

Performance Report - 2019



Department of Development Finance

ANNUAL PERFORMANCE REPORT FOR THE YEAR 2019

Name of the Institution : **Department of Development Finance**

Expenditure Head No : **243**

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CHAPTER 01 – INSTITUTIONAL PROFILE/EXECUTIVE SUMMARY

1.1 Introduction:

The Department of Development Finance was established on 01st January 2005 with the objective of development of small and medium scale entrepreneurship and revitalizing microfinance sector. The staff of the Department consists of 46 members including 18 Executive Officers in overall. Main activities of the Department can be shown under four sectors as follows;

1. Primary Sector Development

Directing of, implementing Government development subsidy programmes, enhancing primary sector economic development and preparation of policies relevant to emerging sectors.

2. Microfinance Sector Development

Microfinance, one of the widely accepted instruments for poverty alleviation throughout the world has been used in Sri Lanka spanning for over several decades. Microfinance services in Sri Lanka have a wide geographical outreach but the extent of outreach of private operators including Non-Government Organizations (NGO) and commercial banks in rural areas is rather limited. Microfinance has helped households of middle income groups to increase their income and assets; has helped the very poor to increase consumption expenditure; has inculcated savings habits among the poor; has worked as an instrument of consumption smoothing among almost all income groups; and has helped women to increase their social status and to improve the economic conditions.

3. Small and Medium Scale Sector Development

The Small and Medium Enterprise (SME) sector has been identified as an important strategic sector in the overall policy objective of the Government of Sri Lanka and it is seen as a driver of change for inclusive economic growth, regional development, employment generation and poverty reduction. It is properly shown in Sri Lankan economy; as it accounts for more than 75 percent of the total number of

enterprises, provides 45 percent of the employment and contributed to 52 percent of the Gross Domestic Production (GDP).

4. Strategic Planning in Development Finance

Managing excess crop harvests and balancing the supply and demand side disparities giving concern to the SME category of farmers and other market factors in order to stabilize market prices while ensuring farm gate price for producers.

Various Government incentives are provided such as concessionary loans, Treasury guarantees and technical support with the intervention of this Department to encourage SME entrepreneurs and to recognize new entrepreneurs who have a potential to make a remarkable contribution to the economic development process.

1.2 Vision, Mission and Objective for the Institution

Vision

“To become the key Government Agency as facilitator for development financing.”

Mission

“Facilitate to formulate appropriate policies and strategies and mobilize financial resources for the development of SMEs, financing primary sectors through necessary intervention with the relevant stakeholders ”

Objective:

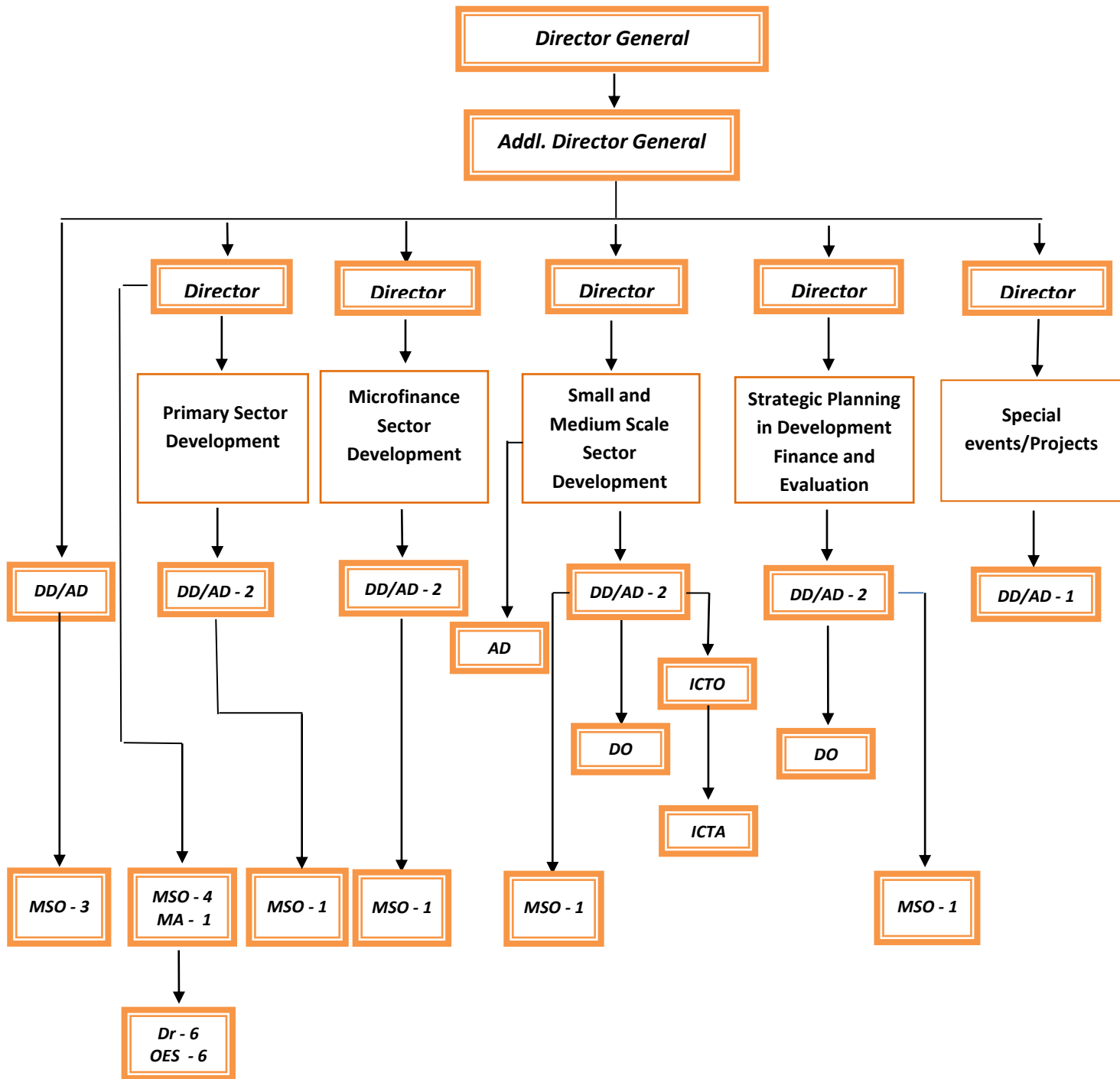
“The Department of Development Finance was established on 01st January 2005 with the objective of development of small and medium scale entrepreneurship and revitalizing microfinance sector.”

