

DEVELOPMENT COORDINATION

A. Major Development Partners: Strategic Foci and Key Activities

1. The Asian Development Bank (ADB) and Japan International Cooperation Agency (JICA) have been the main development partners in Sri Lanka's energy sector. The World Bank has supported renewable energy development by providing a line of credit to the private sector for grid-connected and off-grid electrification projects. The development partners coordinate closely on key policy issues, investments, and technical assistance.

2. JICA funded the 150-megawatt (MW) Upper Kotmale hydropower plant (completed in 2013), a major hydropower development. It also financed the preparation of a feasibility study on the use of imported liquefied natural gas for power generation and the preparation of a pre-feasibility study on a pumped storage hydropower system. In 2012, JICA financed a 132-kilovolt transmission line from Vavuniya to Kilinochchi and the construction of a grid substation at Kilinochchi. In 2013, ADB financed the extension of the transmission line from Kilinochchi to Chunnakam, and the construction of a grid substation at Chunnakam, to bring electricity to the northern part of the country. JICA assisted the strengthening of a major Habarana–Veyangoda transmission line in 2012, and supported the expansion of the Greater Colombo transmission and distribution network in 2013 and the improvement of the transmission and distribution networks to reduce network losses in 2015. ADB and JICA cofinanced program lending for power reforms and jointly held policy dialogues with the government. Subsequently, ADB assisted the government with sector reforms, focusing on strengthening power regulation and supporting internal reforms at the Ceylon Electricity Board (CEB). ADB is also supporting clean energy development, energy efficiency improvement, and rural electrification in coordination with other partners active in these areas. By 2014, ADB has become the largest development partner in strengthening the transmission system to improve its efficiency and reliability, and to enable evacuation of power from renewable sources.

3. Since 2014, the Agence Française de Développement (AFD)—the French Development Agency—has become a major development partner for the power subsector. In 2014, it supported the development of the transmission network to absorb renewable energy from mini hydro generation plants. In 2014 and 2016, ADB and AFD cofinanced tranches 1 and 2 of the Green Power Development and Energy Efficiency Improvement Investment Program.¹ ADB and AFD coordinate their development activities closely to minimize duplication and provide maximum effectiveness to the power subsector.

4. The People's Republic of China (PRC) is a major supporter of coal power generation. The first stage of the 300 MW Norochcholai base-load coal power project, funded by the PRC, commenced commercial operations in 2011. The second and third stages of the project began commercial operations in 2014, adding another 600 MW of base load generation.

5. Some bilateral development partners are providing financing for investment projects in power generation, power distribution, rural electrification, and hydropower generation combined with agriculture irrigation. The recent activities of major development partners are summarized in the table.

¹ ADB. 2014. *Report and Recommendation of the President to the Board of Directors: Proposed Multitranche Financing Facility to the Democratic Socialist Republic of Sri Lanka for the Green Power Development and Energy Efficiency Improvement Investment Program*. Manila.

