

Signing of Japanese ODA Loan with Sri Lanka

— Reconstruction of Conflict-affected Regions and Alleviating Traffic Congestion in the Greater Colombo area —

1. Today, the Japan International Cooperation Agency (JICA) signed an agreement with the Government of the Democratic Socialist Republic of Sri Lanka to provide a loan of up to 33.11 billion yen for two projects.

2. With the end of conflicts spanning over 25 years in May 2009, Sri Lanka is now in a full growth period, with growth in the real gross domestic product expected to be 7.6% in 2010 due to growth in the tourism industry and agricultural sector accompanying the full restoration of public order. Meanwhile, the need for further reconstruction in regions affected by the conflict is a pressing issue, and this includes smooth resettlement of internally displaced persons resulting from the conflict in the northern and eastern regions of the country. In addition, in order to promote stable mid- to long-term economic growth, strengthening economic infrastructures such as electric power and transportation is vital.

3. These Japanese ODA loans will assist with the reconstruction of regions affected by the conflict and building economic infrastructure in the capital region. The features of the loans are summarized below.

(1) Post-conflict assistance in the north

Northern Province lags behind in development as a result of the long conflict. Improving the lives of people affected by the conflict so they can enjoy the peace dividend is a vital issue, and of the Japanese ODA loan projects being funded, the **Vavuniya-Kilinochchi Transmission Line Project (II)** will build approximately 73 kilometers of power lines to Northern Province, with the aims of improving lives of residents in the region and invigorating the regional economy by providing a stable power supply.

(2) Fundamental economic infrastructure

Sri Lanka lacks an adequate roadway network to connect its major cities, and moreover, the road infrastructure cannot keep pace with the increase in traffic volume, such that traffic congestion is a hindrance to economic growth. From the perspective of balanced national development, new road networks must be built to strengthen the transportation capacity between major cities. Under the **Greater Colombo Urban Transport Development Project Phase 2 (II)**, highways will be constructed in the capital region to strengthen the economic base by alleviating traffic congestion.

4. JICA's policy is to integrate the features of their three modes of assistance—technical cooperation, ODA loans and grant aid—to assist with the reconstruction of conflict-affected areas in addition to the development of socioeconomic infrastructures to allow citizens throughout the country to enjoy the benefits of development.

Related Link

› [Project Map \(PDF/99KB\)](#)

Reference

1. Terms and Amounts of Loan

Project title	Amount (million yen)	Annual interest rate (%)		Repayment period (years)/deferment period (years)	Procurement
		Project	Consulting services		
Vavuniya-Kilinochchi Transmission Line Project (II)	1,422	0.65	0.01	40/10	Untied
Greater Colombo Urban Transport Development Project Phase 2 (II)	31,688	0.20	0.01	40/10	Tied*
Total	33,110				

* STEP applies.

2. Project Summaries

(1) Vavuniya-Kilinochchi Transmission Line Project (II)

Background and Necessity

After years of continued conflict between the government and the anti-government Tamil organization, the Liberation Tigers of Tamil Eelam (LTTE), the government's military finally took control of all of the LTTE's major bases, ending more than 25 years of armed conflict in May 2009 and placing the entire northern region under government jurisdiction.

However, power, roadways and other major economic infrastructures in the northern region were destroyed by the conflict, and because the northern region was excluded from government assistance due to the conflict, economic activities there have stagnated. The electrification rate of the northern region, where 90% of power distribution facilities were damaged, is a mere 64% in Vavuniya and 1% in Kilinochchi, compared to 80% for the nation's average as a whole, hindering reconstruction development.

Accompanying the liberation of the northern region after the conflict, there has been an increasing trend in power demand, but the supply from diesel production cannot sufficiently meet the demand. Restoring power facilities which have a direct link to improving the standard of living for residents in the northern region is a pressing issue.

Objectives and Summary

This project will coordinate with the Asian Development Bank to provide reconstruction assistance for the power transmission network and substations destroyed in the conflict in the northern region of Sri Lanka. The specific objectives are: 1) repairing approximately 73 kilometers of transmission lines (132 kilovolts) between Vavuniya and Kilinochchi, located in the northern region of Sri Lanka, and 2) reconstructing substations (31.5 megavolt amperes and 132/33 kilovolts) in Kilinochchi and achieving a stable supply of power in the northern region, contributing to reconstruction there.

Executing Agency

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Planned Implementation Schedule

- (i) Completion of project: December 2012 – when the facilities are put into service
- (ii) Consulting services including construction monitoring: Hired
- (iii) Tender announcement of initial procurement package for international competitive bidding on project construction: Contracted

(2) Greater Colombo Urban Transport Development Project Phase 2 (II)

Background and Necessity

In Sri Lanka, roadways play an extremely important role in socioeconomic activities, bearing 90% of land transportation of people and cargo. However, the road infrastructure cannot keep up with the increase in traffic volume, and the maintenance and management of existing roads have fallen short, hampering the efficiency of domestic logistics.

Of particular note is the road system in the Greater Colombo area. Seven major roads radiate from the center of Colombo, and there has been a marked increase in the number of automobiles accompanying an increase in population and improvement in residents' income standards, but there is a structural problem in that no loop road network has been created to interconnect the radial roads. As a result, traffic congestion occurs chronically in Colombo due to the through traffic, and transportation efficiency and safe driving of general vehicles are hampered, making the building of a new outer loop roadway to distribute the through traffic in Colombo an urgent task.