1.3 Key Functions

- 1.3.1 Facilitate to formulate appropriate policies, strategies and programmes for the development of Micro, Small and Medium Enterprises (MSMEs) of the economy.
- 1.3.2 Review the market data to identify key issues and provide solutions to the smooth growth of the MSMEs finance sectors.

- 1.3.3 Review Government Subsidy Schemes to ensure economic development and facilitate to formulate appropriate policies.
- 1.3.4 Facilitate in enacting legislations for banking, insurance, MSMEs and financial sector if the market review illustrates the need.
- 1.3.5 Facilitate to annual budget preparation process of the Government in respect of MSME sector, banking sector, financial market and other sectors coming under the purview of this department.
- 1.3.6 Implement budget proposals and donor funded projects related to MSME sector, primary sector and other sectors.
- 1.3.7 Compile all data on MSME's of Industrial, Agriculture and Service sector and analyze to identify the impediments and policy interventions.
- 1.3.8 Oversee implementation of Government sponsored financial assistance schemes.
- 1.3.9 Arranging local bank financing for development projects in MSME finance sectors in line with the Government policy.

1.4 Organization Chart



- DD - Deputy Director
- AD - Assistant Director
- ICTO - Information Communication & Technology Officer
- DO - Development Officer
- ICTA - Information Communication & Technology Assistant
- MSO - Management Service Officer
- MA - Management Assistant
- Dr - Driver

1.5 Departments under the Ministry/ Main Division of the Department/Divisional Secretariats of the District Secretariat

1. Primary Sector Development
2. Microfinance Sector Development
3. Small and Medium Scale Sector Development
4. Strategic Planning in Development Finance

1.6 Institutions/Funds coming under the Ministry/Department/Provincial Council

1.7 Details of the Foreign Funded Projects (if any)

Name of the Project	Donor Agency	Estimated Cost of the Project (Rs. Mn)	Project Duration
Small and Medium Sized Enterprises Line of Credit Project (SMELoC)	Asian Development Bank	29,911	2016-2020
Rooftop Solar Power Generation Line of Credit (RSPGLoC)		7,214	2019-2022

CHAPTER 02 – PROGRESS AND THE FUTURE OUTLOOK

1. Micro, Small and Medium Enterprises (MSMEs) which are recognized as the backbone of the economy plays a significant role to move towards the production economy. Moreover, for achieving the set macro-economic targets such as increasing the Gross Domestic Production (GDP) and Per Capita Income as well as decreasing the unemployment, and creating a stable economy, the MSMEs should be performed fully in its capacity. Since the access to finance of MSMEs is perennial issue, the better access to finance should be expanded and the formal banking sector needed to be shifted from the traditional banking practices to development banking practices for enabling the business environment.
2. To enhance the better access to finance for MSMEs, this Department implemented the several refinancing and Interest Subsidy Loan Programmes such as foreign funded SME Line of Credit Programme, Rooftop Solar Power Generation Project and local funded “Enterprise Sri Lanka Programme” which is consisted 17 interest subsidy loan schemes. These schemes facilitated for all segments in the SME sector such as farmers, youth, women entrepreneurs, self-employees and other special targeted groups by providing non-conventional credit facilities as well as non-financial technical support.
3. However, the introduction of these schemes alone were not sufficient to support the MSMEs. Therefore, the most of MSMEs were not able to function fully in their capacity and bankrupted due to the complex taxation policies, inflexible banking rules and regulations that were practiced in the country. Having realized this situation, a programme including series of proposals have been announced through the new Government Policy Framework, ‘Vistas of prosperity and Splendor’ to re-energize the SME sector with a view of making the industrial sector be the pioneer and trail blazer of the economy. Of which the Government implemented a tax relief package by commencing the implementation of these proposals and introduced a simple tax system for enabling the business environment. In order to encourage the SMEs to grab the opportunities, created due to enabled business environment, a “Debt Relief Package” was introduced by this Department in collaboration with the Central Bank of Sri Lanka (CBSL) with a special emphasis on providing concessions to the SMEs for easing their financial commitments with the banks.

4. In year 2019, the Government has invested heavily in the agriculture sector and the majority of massive agriculture supported programmes such as Government Fertilizer Subsidy Programme, National Crop Insurance Scheme, Farmers Pension Scheme, Paddy Purchasing Programme and Modern Agriculture Warehouse Programme were continued by this Department in collaboration with relevant stakeholders with some expansion for providing maximum benefits to the farmers' community. With the blessings of new Government, the fertilizer subsidy programme which is accounted as the largest subsidy programme was reversed back to the original method that was more productive and convinced to the farmers. Apart from that the modifications were also done to the existing Paddy Purchasing Programme and the Crop Insurance Scheme to give the real benefits for the farmers.
5. This Department also facilitated to control the Cost of Living of the people while ensuring the food security in the country by imposing several measures such as, Maximum Retail Prices (MRPs), increasing availability of food commodities, and making tax adjustments during the year 2019. Among these measures, a special attention was given to ensure the availability of food commodities specially the rice without any scarcity in the market, by implementing the Government paddy disposal programme.
6. Since, the main Government relief programme is being implemented by this Department, considerable amount of the annual Budget allocated to the Ministry of Finance comes under this Department.
7. The Department has been awarded the "Gold Award" recognized by COPA during last three consecutive years on adherence to the Government financial regulations and performance directives, as well as the efficiency, transparency and consistency of financial management.



P Algama

Deputy Secretary to the Treasury
for Secretary to the Treasury



Geetha Wimalaweera
Director General

CHAPTER 03 - OVERALL FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31ST DECEMBER 2019

3.1 Statement of Financial Performance

ACA-F

Statement of Financial Performance for the period ended 31st December 2019

Rs.

