

**Japan provides Rs 36 billion (US\$ 330 mn) for five projects under its yen loan scheme**

Japan has provided Japanese Yen 35 billion (approximately Rs 36 billion) to Sri Lanka under its yen loan scheme to assist in the development efforts of the country. It is offered on concessionary terms and administered by the Japan Bank for International Cooperation (JBIC). The loan package will support the financing of five projects including Poverty Alleviation Micro Finance Project, which will provide credit facilities to the people living in lagging regions including the Northern and Eastern provinces and Energy Diversification Enhancement Project. The other three projects are extensions of on going projects funded by Japan.

**Poverty Alleviation Micro Finance Project**

This project is to provide credit facilities to micro industrialists in lagging regions and will cover the districts in the Northern and Eastern Provinces and Puttlam, Anuradhapura, Pollonnaruwa, Rathnapura, Baddula and Monaragala districts. The first phase of the project was successfully completed in 2006 which covered Kurunegala, Matale, Nuwara-Eliya, Badulla, Kalutara and Hambantota districts.

**Energy Diversification Enhancement Project**

The CEB is planning to convert its thermal power plants from diesel and naphtha to LNG which can reduce the operation cost of the thermal power plants very significantly. Under this project the detailed designs for the LNG receiving facilities i.e. terminal/jetty and pipelines to the power stations in northern part of Colombo will be undertaken.

**Southern Highway Construction Project**

The funding for the road section of 66 Km from Kottawa to Kurundugahahetekma of the Southern Expressway, which is being constructed under the First Phase of the Southern Highway Construction Project, was extended by the Government of Japan in 2001. The new loan is offered to meet the additional funding requirement for the construction of the road section from Dodangoda to Kurundugahahetekma. The highway is scheduled to be open for traffic in 2010.

**Water Sector Development Project**

The project includes Stage II of Phase 1 of Kaluganga Water Supply Project and the project for Reduction of Non Revenue Water in Greater Colombo. Under Kaluganga component, pipe-borne water supply will be expanded to cater to the demand in the southern part of the greater Colombo areas by 2012. Other component is to rehabilitate the water distribution network in the greater Colombo area by replacing distribution pipes and to update the Master Plan of Water Sector in Western Province. The project is scheduled to be completed by year 2012.

**Greater Colombo Urban Transport Development Project (Outer Circular Highway)**

Under this project, a 7.9 k.m. road section from Kaduwela to Kadawatha of the Outer Circular Highway (OCH) will be constructed. The funding requirement for the construction of 12 k.m. road section from Kottawa to Kaduwela of the OCH has already been provided by the Government of Japan in 2007. The road is scheduled to commence full operation in 2012.

The signing of Exchange of Notes pertaining to the yen loan scheme took place today, at the Ministry of Finance and Planning. H.E. Mr. Kiyoshi Araki Ambassador of Japan in Sri Lanka signed the Exchange of Notes on behalf of the Government of Japan while Dr. P B Jayasundera, Secretary, Ministry of Finance and Planning signed on behalf of the Government of Sri Lanka.