Major Development Partners

Development Partner	Project Name	Duration	Amount (million)
Energy			
ADB	Clean Energy and Access Improvement Project	2009–2016	\$164.20
	Sustainable Power Sector Support Project	2011–2016	\$120.00
	Clean Energy and Network Efficiency Improvement Project	2012–2019	\$131.50
	Green Power Development and Energy Efficiency Improvement Investment Program – Tranche 1	2014–2019	\$150.00
	Green Power Development and Energy Efficiency Improvement Investment Program – Tranche 2	2017–2021	\$150.00
	Supporting Electricity Supply Reliability Improvement Project	2016–2021	\$115.00
	Austria	Old Laxapana Power Station Rehabilitation Project	2011–2013
France	Rehabilitation of Old Laxapana and Wimalasurendra Hydropower Plants	2011–2013	€44.20
	Green Power Development and Energy Efficiency Improvement Investment Program – Tranche 1 (cofinancing with ADB)	2014–2019	\$30.00
	Green Power Development and Energy Efficiency Improvement Investment Program – Tranche 2 (cofinancing with ADB)	2017–2021	\$30.00
	Renewable Energy Absorption Transmission Development Project	2014–2017	\$38.00
Germany	Greater Colombo Grid Substation Project	2001–2012	€41.00
	Jaffna Electricity Rehabilitation Project	2012–2014	€14.06
Iran	Uma Oya Hydropower Plant	2008–2014	\$450.00
	Rural Electrification Project 8	2008–2013	€57.80
Japan International Cooperation Agency	Upper Kotmale Hydropower Project	2008–2013	¥33,265.00
	Colombo City Electricity Development Project	2001–2012	¥5,959.00
	Kerawalapitiya–Kotugoda Transmission Line Project	2003–2010	¥2,938.00
	Vavuniya–Kilinochchi Transmission Project	2010–2012	¥1,278.00
	Feasibility Study for Energy Diversification Enhancement Project (liquefied natural gas terminal)	2012–2014	¥550.00
	Habarana–Veyangoda Transmission Line Project	2012–2015	¥ 9,573.00
	Greater Colombo Transmission and Distribution Loss Reduction Project	2013–2016	¥ 15,941.00
	National Transmission and Distribution Network Development and Efficiency Improvement Project I	2015–2019	¥ 24,930.00
	Norochcholai Coal-Fired Power Plant (Phase 1)	2007–2011	\$455.00
	Norochcholai Coal-Fired Power Plant (Phases 2 and 3)	2010–2014	\$891.00
People's Republic of China	Kelanitissa Diesel Tank Storage Farm Expansion Project	Completed in 2008	CNY12.00
	Power Sector Development Project (Northern Province)	2009–2012	\$31.60
	Lighting Sri Lanka Eastern Province	2012–2015	\$32.40
	Uva Udana Power Project	2011–2013	\$24.92
Sweden	Rural Electrification Project 4 (extended)	2004–2014	\$54.16
	Renewable Energy for Rural Economic Development	2002–2011	\$123.00
World Bank			

Development Partner	Project Name	Duration	Amount (million)
Multisector			
ADB	Conflict-Affected Region Emergency Project	2010–2015	\$13.77 ^a

ADB = Asian Development Bank.

^a Reflects allocation within a loan for financing a power sector component.

Sources: Asian Development Bank and consultations with development partners and Ceylon Electricity Board.

B. Institutional Arrangements and Processes for Development Coordination

6. ADB consulted with the major development partners to ensure that activities to be supported under the project are well coordinated and will complement their efforts. ADB had a comprehensive dialogue with JICA and AFD to ensure that the project activities would increase synergy and enhance ongoing interventions in the development of renewable energy projects and the strengthening of the power system.

7. ADB missions for power system development systematically coordinate with the major development partners through dialogue and exchange of information. ADB's Sri Lanka Resident Mission staff assigned to oversee power activities regularly communicate with counterparts of other development partners in Colombo. ADB will continue to coordinate closely and regularly with the major development partners during project implementation. The proposed implementation structure supports development partner coordination. The Ministry of Power and Renewable Energy takes the lead in coordinating and channeling development assistance from major multinational and bilateral development partners for the power system, with the support of the Ministry of Finance and Mass Media. The Ministry of Power and Renewable Energy ensures that interventions in various subsectors match the relevant development partners' strengths and cover distinct geographic areas.

C. Achievements and Issues

8. Upon parliamentary approval of the Sri Lanka Electricity Act, 2009, the same year ADB provided the Clean Energy and Access Improvement Project, which supported strengthening power regulation and encouraging internal CEB reforms, along with investment in power infrastructure.² In 2010-2016, ADB expanded interventions in the power subsector by strengthening the transmission system, supporting rural electrification, and contributing to energy efficiency and renewable energy development.

D. Summary and Recommendations

9. By improving coordination through regular meetings and consultation with major development partners during project implementation, and the preparation of subsequent interventions, ADB will ensure that its activities contribute effectively to the sustainable development of the energy sector and provide the necessary synergies to development partner interventions.

² ADB. 2009. *Report and Recommendation of the President to the Board of Directors: Proposed Loans, Grant, Administration of Grant, and Technical Assistance Grant to the Democratic Socialist Republic of Sri Lanka for the Clean Energy and Access Improvement Project*. Manila