Budget 2019	Note	Actual		
		2019	2018	
-	Revenue Receipts	-	-	
-	Income Tax	1	-	} ACA-1
-	Taxes on Domestic Goods & Services	2	-	
-	Taxes on International Trade	3	-	
-	Non Tax Revenue & Others	4	-	
-	Total Revenue Receipts (A)		-	
-	Non Revenue Receipts		-	
-	Treasury Imprests	4,933,544,993.69	2,045,579,007.62	ACA-3
-	Deposits	1,166,962.92	33,073,341.89	ACA-4
-	Advance Accounts	5,231,299.42	1,968,609.92	ACA-5/ 5(a)/ 5(b)
-	Other Receipts	3,751,112.53	22,753,226.64	
-	Total Non Revenue Receipts (B)	4,943,694,368.56	2,103,374,186.07	
-	Total Revenue Receipts & Non Revenue Receipts C = (A)+(B)	4,943,694,368.56	2,103,374,186.07	

Less: Expenditure				
-	Recurrent Expenditure		-	
40,200,000.00	Wages, Salaries & Other Employment Benefits	5	39,333,557.15	32,072,618.21
13,460,000.00	Other Goods & Services	6	11,715,829.13	9,100,317.99
16,082,938,000.00	Subsidies, Grants and Transfers	7	4,086,876,605.41	577,350,538.68
-	Interest Payments	8	-	
-	Other Recurrent Expenditure	9	-	
<u>16,136,598,000.00</u>	Total Recurrent Expenditure (D)		4,137,925,991.69	618,523,474.88
	Capital Expenditure			
-	Rehabilitation & Improvement of Capital Assets	10	-	234,211.25
103,400,000.00	Acquisition of Capital Assets	11	65,047,479.75	511,570,374.51
2,110,202,000.00	Capital Transfers	12	1,305,649,880.71	1,572,685,278.68
10,052,640,000.00	Acquisition of Financial Assets	13	8,644,817,366.04	9,752,852,106.38
2,160,000.00	Capacity Building	14	1,836,252.64	1,163,172.13
209,900,000.00	Other Capital Expenditure	15	7,380,904.42	5,614,019.40
<u>12,478,302,000.00</u>	Total Capital Expenditure (E)		10,024,731,883.56	11,844,119,162.35
	Main Ledger Expenditure (F)		21,482,690.16	7,558,572.43
	Deposit Payments		17,121,089.76	2,100,149.23
	Advance Payments		4,361,600.40	5,458,423.20
	Total Expenditure G = (D+E+F)		14,184,140,565.41	12,470,201,209.66
<u>-</u>	Imprest Balance as at 31st December 2019 H = (C-G)		(9,240,446,196.85)	(10,366,827,023.59)

ACA-2(ii)

ACA-2(ii)

ACA-4
ACA-5/
5(a)/
5(b)

3.2 Statement of Financial Position

ACA-P

Statement of Financial Position
As at 31st December- 2019

	Note	Actual	
		2019 Rs	2018 Rs
Non Financial Assets			
Property, Plant & Equipment	ACA-6	1,706,109,588.80	1,635,641,050.90
Financial Assets			
Advance Accounts	ACA-5/5(a)	7,718,268.63	8,587,967.65
Un Settled Sub Imprest	ACA-3	212,059.09	
Cash & Cash Equivalents	ACA-3		-
Total Assets		1,713,827,857.43	1,644,229,018.55
Net Assets / Equity			
Net Worth		(8,645,978.66)	(23,730,406.48)
Property, Plant & Equipment Reserve		1,706,109,588.80	1,635,641,050.90
Current Liabilities			
Deposits Accounts	ACA-4	16,364,247.29	32,318,374.13
Imprest Balance	ACA-3		
Total Liabilities		1,713,827,857.43	1,644,229,018.55

Detail Accounting Statements in ACA format Nos. 1 to 6 presented in pages from4.... to...40... and Notes to accounts presented in pages from ...41... to53..... form and integral parts of these Financial Statements. The Financial Statements have been prepared in complying with the Generally Accepted Accounting Principles whereas most appropriate Accounting Policies are used as disclosed in the Notes to the Financial Statements and hereby certify that figures in these Financial Statements, Notes to accounts and other relevant accounts were reconciled with the Treasury Books of Accounts and found to in agreement.

S.R. Attygalle
 Chief Accounting Officer
 Name :S.R. Attygalle
 Designation :Secretary, Ministry of Finance, Economy & Policy Development
 Date : 24/2/2020

Geetha Wimalaweera
 Accounting Officer
 Name :K.G.K. Wimalaweera
 Designation: Director General
 Date : 17/02/2020
 Director General
 Department of Development Finance
 Ministry of Finance
 The Secretariat
 Colombo - 01.

W.L.M.A. Liyanage
 Chief Financial Officer/ Chief Accountant/
 Director (Finance)/ Commissioner (Finance)
 Name :W.L.M.A. Liyanage
 Date : 17/02/2020
 Deputy Director- Finance
 Department of Development Finance
 Ministry of Finance
 Colombo 01

S. R. Attygalle
 Secretary to the Treasury and Secretary to the
 Ministry of Finance, Economy and Policy
 Development
 The Secretariat
 Colombo 01

3.3 Statement of Cash Flows

ACA-C

Statement of Cash Flows
for the Period ended 31st December - 2019

	2019 Rs.	Actual 2018 Rs.
<u>Cash Flows from Operating Activities</u>		
Total Tax Receipts	-	-
Fees, Fines, Penalties and Licenses	-	-
Profit	-	-
Non Revenue Receipts	4,370,106	2,068,332,234
Revenue Collected for the Other Heads		
Imprest Received	4,932,926,000	
Total Cash generated from Operations (a)	4,937,296,106	2,068,332,234
<u>Less - Cash disbursed for</u>		
Personal Emoluments & Operating Payments	51,015,906	49,024,152
Subsidies & Transfer Payments	4,498,173,819	1,541,068,547
Expenditure on Other Heads	954,037	
Imprest Settlement to Treasury	215,120,000	
Sub Imprest given	212,059	
Total Cash disbursed for Operations (b)	4,765,475,822	1,590,092,699
NET CASH FLOW FROM OPERATING ACTIVITIES (C))=(a)-(b)	171,820,284	478,239,535
<u>Cash Flows from Investing Activities</u>		
Interest	-	-
Dividends	-	-
Divestiture Proceeds & Sale of Physical Assets	-	-
Recoveries from On Lending	-	-
Recoveries from Advance	2,156,028	
Total Cash generated from Investing Activities (d)	2,156,028	-

