

## Signing of ODA Loan Agreements with the Democratic Socialist Republic of Sri Lanka

–Japanese Technology to be used for Balanced Post-Conflict Reconstruction and Economic Development–

1. Today, the Japan International Cooperation Agency (JICA) signed loan agreements with the Democratic Socialist Republic of Sri Lanka to provide loans of up to a total of 42.477 billion yen for three projects.

2. Sri Lanka's internal conflict, which lasted over 25 years, came to an end in May 2009, and the nation is currently undergoing a period of substantial growth with the development strategy based on national stability, seeing an increase of the national GDP by 8 percent in 2010. In order to put the balanced reconstruction and economic development in orbit, Sri Lanka faces urgent needs for strengthening its economic foundations, including energy and transport infrastructure, as well as improving social services which addresses the disparity that exist between regions.

3. The ODA loans signed today will allow for Japanese technology to be used in support of such endeavors as expanding the capital's airport to further develop the nation's tourism industry and strengthen the Sri Lanka's position as a hub for the South Asian region. It will also be used for installing a low loss transmission line conductor to strengthen the grid system as well as for improving health and medical systems to contribute to the enhancement of non-communicable diseases (NCD) management. Project details are as follows:

(1) Modernization of the Capital's International Airport using Japan's Eco Airport Concept

The revitalization of Sri Lanka's economy and the growth of tourism has meant that Bandaranaike International Airport, the nation's sole international airport, improved using an ODA loan provided in 1999, is presently handling more passengers than its capacity (6 million people a year). Under the new ODA loan project, the modern second passenger terminal will be constructed at the Bandaranaike International Airport, whose design incorporates Japan's Eco Airport Concept, to meet demands of the growing tourist industry as well as improve the airport's convenience and safety to further promote Sri Lanka's economic development.

(2) Improvement of Safe Pharmaceutical Production, and Regional Health and Medical services utilizing Japanese Technology

Sri Lanka has seen improvements to basic health indicators, thanks to policies and measures that steadily worked to reform its social services. Problems still persist, however, such as the increase of lifestyle diseases, for which local production of indispensable pharmaceuticals do not satisfy demand, and regional medical services that remain unsuited to dealing with changing disease structures to NCD. The Project for Improvement of Basic Social Services Targeting Emerging Regions incorporates Japanese technology for strengthening production capacity of safe pharmaceuticals targeting essential drugs related to NCD, as well as for improving secondary-level hospitals to act as regional core medical centers. These measures are targeted at spurring social development in keeping with the nation's economic development.

(3) The first low loss transmission line conductor as a main grid to enhance energy efficiency

In the past, Sri Lanka prioritized investment in power generation facilities, and much of its main electricity grid consists of deteriorating 132-kilovolt cables installed approximately 40 years ago. These cables have a high rate of energy losses (13.0 percent in 2010), and the need for energy efficiency remains a concern. The Habarana-Veyangoda Transmission Line Project will see the installment of Sri Lanka's first low loss transmission line with enhanced capacity to minimize energy losses and stabilize power supply. The technology, developed in Japan, is expected to lower the annual rate of energy loss by approximately 22 percent compared to the conventional type and to cut down on related CO2 emissions.

4. JICA will continue to support the building of social and economic infrastructure through a mix of technical cooperation, ODA loan and grant aid schemes, in order to ensure that all of Sri Lanka's people, including those in the conflict-affected areas, will benefit from the effects of their country's development.



Mr. Akira Shimura, Chief Representative, JICA Sri Lanka Office and Dr. P. B. Jayasundera, Secretary, Ministry of Finance and Planning shook hands after signing loan agreements.

### Related Link

› [Project Map \(PDF/137KB\)](#)

## Reference

### 1. Terms and Amounts of Loan

Project title	Amount (million yen)	Annual interest rate (%)		Repayment (years)	Grace Period (years)	Procurement
		Project	Consulting services			
Bandaranaike International Airport Development Phase 2	28,969	0.20*	0.01	40	10	Japan Tied
Improvement of Basic Social Services Targeting Emerging Regions	3,935	0.20*	0.01	40	10	Japan Tied /Bilateral Tied
Habarana-Veyangoda Transmission Line Project	9,573	0.30**	0.01	40	10	Untied

\* Special Terms for Economic Partnership (STEP) is applied.

