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Highest disbursement of foreign aid results in Infrastructure Development on fast track

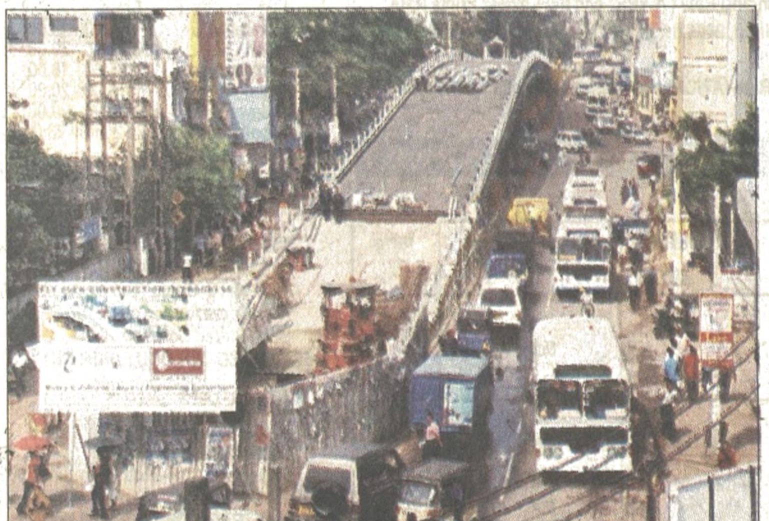
By Brian Tissera

Commitments of foreign aid by bilateral donors, multilateral agencies and export credit agencies reached a high of US$ 2067 million in 2008 exceeding the previous committment of US$ 1740 million in 2005, in the aftermath of the tsunami, sources at the Ministry of Finance and Planning said.

Disbursement in 2008 reached US$ 1226 million up from the previous highest of US$ 1146 million in 2006. Compared to the previous high committment and disbursement, it relects a rise of 23.5 percent in committment and 8.7 percent rise in disbursement respectively.

Infrastructure Development from the funds committed has increased to 77 per cent in 2008 over 70 percent in 2007.

The government has also obtained funding for its medium term development programmes from both the world bank as well as the Asian Development Bank to the value of US$ 900 million and 820 million respectively. The funds are for implementation of the country partnership strategies for 2009-2011.



The government also borrowed US$ 150 million from the capital market.

The cumulative undisbursed balance of committments as at the end of 2008 is US$ 5.7 billion, based on the existing portfolio and expected foreign finances of US$ 4.6 billion during 2009-10, the balance available for utilization would exceed US$ 10.3 billion.

The government of Iran, the new bilateral development partner committed US$ 450 million for the Uma Oya Hydro Electric and Irrigation Project, accounting for 55.5 per cent of export credits and 22 percent of the total committments in 2008, while the world bank and the Asian Development Bank jointly accounted for US$ 724 million or 35 per cent of the total committment. Of the funds disbursed US$ 1587 (77 percent) was utilized for development of roads, bridges, transport, port development, water supply, power and energy and irrigation, these sources added.

Japan also provided US$ 163 million towards additional financial requirements of the Southern expressway and US$ 53 million for the outer circular road. The ADB also committed US$ 90 million supplementary funds for the Southern expressway.

Among the other committments highlighted were US$ 55 million from Korea for development of the Padeniya-Anuradhapura Road, US$ 83 million from Denmark as an export credit for the Kelani Right Bank water treatment plant, a grant facility of US$ 31 million and an export credit facility of US$ 26 million for the Negombo water supply project, from the Netherlands, US$ 15 million export credit from Austria for the rehabilitation of the Kirindi Oya water supply project and US$ 78 million for the water sector development project phase II.

Infrastructure Development has been on a focused basis, being fast tracked in order to support National Development.