Less - Cash disbursed for:

Purchase or Construction of Physical Assets & Acquisition of Other Investment	156,052,670	507,806,857
Advance Payments	1,969,515	

Total Cash disbursed for Investing Activities (e)	158,022,185	507,806,857
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NET CASH FLOW FROM INVESTING ACTIVITIES (F)=(d)-(e)	(155,866,157)	(507,806,857)
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NET CASH FLOWS FROM OPERATING & INVESTMENT ACTIVITIES (g)=(c)+(f)	15,954,127	(29,567,321)
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Cash Flows from Financing Activities

Local Borrowings	-	-
Foreign Borrowings	-	-
Grants Received	-	-
Deposit Received	1,166,963	
Total Cash generated from Financing Activities (h)	1,166,963	-

Less - Cash disbursed for:

Repayment of Local Borrowings	-	-
Repayment of Foreign Borrowings	-	-
Deposit Payments	17,121,090	29,567,321
Total Cash disbursed for Financing Activities (i)	17,121,090	29,567,321

NET CASH FLOW FROM FINANCING ACTIVITIES (J)=(h)-(i)	(15,954,127)	(29,567,321)
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Net Movement in Cash (k) = (g) - (j)	(0)	-
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Opening Cash Balance as at 01st January	-	-
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Closing Cash Balance as at 31st December	(0)	-
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3.4 Notes to the Financial Statements

Basis of Reporting

1. Reporting Period

The reporting period for these Financial Statements is from 01st January to 31st December 2019.

2. Basis of Measurement

The Financial Statements have been prepared on historical cost modified by the revaluation of certain assets and accounted on a modified cash basis, unless otherwise specified.

The figures of the Financial Statements are presented in Sri Lankan rupees rounded to the nearest rupee.

3. Recognition of Revenue

Exchange and non-exchange revenues are recognised on the cash receipts during the accounting period irrespective of relevant revenue period.

4. Recognition and Measurement of Property, Plant and Equipment (PP&E)

An item of Property, Plant and Equipment is recognized when it is probable that future economic benefit associated with the assets will flow to the entity and the cost of the assets can be reliably measured.

PP&E are measured at a cost and revaluation model is applied when cost model is not applicable.

5. Property, Plant and Equipment Reserve

This revaluation reserve account is the corresponding account of PP&E.

6. Cash and Cash Equivalents

Cash & cash equivalents include local currency notes and coins on hand as at 31st December 2019

3.5 Performance of the Revenue Collection

Rs. ,000

Revenue Code	Description of the Revenue Code	Revenue Estimate		Collection Revenue	
		Original	Final	Amount (Rs.)	as a %of Final Revenue Estimate
Not Applicable					

3.6 Performance of the Utilization of Allocation

Rs.,000

Type of Allocation	Allocation		Actual Expenditure	Allocation Utilization as a % of Final Allocation
	Original	Final		
Recurrent	16,525,500.00	16,136,598.00	4,137,925.99	25.6%
Capital	11,389,400.00	12,478,302.00	10,024,731.88	80.33%

3.7 In term of F. R. 208 grant of allocations for expenditure of this Department/District Secretariat/ Provincial Council as an agent of the other Ministries/Department.

Rs.000

Serial No.	Allocation Received from Which Ministry/ Department	Purpose of the Allocation	Allocation		Actual Expenditure	Allocation Utilization as a % of Final Allocation
			Original	Final		
1.	Ministry of Finance	Annual payment of Enterprise Sri Lanka Call Center Number of 1625	586.73	586.73	586.73	100%
2.	Ministry of National Policies and Economic Affairs	Salary Payment of Development Officer	400.00	400.00	368.00	92%

3.8 Performance of the Reporting of Non-Financial Assets.

Rs.,000

Assets Code	Code Description	Balance as per Board of Survey Report as at 31.12.2019	Balance as per Financial Position Report as at 31.12.2019	Yet to be Accounted	Reporting Progress as a %
9151	Building and Structures		*1,667,767.16		
9152	Machinery and Equipment	38,342.42	38,342.42		100
9153	Land				
9154	Intangible Assets				
9155	Biological Assets				
9160	Work in Progress				
9180	Lease Assets				

* The physical ownership of the Grain Preservation Centers established in Anuradhapura, Monaragala, Mannar, Ratnapura, Kilinochchi and Polonnaruwa Districts has been transferred to the respective District Secretaries.

3.9 Auditor General 's Report

The Auditor General's report is attached in Sinhala version.

CHAPTER 04 - PERFORMANCE INDICATORS**4.1 Performance indicators of the Institution (Based on the Action Plan)**

Specific Indicators	Actual output as a percentage (%) of the expected output		
	100% - 90%	75% - 89%	50% - 74%
Microfinance and SME Loan scheme implemented by DFD	100%		
Implemented new enterprises	90%		
Loans issued for women entrepreneurs	100%		

CHAPTER 05 - PERFORMANCE OF THE ACHIEVING SUSTAINABLE DEVELOPMENT GOALS (SDG)