\*\*Climate change conditions is applied.

### 2. Project Summaries

#### (1) Second Phase of Bandaranaike International Airport Development Project

##### Background and Necessity

As an island nation, Sri Lanka's transport modes for visitors consist of travel by air or sea. Bandaranaike International Airport, the country's only international airport, presently offers flights to 31 cities around the world (2011). It also provides a hub for goods and people entering the country by air. Since the end of the nation's internal conflict in 2009, the country's economic growth and increasing visitor numbers have meant that the airport exceeded its passenger capacity (6 million people a year) in 2011, and now processes 6.1 million visitors a year. Its facilities are thus in urgent need of expansion.

President Mahinda Rajapaksa announced the government's policy, "Mahinda Chintana: Vision for the Future", which aims for Sri Lanka's rapid economic growth and reforms of its economic structures. In terms of its air transportation, the policy aims to further expand routes to other countries and expresses the aspiration for the nation to become a transport hub for the South Asian region. The airport will be developed as a highly safe hub airport satisfying the international standard, and serve as a gateway to the national capital.

## Objective and Summary

The project will increase the capacity of the passenger terminal building and parking aprons at Bandaranaike Airport, and to build elevated access roads to the passenger terminal building as well ancillary facilities such as sewage treatment sites. These will allow the airport to process the projected passenger numbers of up to 9 million people by 2017, the year of the project's completion, as well as further passenger capacity of up to 12 million people a year. It will also improve convenience and safety, thereby contributing to further development of Sri Lanka's economy. Japanese technology will be incorporated, including an advanced baggage control system and environmental features of Japan's Eco Airport concept. The loan fund for this project will be used to extend the terminal and parking apron, as well as to construct access roads, and for various consulting services (reviews of detailed plans, bidding assistance, and operational supervision, etc).

## Executing Agency

Sri Lanka Airport and Aviation Services Ltd.  
Address: Bandaranaike International Airport, Katunayake, Sri Lanka  
TEL: +94-11-225-2861, FAX: +94-11-225-9435

## Planned Implementation Schedule

- (i) Completion of project: December 2015 (commencement of facility operations)
- (ii) Issuing of letters of invitation for consultation services (for facility management, etc.): March 2012
- (iii) Tender announcement for procurement package for international competitive bidding on project construction:
  - Procurement package title:
  - A. Extension of airport terminal: April 2012
  - B. Extension of parking apron, etc.: April 2012

## JICA Contact Point

Please contact the office below for information on the project procurement schedule:  
Contact Point for Transportation Sector, JICA Sri Lanka Office  
Address: 10th Floor, DHPL Building, No. 42 Navam Mawatha, Colombo 02, SRI LANKA  
TEL: +94-11-230-3700, 94-11-230-0470  
FAX: +94-11-230-3692, 94-11-230-0473

## (2) Project for Improvement of Basic Social Services Targeting Emerging Regions

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### Background and Necessity

Since the 1980s, population aging, diet and lifestyle changes have meant that instances of NCD in Sri Lanka have overtaken cases of infectious diseases. NCD generally require long-term treatment, and as this has been a big factor in the rising medical expenses of the nation, the Sri Lankan government has prioritized the realization of a "Healthy Society" as a major policy. It sees prevention, early detection, and activities to promote healthiness within its population as ways to combat NCD, and the creation of an effective and tenable medical health system as a primary national health policy.

JICA, through the development study, made policy recommendations for Sri Lanka's health sector reform to strengthen measures to NCD, and is implementing a technical cooperation project "Project on Health Promotion and Preventive Care Measures of Chronic NCD (2008-2013)", which promotes NCD-prevention models that revolve around primary medical care facilities. Additionally, the Sri Lankan government plans to strengthen its NCD measures at secondary medical care facilities, including early detection, treatment and prevention, but the lack of funds, primarily in rural areas, has meant a serious shortage of equipment and specialists. Thus, the improvement of Sri Lanka's secondary-level hospitals and its emergency medical transport system is paramount. Moreover, the increase of NCD have meant an increased demand for pharmaceuticals, and strengthening the production capabilities for NCD essential drugs in the country remains another important issue.

