Title: Largest Japanese Development Assistance Package in History Committed for the Development of Sri Lanka

The 42nd Official Development Assistance (ODA) loan package from Japan to Sri Lanka was committed by the Japan International Cooperation Agency (JICA) on 28th of March 2012. The total package amounting to Japanese Yen 42,477 million (approx. Rs. 65 billion) is the largest in the history of bilateral cooperation between Japan and Sri Lanka.

The package includes concessionary loan assistance for the following projects:

(I) Bandaranaike International Airport (BIA) Development Project – Phase II, for expansion of BIA to double the passenger and cargo handling capacity

(II) Project for the Improvement of Basic Social Services (Health Sector) Targeting Emerging Regions, for upgrading the State Pharmaceutical Manufacturing Corporation, base hospitals of Galgamuwa, Kalawanchikudy, Teldeniya and Warakapola and supply of 124 ambulances

(III) Habarana – Veyangoda Transmission Line Project, for construction of the transmission line primarily for transmission of power from the proposed Trincomalee coal power plant. Japanese technology for reducing transmission losses and mitigating emissions is expected to be used in this project for the first time in Sri Lanka.

The loan agreements for the three projects were signed by Dr. P. B. Jayasundara, Secretary, Ministry of Finance & Planning on behalf of the Government of Sri Lanka for the health and power sector projects, Mr. Prasanna J Wickremasuriya, Chairman on behalf of the Airport & Aviation Authority for the BIA project, and Mr. Akira Shimura, Chief Representative on behalf of JICA. This is also the first time that JICA has accepted a semi-government agency such as the Airport & Aviation Authority as the borrower for a loan agreement in Sri Lanka.

Together with the Emergency Natural Disaster Rehabilitation Project signed last August for rehabilitation of flood damaged infrastructure, JICA’s loan commitment to Sri Lanka in the current Japanese fiscal year (2011/12) amounts to about 50 billion Japanese Yen (approximately Rs. 78 billion). “This is the largest assistance package committed in the more than 4 decades of bilateral cooperation between Japan and Sri Lanka. It comes also in the year we are commemorating 60 years of close diplomatic relations between the two countries. We hope the current assistance will strengthen the socio-economic growth of Sri Lanka and contribute towards even closer cooperation between our two countries”, says Mr. Shimura, Chief Representative of JICA Sri Lanka Office.

Attachments: Detailed project information (3 pages), 1 photo from BIA project
Project Information

I) Bandaranaike International Airport Development Project Phase II

Borrower/ Executing Agency: Airport and Aviation Services (Sri Lanka) Limited
Loan Amount: JPY 28,969 million

The Bandaranaike International Airport Development Project (Phase II) aims to further support Sri Lanka to realize the goal of becoming a commercial aviation hub in the Asian region, and further catalyze socio-economic growth.

The project includes the construction of a new split level passenger terminal building with vertically separated arrival and departure areas consisting of a total floor area of about 90,000 sqm, remote apron with 9 aircraft parking stands and taxiways and supplementary improvements such as elevated roadways.

With the proposed expansion, the passenger handling capacity of BIA will be doubled to 12 million per annum and ease the air traffic movement. The cargo handling capacity will also be increased to 500,000 metric tons from present capacity of 250,000 metric tons.

Work under the project is planned to be completed by end of 2015.
II) Project for the improvement of Basic Social Services Targeting Emerging Regions

Implementing Agencies: Ministry of Health & Ministry of Local Government and Provincial Councils
Loan Amount: JPY 3,959 million

JICA, as a major contributor towards the health sector development in Sri Lanka, enhances its assistance towards the prevention of Non Communicable Diseases (NCDs) through the new project which will comprise of strengthening of the State Pharmaceutical Manufacturing Corporation (SPMC), strengthening of four secondary care institutions (Base hospitals of Galgamuwa, Kalawanchikudy, Teldeniya and Warakapola) and supplying of 124 ambulances.

The secondary health institution survey undertaken jointly by the Ministry of Health and JICA revealed that a sizable investment is required to improve the currently sub-standard facilities of the underutilized hospitals to regain confidence of the people. This would not only bring necessary health services closer to people but also contribute to normalisation of the curative service networks by reducing the excessive demand now seen at the tertiary level institutions. Further it is necessary to increase national production of generic drugs to ensure the steady supply of essential drugs which are mostly being imported at present. Such importations have caused occasional shortages of drugs at hospitals and the project aims to reduce the current dependency on imports.

Since year 2008, JICA has been also providing technical assistance to the Ministry of Health, through “the Project on Health Promotion and Preventive Measures of Chronic NCDs”, which aims at developing effective and efficient implementation models to prevent and control NCDs.
III) Habarana-Veyangoda Transmission Line Project

Executing Agency: Ministry of Power & Energy
Implementing Agency: Ceylon Electricity Board
Loan Amount: JPY 9,573, million

Low-loss conductor technology from Japan is expected to be introduced to Sri Lanka for the first time in constructing the Habarana – Veyangoda transmission line, which will primarily assist in transmitting the 500 MW of electric power to be generated by the proposed Trincomalee Coal Power Plant.

This technology will help to achieve reduction of the transmission loss rates and mitigation of CO₂ emissions and environment pollution.

The main components of the project include construction of 220 kV, 148km double conductor double circuit low loss transmission line from Habarana to Veyangoda and construction of new Habarana switching station.

The work under this project is planned to be completed by Year 2016.