.00	3,578,579,569.94
2205 (17)	Capital Grants to Non- Public Institution	250,000.00	250,000.00	19,618.00
2401	Staff Training	5,000,000.00	5,000,000.00	4,982,607.78
2401 (13)	Staff Training - JDS	150,000,000.00	304,000,000.00	303,733,936.80
	Total	3,601,700,000.00	3,946,900,000.00	3,890,313,442.32

Summary of Utilization of Budgetary Provision

Description of Expenditure	2018 Estimates (Rs)	2018 Net Provision (Rs.)	2018 Actual Expenditure (Rs.)
Recurrent Expenditure	453,345,000.00	464,445,000.00	463,381,661.36
Capital Expenditure	3,601,700,000.00	3,946,900,000.00	3,890,313,442.32
Total	4,055,045,000.00	4,411,345,000.00	4,353,695,103.68

Advance "B" Account

The details of the Advance "B" Account of the Public Officials of this department for the year 2018 are given below.

Description	Approved Limit (Rs)	Actual Expenditure (Rs.)
Maximum limit of expenditure	7,500,000.00	5,262,180.00
Minimum limit of receipts	3,700,000.00	4,849,463.00
Maximum limit of debit balance	30,000,000.00	19,554,496.00

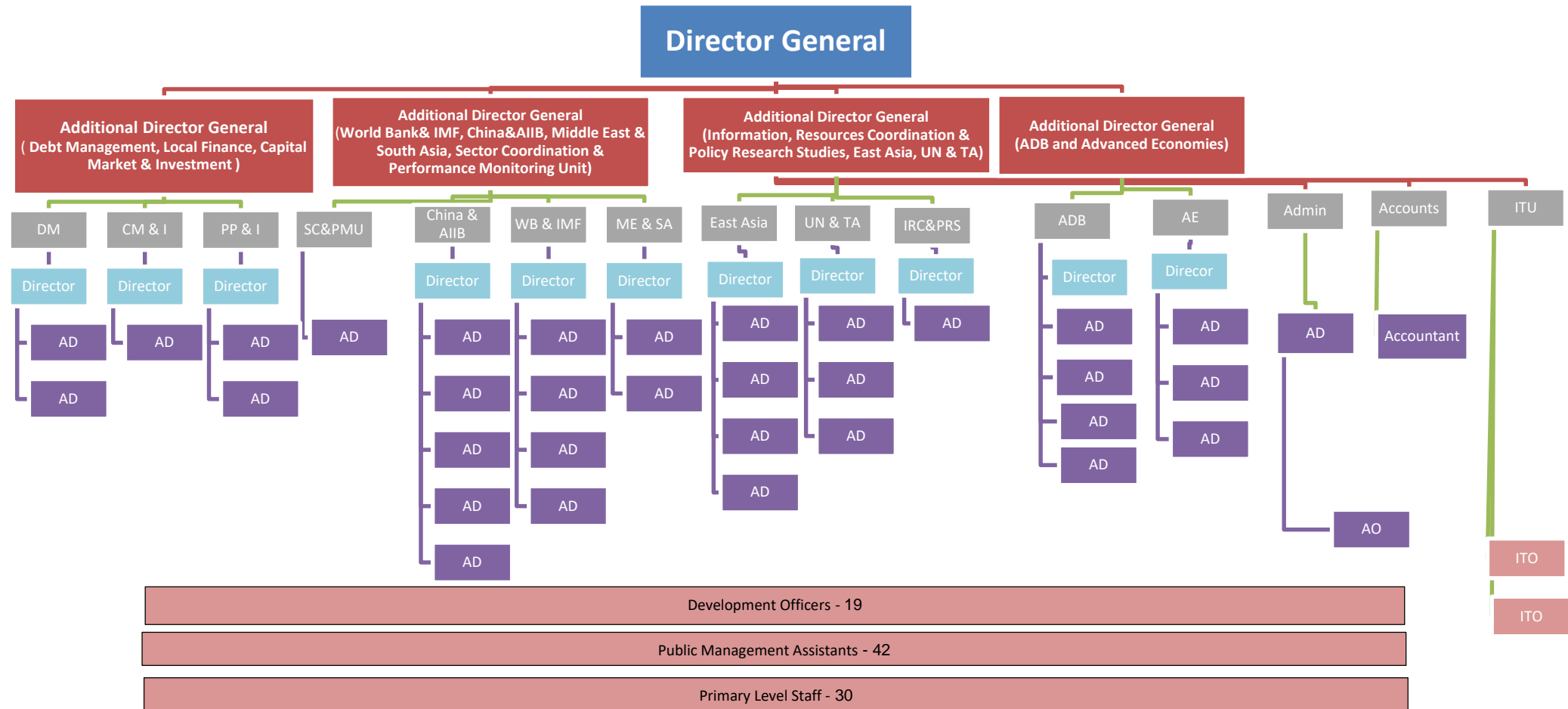
Audit Queries

During the year, 01 audit query from the internal audit of Ministry of National Policies & Economic Affairs and 06 audit queries from the Auditor General's Department were received and all the queries were answered.

Financial Statement - 2018

The Financial Statement for the year 2018 was submitted to the National Audit Office on 27th February 2019

Organization Chart



DM – Debt Management Division
CM&I – Capital Market & Investment Division
PP&I – Partnership Projects & Investment Division
ITU – Information Technology Unit

WB & IMF - World Bank & International Monetary Fund
ADB – Asian Development Bank Division
ME & SA - Middle East & South Asia Division
AE – Advanced Economies Division

UN&TA- United Nation Agencies & Technical Assistance Division
China & AIIB – China & Asian Infrastructure Investment Bank Division
IRC&PRS – Information, Resources Coordination and Policy Research Studies Division
SC&PMU – Sector Coordination & Performance Monitoring Unit

AD - Assistant Director
AO - Administrative Officer
ITO - Information Technology Officer