5.1 Indicate the Identified respective Sustainable Development Goals

Goal/Objective	Targets	Indicators of the Achievement	Progress of the achievement to date		
			0% - 49%	50% - 74%	75% - 100%
Goal 1. End Poverty in all its forms everywhere	1.5 Create sound policy framework at the national, regional and international levels, based on pro-poor and gender-sensitive development strategies, to support accelerated investment in poverty eradication actions	1.b.1 Proportion of Government recurrent and capital spending to sectors that disproportionately benefit women, the poor and vulnerable groups	Debt Relief Programme : Number of Borrowers: 45,139 Written-off Capital Amount by FC/MFIs Rs.: 1,255.74Mn Written-off Interest Amount by FC/MFIs : Rs.141.41 Mn		
Goal 2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture	2.4 By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality	2.4.1 Proportion of agricultural area under productive and sustainable agriculture	NCRCS Loan Scheme Number of Loans: 86,301 Loan Amount: Rs.10,370.19 Mn Extend of Land (Acres): 1,563,988 “Ran Aswenna” Loan Scheme Number of Loans: 7,970 Loan Amount: Rs.11,469.3 Mn “Govi Navoda” Loan Scheme Number of Loans: 1,451 Loan Amount: Rs.682.4 Mn Warehouse Construction 06 Warehouses were constructed in Anuradhapura, Buttala, Mannar, Kilinochchi, Polonnaruwa and Ratnapura to store farmer’s produce such as paddy, maize, soya bean, sesame, black gram, pepper, peanut etc. during harvesting period in order to		

			<p>obtain a high price later</p> <p>Paddy Disposal Program Due to the higher prices of rice and a shortage of rice in the market in November, 2019, around 26,000 Mt of rice was sold through Lanka Sathosa outlets and super markets at retail prices well below the Maximum Retail Prices.</p>
<p>Goal 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p>	<p>4.2 By 2030, ensure that all girls and boys have access to quality early childhood development, care and pre-primary education so that they are ready for primary education</p>	<p>4.2.1 Proportion of children under 5 years of age who are developmentally on track in health, learning and psychosocial well-being, by sex</p>	<p>“Singithi Pasala” Loan Scheme Number of Loans: 62 Loan Amount: Rs. 63.4 Mn</p> <p>‘Rekawarana’ Loan Scheme Number of Loans: 9 Loan Amount: Rs. 44.4 Mn</p>
	<p>4.7 By 2030, ensure that all learners acquire the knowledge and skills needed to promote sustainable development, including, among others, through education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and non-violence, global citizenship and appreciation of cultural diversity and of culture’s contribution to sustainable development</p>	<p>4.7.1 Extent to which (i) global citizenship education and (ii) education for sustainable development, including gender equality and human rights, are mainstreamed at all levels in: (a) national education policies, (b) curricula, (c) teacher education and</p>	<p>“My Future” Loan Scheme Number of Loans: 729 Loan Amount: Rs. 650.5Mn</p> <p>“Erambuma” Loan Scheme Number of Loans: 175 Loan Amount: Rs. 230.99 Mn</p>

		(d) student assessment	
Goal 5 Achieve gender equality and empower all women and girls	5.1 End all forms of discrimination against all women and girls everywhere	5.1.1 Whether or not legal frameworks are in place to promote, enforce and monitor equality and non-discrimination on the basis of sex.	We-Fi Grant Number of Loans: 313 Loan Amount: Rs.613.6 Mn
Goal 7. Ensure access to affordable, reliable, sustainable and modern energy for all	7.b By 2030, expand infrastructure and upgrade technology for supplying modern and sustainable energy services for all in developing countries, in particular least developed countries, small island developing States, and land-locked developing countries, in accordance with their respective programmes of support	7.b.1 Investments in energy efficiency as a percentage of GDP and the amount of foreign direct investment in financial transfer for infrastructure and technology to sustainable development services	“Rivi Bala Savi” Loan Scheme Number of Loans: 453 Loan Amount: Rs. 157.6 Mn RSPGLoC Number of Loans: 1020 Loan Amount: Rs.1,749.8 Mn
Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.	8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including	8.3.1 Proportion of informal employment in non-agriculture employment, by sex	SMELoC Number of Loans: 1,011 Loan Amount: Rs. 6,807 Mn “Jaya Isura” Loan Scheme Number of Loans: 1,000 Loan Amount: Rs.21,357.4 Mn “Green Loan” Scheme Number of Loans: 242 Loan Amount: Rs. 791.5 Mn

	through access to financial services.		<p>“Diri Saviya” Loan Scheme Number of Loans: 572 Loan Amount: Rs. 413.3 Mn</p> <p>“Riya Shakthi” Loan Scheme Number of Loans: 178 Loan Amount: Rs. 613.8 Mn</p> <p>“Madya Aruna” Loan Scheme Number of Loans: 258 Loan Amount: Rs. 76.9 Mn</p> <p>“Sancharaka Poddoo” Loan Scheme Number of Loans: 1,198 Loan Amount: Rs. 538.46 Mn</p> <p>“City Ride” Loan Scheme Number of Loans: 8 Loan Amount: Rs. 52.1 Mn</p>
	8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value	8.5.1 Average hourly earnings of female and male employees, by occupation, age and persons with disabilities	Six Divisional Secretaries and one company was formed
	8.9 By 2030, devise and implement policies to promote sustainable tourism that creates jobs and promotes local culture and products	8.9.2 Number of jobs in tourism industries as a proportion of total jobs and growth rate of jobs, by sex	<p>“Jaya Isura” Loan Scheme: 8,204 jobs</p> <p>Home Stay Loan Scheme: 242 jobs</p> <p>SMELoC : Minimum 1,011 jobs</p> <p>“Sancharaka Poddoo” Loan Scheme: 1,198 jobs</p>
Goal 11. Make cities and human	11.1 By 2030, ensure access for all to adequate, safe and	11.1.1 Proportion of Urban population living	<p>“Sonduru Piyasa” Loan Scheme Number of Loans: 14,834 Loan Amount: Rs. 2,958.3 Mn</p>

settlements inclusive, safe resilient and sustainable	affordable housing and basic services and upgrades slums	in slums, informal settlements of inadequate housing	<p>“Home Sweet Home” Loan Scheme Number of Loans: 1,282 Loan Amount: Rs. 4,585.2 Mn</p> <p>“Sihina Maliga” Loan Scheme Number of Loans: 247 Loan Amount: Rs. 1,332.5 Mn</p>
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5.2 Briefly explain the achievements and challenges of the Sustainable Development Goals

Micro, Small and Medium-sized Enterprises Sectors have been identified as the critical strategic sectors in the development process within the Sri Lankan Government’s entire policy framework. This Department was established with the objective of admitting to contributory Government mechanism in order to develop the Small and Medium-sized Enterprises and to revive the Microfinance Sector. During the last year, various programmes that have made immense contribution to economic development, regional development, generation of employments and eradication of poverty were implemented by the Department of Development Finance. Accordingly, the Department intervened many economic productive activities such as writing off microfinance loans in the Districts affected by drought, implementing interest subsidy loan schemes, Paddy Purchasing Programme, Fertilizer Subsidy Programme, Farmer’s Pension Scheme, Crop Insurance Scheme, Women Entrepreneur Finance Initiative Loan Scheme, Construction of agriculture warehouses, Small and Medium Enterprise Line of Credit Scheme (SMELoC), Rooftop Solar Power Generation Line of Credit Scheme (RSPGLoC) and etc.