### Objective and Summary

The project will strengthen measures to implement early detection, treatment, and prevention of NCD through improvement of Sri Lanka's secondary-level hospitals, strengthening the production capacity of essential drugs by improving facilities of State Pharmaceutical Manufacturing Corporation (SPMC). It is expected that Japanese technology will be incorporated in new production lines to produce reliable pharmaceuticals (equipment and production lines for manufacturing tablets, measuring doses, and packaging, etc.) as well as for the nation's emergency vehicle fleet. The loan fund for the project will be used toward renovating and installing equipment in secondary hospitals, improving facilities of SPMC, procuring ambulances, and consulting services (for overall project management, reviewing detailed plans, aiding the tender processes, and support for equipment transport and installation).

### Executing Agency

Ministry of Finance and Planning  
Address: Colombo 01, Sri Lanka  
TEL/FAX: +94-11-2484693 / +94-11-2447633

### Planned Implementation Schedule

- (i) Completion of project: May 2016 (commencement of facility operations)
- (ii) Issuing of letters of invitation for consultation services (construction supervision, etc): April 2012
- (iii) Tender announcement for procurement package for international competitive bidding on project construction:
  - Procurement package title:
  - A. SPMC equipment and construction: September 2014
  - B. Renovation of secondary medical facilities, installation of equipment: April 2012
  - C. Ambulance vehicles : April 2012

### JICA Contact Point

Please contact the office below for information on the project procurement schedule:  
Contact Point for Health and Medical Sector, JICA SRI LANKA Office  
Address: 10th Floor, DHPL Building, No. 42 Navam Mawatha, Colombo 02, SRI LANKA  
TEL: +94-11-230-3700, 94-11-230-0470  
FAX: +94-11-230-3692, 94-11-230-0473

## (3) Habarana-Veyangoda Transmission Line Project

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### Background and Necessity

Electricity demand has been rapidly increasing, along with the remarkable annual economic growth of 7 percent. According to the Long-term Generation Expansion Plan, it is

planned that another 2,138-megawatt of capacity needs to be added, mainly by installation of large-scale coal thermal power generation plants by 2012 to meet the increasing demand. The national grid is currently comprised of 132-kilovolt and 220-kilovolt power cables, and the latter run from the site of numerous hydroelectric plants at the center of the country to the Colombo district, the site of numerous substations and thermoelectric power plants in the north and west regions.

Due to the prioritization of investments in power generation plants in the past, rehabilitation of the grid system has been put off. Accordingly, breakdowns in parts of the grid often result in the obstruction of the stable supply, and it keeps high transmission and distribution losses at a rate of 13.0 percent (2010), which is relatively high even among other Asian nations. Therefore, rehabilitation and upgrade of the grid system is urgently needed to improve the power supply reliability along with reducing the electricity losses.

### **Objective and Summary**

Augment substations and a low loss transmission line conductor will be constructed with enhanced capacity which aims at lowering energy losses between Habarana in north central province and Veyangoda near the capital. This will increase and stabilize the power supply, reduce electricity losses, and will contribute to promote further investments in the country and its economic and social development. Improvement of electricity losses will also help lowering greenhouse gas emissions. The loan assistance for the project will be used toward the installation of the transmission line and consulting services (for construction supervision).

### **Executing Agency**

Ministry of Power and Energy  
Address: No. 72, Ananda Kumaraswami Mawatha, Colombo 7, Sri Lanka  
TEL: +94-11-257-4918, FAX: +94-11-257-4635

### **Planned Implementation Schedule**

- (i) Project completion: September 2016 (commencement of facility operations)
- (ii) Invitations for consultation services (for construction supervision, etc.): April 2012
- (iii) Tender announcement for procurement packaged for international competitive bidding on project implementation:
  - Procurement package title:
  - A. Installation of 220 kilovolt cables (148km), September 2012
  - B. Installation/extension of substations, September 2012

<Project Map>

- ① Bandaranaike International Airport Development Project (Phase 2)
- ② Project for Improvement of Basic Social Services Targeting Emerging Regions
- ③ Habarana-Veyangoda Transmission Line Project

