



Sri Lanka

34 The Regional Telecommunications Development Project

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The project's objective was to improve and expand telephone switching facilities in remote regions in Sri Lanka in order to meet the demand for telephone service, and thereby contribute to the development of communication technology and the revitalization of economic activities in these regions.

Loan Amount/Disbursed Amount: 10,112 million yen / 9,530 million yen

Loan Agreement: August 1993

Terms and Conditions: Interest rate, 2.6%; Repayment period, 30 years (grace period, 10 years); General untied

Final Disbursement Date: December 2001

External Evaluator: Keishi Miyazaki (OPMAC, Ltd.)

Field Survey: July-August 2003



Evaluation Result

In this project, improvement of telecommunications facilities such as switching equipment, transmission equipment, and outside equipment were implemented almost as planned. The project period and the project cost were also almost the same as planned. As a result of the improvement and expansion of switching equipment and other telecommunication facilities, the number of subscriber lines in the project area has increased substantially from approximately 30,000 lines in 1995 to 220,000 lines in 2002. As it was made possible to deal with increased demand for telephone service, the traffic volume increased by 52% between 1999 and 2002. The call completion rate* also increased by 11% between 1996 and 2002, showing that the project contributed to quality improvement of telephone calls. The project's financial internal rate of return (FIRR) was 21.0% well beyond the estimated 13.8%, because of the increase in benefits such as the income from telephone charges. The number of subscriber lines in the project area, which is 220,000 lines, accounts for nearly 30% of the total subscriber lines of fixed telephones in Sri Lanka. Thus, the project is playing a great role in the development of the country's communication sector as a whole. In the beneficiary survey, household users pointed out positive impacts of the installation of telephones such as "increased communication among

family members", "enhanced safety and security", and "improved access to information and health and medical facilities", while the business users mentioned "increase in sales", "expansion of business ties" and "improved customer service". The executing agency, Sri Lanka Telecom Limited (SLTL), has been doing well since privatization partly because of the participation in management by Japanese firm, NTT Communications Corporation. It has no problem with the technical capacity, and operation and maintenance system, and is in favorable financial condition.

* The ratio of successfully completed calls to the total number of attempted calls.

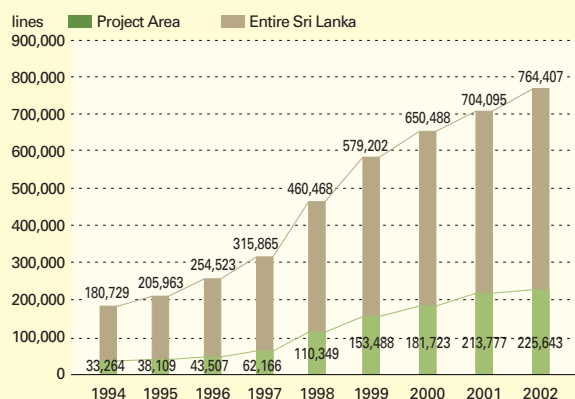
Third-Party Evaluator's Opinion

The project have contributed to establish effective and efficient telecommunication system whereby lead improvement of investment environment and economic growth. And participation in management of executing agency by Japanese corporation has a big role in project sustainability through improvement of organization capacity.

Third-Party Evaluator: Mr. Raufdeen Rameezdeen

Third-Party Evaluator: Obtained a doctorate in Infrastructure Systems Engineering from Saitama University. Presently holds the post of Senior Lecturer, Department of Building Economics, Faculty of Architecture, University of Moratuwa. Specialize in infrastructure development and management.

Changes in Subscriber Lines (1994-2000)



Source: SLTL



The switching equipment procured under the project in Kalutara, where the number of subscriber lines has increased sharply from 4,000 in 1994 to 32,000 in 2002. The project helps deal with the ever-increasing demand for telephone service.