Attractive conditions and easy access have been caused to upsurge the movement of the rural regional level community towards the finance companies and microfinance institutions in order to fulfill their financial requirements. Women and their families in these regions have faced severe economic downturn while being caught in a debt trap by re-obtaining loans to pay the unpaid loans which has happened due to higher interest of loans and inability of investing the obtained loans in a productive economic activities.

In view of that, actions were taken to write off the microfinance loans obtained from the registered finance companies under the Central Bank of Sri Lanka and Registered Microfinance Institutions under the Microfinance Practitioners’ Association, by the women affected from the prevailed drought during the last period in the Districts of Trincomalee,

Ampara, Batticaloa, Jaffna, Mulathivu, Kilinochchi, Vavunia, Mannar, Kurunegala, Puttalam, Anuradhapura and Polonnaruwa. Within that, from the microfinance loans which are not exceeded Rs.100,000 loan amount and had three months continual arrears, amounting to Rs. 1,255 million of loan capital and Rs.141 million arrears interest were written off and given 45,139 borrowers were benefitted. The cost incurred due to write off of the loans was endured by the General Treasury. From the due six premiums of this, the first two premiums of Rs.420 million were paid for the relevant institutions during the year 2019. While, the people affected from drought received a great relief due to this programme. Further, as per the provisions of Finance Business Act, Finance Leasing Act and Microfinance Act, guidelines were issued through the Central Bank of Sri Lanka prescribing the maximum Annual Interest Rate (Effective Interest Rate) for all the microfinance loans provided by finance companies and microfinance institutions as 35%, restricting the institutional wise changes of interest rate suffering the people further.

Number of programmes were implemented with the aim of food security, good nutrition and sustainable agriculture development. Meanwhile, Fertilizer Subsidy Programme, Paddy Purchasing Programme, Construction of Agriculture Warehouses, Interest Subsidy Agriculture Credit Programme and Crop Insurance Programme helped to maintain balanced market while protecting both the Farmer and the Consumer.

Among the various programmes implemented to improve the agricultural productivity, the Fertilizer Subsidy Programme takes a special place enabling the farmers to keep their production cost low. Because of that Farmers were able to lessen the limitations arose due to high prices of fertilizer. The Government has taken steps to gradually adopt Sri Lanka's agricultural practices for organic fertilizer use by introducing environmentally and socially friendly agricultural inputs and practices from 2020 onwards opening prospects to consume healthy foods that do not contain harmful chemicals. Under this new system both inorganic and organic fertilizer will be freely distributed to farmers and it is expected to gradually make tend farmers to move use of inorganic from organic fertilizer.

Rice is the staple food in the country and is the key factor in ensuring food security and nutritional status. Accordingly, in order to give fair price for farmers and to protect the consumer by keeping rice prices fixed, the Government Paddy Purchasing Programme continued in the year 2019 too. Consequently, during the year 2019, 48,271 Mts of paddy amounting to Rs. 1,886 million were purchased by District Secretariats/ Government Agents utilizing treasury funds.

Six Government managing warehouse complexes were established to increase the farmer's income during harvest protecting the crop security and preventing harvest buying at lower prices by intermediate vendors. Those were established at Anuradhapura, Monaragala, Mannar, Rathnapura, Kilinochchi and Polonnaruwa. Crop drying, cleaning, testing of seeds in laboratories and storage in modern technical ways can be done at these storage complexes. In accordance farmers can earn a high income by keeping harvest at these warehouses and selling them once the market price reaches its peak. These warehouses have capacity of 48,000 Mts and can store Paddy, maize, soya beans, sesame, black gram, black pepper and peanuts. After the establishment of these warehouses, the incremental income of the farmers was around Rs. 68.7 million.

Several interest subsidy loan schemes have implemented with the aim of providing qualitative education for all. In line with, "Singithi Pasala", "Rekawarana" and "My Future" interest subsidy loan schemes were implemented. Accordingly, for children who are in lack of financial abilities and who required financial facilities for higher education were provided to validate a quality education for all regardless of gender. "Arambuma" loan scheme was introduced to provide loan facilities with the aim of forming young entrepreneurs who willing to build from their own rather than depending on Government employment with the completion of their higher education. As a result, at the end of 2019, Rs.989 million has been disbursed among the 975 borrowers under these loan schemes.

With the objective of revitalizing the women entrepreneurs, Women Entrepreneur Finance Initiative Loan Scheme was introduced under the SMELoC. Even though female work force participation rate increased in 2019 compared to the previous year in the same way of the Labour force of the country, Sri Lanka still ranks among the 20 countries with highest gender workforce participation gap. Therefore, in order to encourage women entrepreneurs, 20% portion of the loan obtained for new businesses and business developments by them under the SMELoC Scheme, was provided as a grant. Women entrepreneurs in the lagging regions i.e. Northern, Eastern, Uva and Sabaragamuwa Districts are eligible for 25% portion of grant out of their loan amount obtained from this scheme. Further, some women entrepreneurs are eligible to received 30% grant amount of their loan because they have already followed the training programme organize by the Asian Development Bank (ADB). Accordingly, if Women entrepreneurs are living in lagging region and obtained a certificate from the ADB on the training, she is eligible for a total grant of 35% from the total approved loan. Accordingly, at the end of the year 2019, Rs.613 million has been disbursed among the 313 beneficiaries.

