

Sri Lanka

Transmission and Grid Substation Development Project



Matara Substation

Outline of Loan Agreement

Loan Amount / Disbursed Amount	3,855 million yen / 2,342 million yen
Loan Agreement	March 1990
Terms & Conditions	Interest rate 2.5%p.a. Repayment period 30 years (Grace period 10 years)
Final Disbursement Date	June 1999

Project Outline

The project targeted the expansion/rehabilitation of the transmission and distribution grid, and efficiency in tariff collection in order to improve system losses and enhance the reliability of electricity supplies.

Results and Evaluation

The project was co-financed by the World Bank, with the yen loan covering expansions to the transmission grid and including construction of transmission lines (132kV, 172km), and the establishment/expansion of three substations.

Ceylon Electricity Board's (CEB) supply area grew at an annual rate of around 7% during the 1990s, with the number of CEB consumers climbing from 740,000 in 1990 to 2.49 million in 2000, and the household electrification rate increasing significantly from 29% to 61%.

This project increased electricity supplies by developing the transmission grid, and in combination with the work undertaken by the World Bank to develop the distribution network, is evaluated as having contributed to stabilizing the supply of electricity.

In particular, despite worsening system loss rates overall, transmission losses have decreased from 4.7% in 1998 to the post-completion level of 3.9% in 2000, which is inferred to be an effect generated by the project.

Regarding the operation and maintenance of the substations, whilst there are no problems with CEB's organizational structure/technical capacity, soaring fuel costs in recent years have caused its financial status to deteriorate, and the company has taken the decision to increase electricity tariffs as part of its efforts to improve its administrative capacity.