Also, while many of Sri Lanka's economic activities are concentrated in the Greater Colombo area, the importance of balancing national and local development has been recognized. From this perspective, it is necessary to create a new road network with the object of strengthening the transportation capacity between Greater Colombo and local areas as well as between other major cities and local areas.

Objectives and Summary

Under this project, an outer Colombo circular highway will be constructed to connect Kadawatha and Kaduwela on the outskirts of Colombo, targeting approximately nine kilometers of the total length of approximately 29 kilometers. A Japanese ODA loan agreement was signed in March 2007 for approximately 11 kilometers in the southern section. Other activities under the project include the construction of two interchanges and the installation of toll collection systems. This project will make it possible to bypass the center of Colombo, alleviating traffic congestion on roads in the capital area, and strengthen the economic base of Sri Lanka.

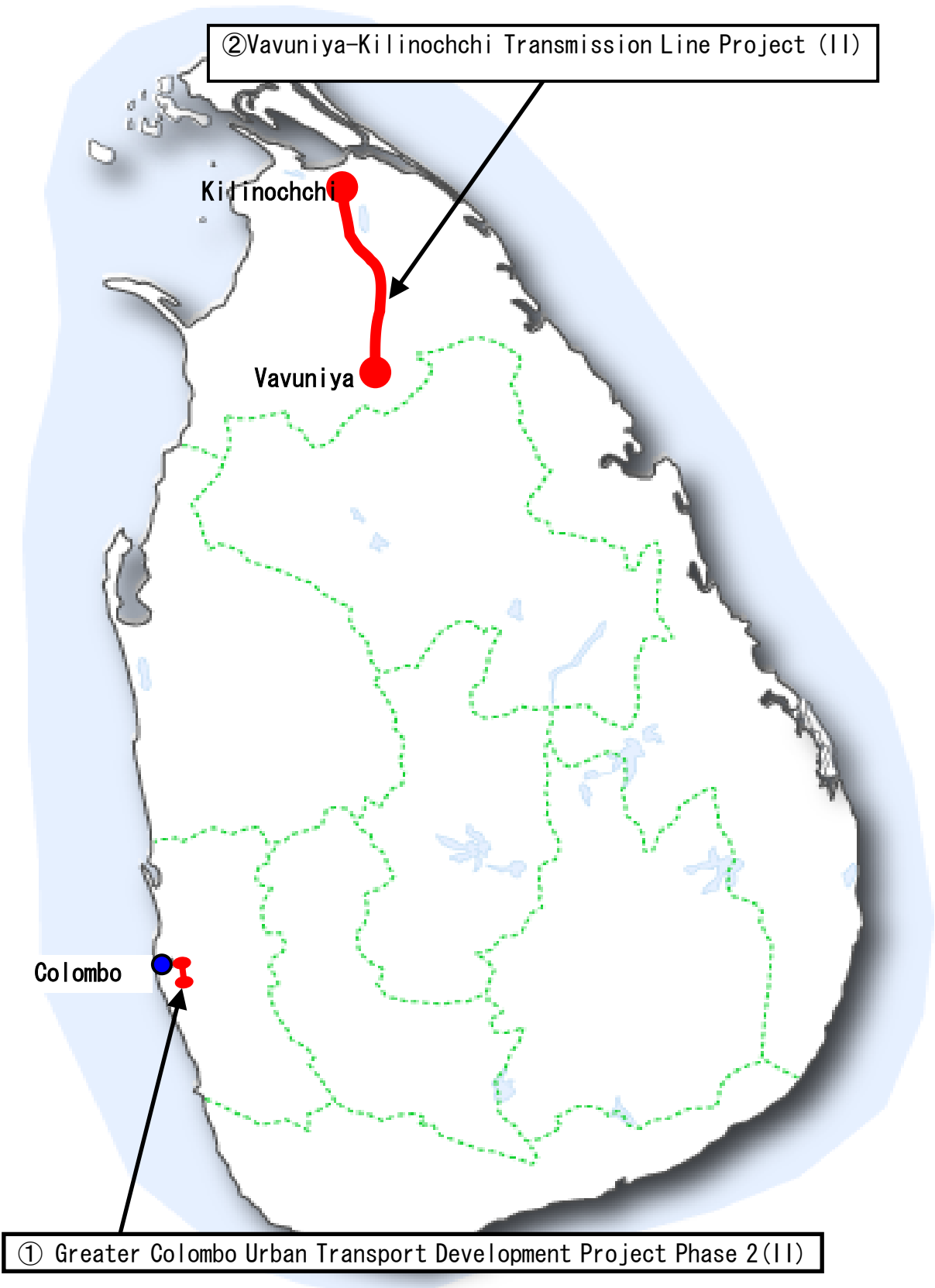
Japanese technology will be used in this project as soft soil treatment and rapid construction methods for congested and narrow areas.

Executing Agency

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Planned Implementation Schedule

- (i) Completion of project: March 2015 – when the facilities are put into service
- (ii) Consulting services including construction monitoring: Hired
- (iii) Tender announcement of initial procurement package for international competitive bidding on project construction: Announced



② Vavuniya-Kilinochchi Transmission Line Project (II)

Kilinochchi

Vavuniya

Colombo

① Greater Colombo Urban Transport Development Project Phase 2 (II)