According to the global energy consumption trend, to encourage the utilization of renewable energy sources, which are at low cost and environment friendly instead of fossil fuels, the Rooftop Solar Power Generation Line of Credit project was implemented. The main objective of the project was to supply of 200 MW by the year 2020 and 1,000 MW by the year 2025 to the national grid through installation of Solar Power Generation Systems in each possible residential and commercial buildings. Under these two schemes Rs.1,906 million has been disbursed among the 1,473 beneficiaries.

Hence, most of the programmes that are implemented by the Department of Development finance are the community participatory programmes. Maximum benefit of these programmes can be well transmitted to the people by mitigating the impediments occurred within the country such as complex tax policies, non-flexible bank rules and regulations, favouration towards the conventional borrowers by the bankers, Peoples' unawareness about the introduced facilities by the Government and peoples' reluctance for flexible change.

CHAPTER 06 –HUMAN RESOURCE PROFILE**6.1 Cadre Management**

	Approved Cadre	Existing Cadre	Vacancies/(Excess)**
Senior	19	18	1
Tertiary	15	15	0
Secondary	0	0	0
Primary	12	12	0

6.2 ** Briefly state how the shortage or excess in human resources has been affected to the performance of the institution.

Duties of the vacancy job covered by the officials who are working in the department.

6.3 Human Resource Development

Name of the Programme	No. of Staff Trained	Duration of the programme	Total Investment (Rs. '000)		Nature of the Programme (Abroad/Local)	Output/Knowledge Gained*
			Local	Foreign		
Fifth Forum on Successful Project Design and Implementation	1	3 days	86.3		Abroad	Gained knowledge from ADB regarding the new project techniques and shared the project experiences with other participating countries
G 20 Leader's Summit	1	2 days	50.4		Abroad	It is a High Level International Forum which was participated the Young international leaders to discuss the new initiative of promoting

						women participation for economic activities and sharing the experience of different countries.
3 rd Asia Finance Forum : The Future of Inclusive Finance	1	2 days	109.6		Abroad	Insight and knowledge on topics surrounding financial services and the application of technology such as alternative credit scoring, central bank digital currency, and cyber security.
Community Base Microcredit and Sufficiency Economic Development	1	13 days	113.4		Abroad	Training programme on Community Based Microcredit and Sufficiency Economy Development in Thailand to share the knowledge and experience with participatory countries.
Diploma in Public Procurement and Contract Administration (DPPCA)	2	11 days	1,851		Abroad	The Second Country visit to UK which was a partial requirement of the DPPCA was helpful to improve the knowledge on complex procurement handling and practices.
Co-Operative Microfinance	1	11 days	80.04		Abroad	Improve knowledge about how cooperative microfinance practices in Malaysia can be effectively used to strengthen the microfinance sector in Sri Lanka

Disciplinary and office ethics for drivers	2	2 days	17.00		Local	Drivers has obtained the knowledge of how to deal with official as an ethically and disciplinary.
Advance MS - Excel Skills	3	2 days	Free of charge		Local	The officials learned how to keep their all fundamental information in one spreadsheet it help them to get information quickly and sjust when they needed. Further, it help them to do their accounts easily such as make account summary and completely, doing cash forecasting and corrections etc .
Salary Revision of Government Service	2	2 days	37.50		Local	The officials had special opportunity to study salary conversion circulars and it helps to make salary areas of the Department officials.
Training Programme of the Government Procurement Process	1	2 days			Local	They learned how to apply current procurement procedures and rules to their day to day official work.
Formal Letter Writing Skills	1	1 days	Free of charge		Local	That training programme was more useful to write formal letter properly.

*Briefly state how the training programme contributed to the performance of the institution.

CHAPTER 07 – COMPLIANCE REPORT

No.	Applicable Requirement	Compliance Status (Complied/Not Complied)	Brief Explanation for Non Compliance	Corrective Actions Proposed to Avoid Non-Compliance in Future
1.	The following Financial Statements/Accounts have been submitted on due date.			
1.1	Annual Financial Statements.	Complied		
1.2	Advance to public offers account	Complied		
1.3	Trading and Manufacturing Advance Accounts (Commercial Advance Account)	Not Applicable		
1.4	Stores Advance Accounts	Complied		
1.5	Special Advance Accounts	Complied		
1.6	Others	Complied		
2.	Maintenance of Books and Registers (FR445)			
2.1	Fixed assets register has been maintained and update in terms of Public Administration Circular No. 267/2018	Complied		
2.2	Personal emoluments register/personal emoluments cards has been maintained and update.	Complied		
2.3	Register of Audit queries has been maintained and update.	Complied		
2.4	Register of Internal audit reports has been maintained and update.	Complied		

2.5	All the monthly account summaries (CIGAS) are prepared and submitted to the Treasury on due date.	Complied		
2.6	Register for cheques and money order has been maintained and update.	Complied		
2.7	Inventory register has been maintained and update.	Complied		
2.8	Stocks Register has been maintained and update.	Complied		
2.9	Register of Loses has been maintained and update.	Complied		
2.10	Commitment Register has been maintained and update.	Complied		
2.11	Register of Counterfoil Books (GA-N20) has been maintained and update.	Complied		
3.	Delegation of functions for financial control (FR 135)			
3.1	The financial authority has been delegated within the institute.	Complied		
3.2	The delegation of financial authority has been communicated within the institute.	Complied		
3.3	The authority has been delegated in such manner so as to pass each transaction through two or more officers.	Complied		
3.4	The control has been adhered to by the Accountants in terms of State Account Circular No. 171/2004 dated 11.05.2014 in using the Government Payroll Software Package.	Complied		

