



මුදල්, ක්‍රමසම්පාදන සහ ආර්ථික සංවර්ධන අමාත්‍යාංශය

நிதி, திட்டமிடல் மற்றும் பொருளாதார அபிவிருத்தி அமைச்சு

MINISTRY OF FINANCE, PLANNING AND ECONOMIC DEVELOPMENT

මහලේකම් කාර්යාලය, කොළඹ 01.
ශ්‍රී ලංකාව

செயலகம், கொழும்பு 01.
இலங்கை.

The Secretariat, Colombo 01.
Sri Lanka.

කාර්යාලය } 011 - 2484500
அலுவலகம் } 011 - 2484600
Office } 011 - 2484700

ෆැක්ස් }
தொலைநகல் } 011 - 2449823
Fax }

වෙබ් අඩවිය }
இணையத்தளம் } www.treasury.gov.lk
Website }

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Date }

PRESS RELEASE

Establishment of the Public Debt Management Office

The Public Debt Management Office (PDMO) was established and commenced operationalization on 02nd December 2024, following the enactment of the Public Debt Management Act No. 33 of 2024 (PDMA) on 18th June 2024 and declared effective on 25th November 2024.

The PDMA provides the legal framework for the establishment of the operationally independent Public Debt Management Office (PDMO). This strengthens and centralizes the management of public debt, improves accountability and debt transparency and ensures the implementation of efficient and transparent borrowing practices, which are imperative for debt sustainability and the long-term fiscal health of the country.

There shall be a Director-General appointed to the PDMO by the Cabinet of Ministers. The Director-General shall be the Head of the Office and be responsible for the overall operations of the Office. Key responsibilities of the PDMO include;

- Management of the debt of the Government;
- Issuance and management of loan guarantees;
- Management of on-lending operations; and
- Recording and reporting of public debt.

The PDMO will take over all the relevant functions from the Central Bank of Sri Lanka, the Department of External Resources and the Department of Treasury Operations and will centralize country's debt management operations in a holistic manner and will be fully operationalized by January 2026.

Accordingly, PDMO shall exercise and perform its powers and functions, in line with the provisions of PDMA. These include;

- Preparation and publication of the medium-term debt management strategy, the annual borrowing plan, and the auction calendars for the issuance of Government securities.
- Negotiation of financial terms and conditions and execution of domestic and external borrowings, other credit arrangements and debt management activities of the government.
- Maintenance of relationships for achieving and maintaining access to financial markets.
- Coordination of debt operations in relation to cash flow management.
- Preparation and execution of debt related liability management operations.
- Assessment of the credit risk and advise on risk mitigation mechanisms of loan guarantees and on-lending operations.
- Recording, reporting, dissemination and publication of public debt, loan guarantees, on-lending, suppliers' credit and finance leases.
- Servicing of the debt of the Government on a timely basis.
- Preparation of debt service forecasts.

All relevant parties should coordinate with the PDMO for obtaining prior written approval of the Minister in charge of the subject of Finance for any public issue of debt securities, raising of funds denominated in foreign currency and issuance of guarantees by a State Owned Enterprise in compliance with the Section 26 of the PDMA. Further, State Owned Enterprises shall submit to the PDMO all terms and conditions for each of planned borrowings and a copy of the executed debt contract.

Each Provincial Council, Local Authority and State Owned Enterprise shall submit to the PDMO a record of its outstanding debt not later than forty five days after the end of each quarter in compliance with Sections 27 and 28 of PDMA.