4.	Preparation of Annual Plans			
4.1	The Annual Action Plan has been prepared.	Complied		
4.2	The Annual Procurement Plan has been prepared.	Complied		
4.3	The Annual Internal Audit Plan has been prepared.	Complied		
4.4	The Annual Estimate has been prepared and submitted to the National Budget Department on due date.	Complied		
4.5	The annual cash flow has been submitted to the Treasury Operations Department (TOD) on time.	Complied		
5.	Audit Queries			
5.1	All the audit queries has been replied within the specified time by the Auditor General.	Complied		
6.	Internal Audit			
6.1	The Internal Audit Plan has been prepared at the beginning of the year after consulting the Auditor General in terms of Financial Regulation 134 (2) DMA/1-2019	Complied		
6.2	All the internal audit reports has been replied within one month.	Complied		
6.3	Copies of all the internal audit reports has been submitted to the Management Audit Department in terms of Sub-section 40(4) of the National Audit Act No. 19 of 2018.	Complied		

6.4	All the copies of internal audit reports has been submitted to the Auditor General in terms of Financial Regulation 134 (3).	Complied		
7.	Audit and Management Committee			
7.1	Minimum 04 meetings of the Audit and Management Committee have been held during the year as per the DMA Circular 1 - 2019	Complied		
8.	Asset Management			
8.1	The information about purchases of assets and disposals was submitted to the Comptroller General's Office in terms of Paragraph 07 of the Asset Management Circular No. 01/2017.	Complied		
8.2	A suitable liaison officer was appointed to coordinate the implementation of the provisions of the circular and the details of the nominated officer was sent to the Comptroller General's Office in terms of Paragraph 13 of the aforesaid circular.	Complied		
8.3	The board of survey was conducted and the relevant reports submitted to the Auditor General on due date in terms of Public Finance circular No. 05/2016.	Complied		
8.4	The excesses and deficits that were disclosed through the board of survey and other relating	Complied		

	recommendations, actions were carried out during the period specified in the circular.			
8.5	The disposal of condemn articles had been carried out in terms of FR 772.	Complied		
9.	Vehicle Management			
9.1	The daily running charts and monthly submitted to the Auditor General on due date.	Complied		
9.2	The condemned vehicles had been disposed of within a period of less than 6 months after condemning.	Not Applicable		
9.3	The vehicle logbooks had been maintained and updated.	Complied		
9.4	The action has been taken in terms of FR 103, 104, 109 and 110 with regard to every vehicle accident.	Complied		
9.5	The fuel consumption of vehicles has been re-tested in terms of the provisions of paragraph 3.1 of the Public Administration Circular No. 30/2016 of 29.12.2016	Complied		
9.6	The absolute ownership of the leased vehicle log books has been transferred after the lease term.	Complied		
10.	Management of Bank Account			
10.1	The bank reconciliation statements had been prepared, got certified and made ready for audit by the due date.	Complied		
10.2	The dormant accounts that had existed in the year under review or since previous years settled.	Complied		

10.3	The action had been taken in terms of Financial Regulations regarding balances that had been disclosed through bank reconciliation statements and for which adjustments had to be made and had those balances been settled within one month.	Complied		
11.	Utilization of Provisions			
11.1	The provisions allocated had been spent without exceeding the limit.	Complied		
11.2	The liabilities not exceeding the provisions that remained at the end of the year as per the FR 94(1).	Complied		
12.	Advances to Public Officers Account			
12.1	The limits had been complied with	Complied		
12.2.	A time analysis had been carried out on the loans in arrears.	Complied		
12.3	The loan balances in arrears for over one year had been settled.	Complied		
13.	General Deposit Account			
13.1	The action had been taken as per FR 571 in relation to disposal of lapsed deposits.	Complied		
13.2	The control register for general deposits had been updated and maintained.	Complied		

14.	Imprest Account			
14.1	The balance in the cash book at the end of the year under review remitted to TOD.	Complied		
14.2	The ad-hoc sub imprests issued as per FR 371 settled within one month from the completion of the task.	Complied		
14.3	The ad-hoc sub imprests had been issued exceeding the limit approved ass per FR 371.	Complied		
14.4	The balance of the imprest account had been reconciled with the Treasury books monthly.	Complied		
15.	Revenue Account			
15.1	The funds from the revenue had been made in terms of the regulations.	Complied		
15.2	The revenue collection had been directly credited to the revenue account without credited to the regulations.	Complied		
15.3	Returns of arrears of revenue forward to the Auditor General in terms of FR 176.	Complied		
16.	Human Resources Management			
16.1	The staff had been paid within the approval cadre.	Complied		
16.2	All members of the staff have been issued a duty list in writing.	Complied		
16.3	All reports have been submitted to the Management Service Department in terms of their	Complied		

	circular No. 04/2017 dated 20.09.2017			
17.	Provision of Information to the Public			
17.1	An information officer has been appointed and a proper register of information is maintained and updated in terms of Right To Information Act. and Regulation.	Complied		
17.2	Information about the institution to the public have been provided by website or alternative measures and has it been facilitated to appreciate/allegation to public against the public authority by this website or alternative measures.	Complied		
17.3	Bi-Annual and Annual Reports have been submitted as per section 08 and 10 of the RTI Act.	Complied		
18.	Implementing Citizen Charter			
18.1	A citizens charter/ Citizen client's charter has been formulated and implemented by the institution in terms of the circular number 05/2008 and 05/2018 91) of Ministry of Public Administration and Management.	Complied		
18.2	A methodology has been devised by the Institution in order to monitor and assess the formulation and the implementation of Citizens charter/ Citizen client's charter as per paragraphs 2.3 of the circular.	Complied		

19.	Preparation of the Human Resource Plan			
19.1	A human resource plan has been prepared in terms of the format in Annexure 02 of Public Administration Circular No. 02/2018 dated 24.01.2018	Complied		
19.2	A minimum training opportunity of not less than 12 hours per year for each member of the staff has been ensured in the aforesaid Human Resource Plan.	Complied		
19.3	Annual performance agreements have been signed for the entire staff based on the format in Annexure 01 of the aforesaid Circular.	Complied		
19.4	A senior officer was appointed and assigned the responsibility of preparing the human resources development plan, organizing capacity building programmes and conducting skill development programmes as per paragraph No. 6.5 of the aforesaid Circular.	Complied		
20.	Responses Audit Paras			
20.1	The shortcomings pointed out in the audit paragraphs issued by the Auditor General for the previous years have been rectified.	Complied		