



Performance Report

**2
0
2
0**

Department of Development Finance

ANNUAL PERFORMANCE REPORT FOR THE YEAR 2020

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

Expenditure Head No : **243**

CONTENTS

CHAPTERS

1. Institutional Profile/Executive Summary
2. Progress and the Future Outlook
3. Overall Financial Performance for the Year
4. Performance Indicators
5. Performance of the Achieving Sustainable Development Goals (SDG)
6. Human Resources Profile
7. Compliance Report

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 40 members including 12 Executive Officers in overall. Main activities of the Department can be shown under four sectors as follows;

1.1.1 Primary Sector Development

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

1.1.2 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.

1.1.3 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).

1.1.4 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:

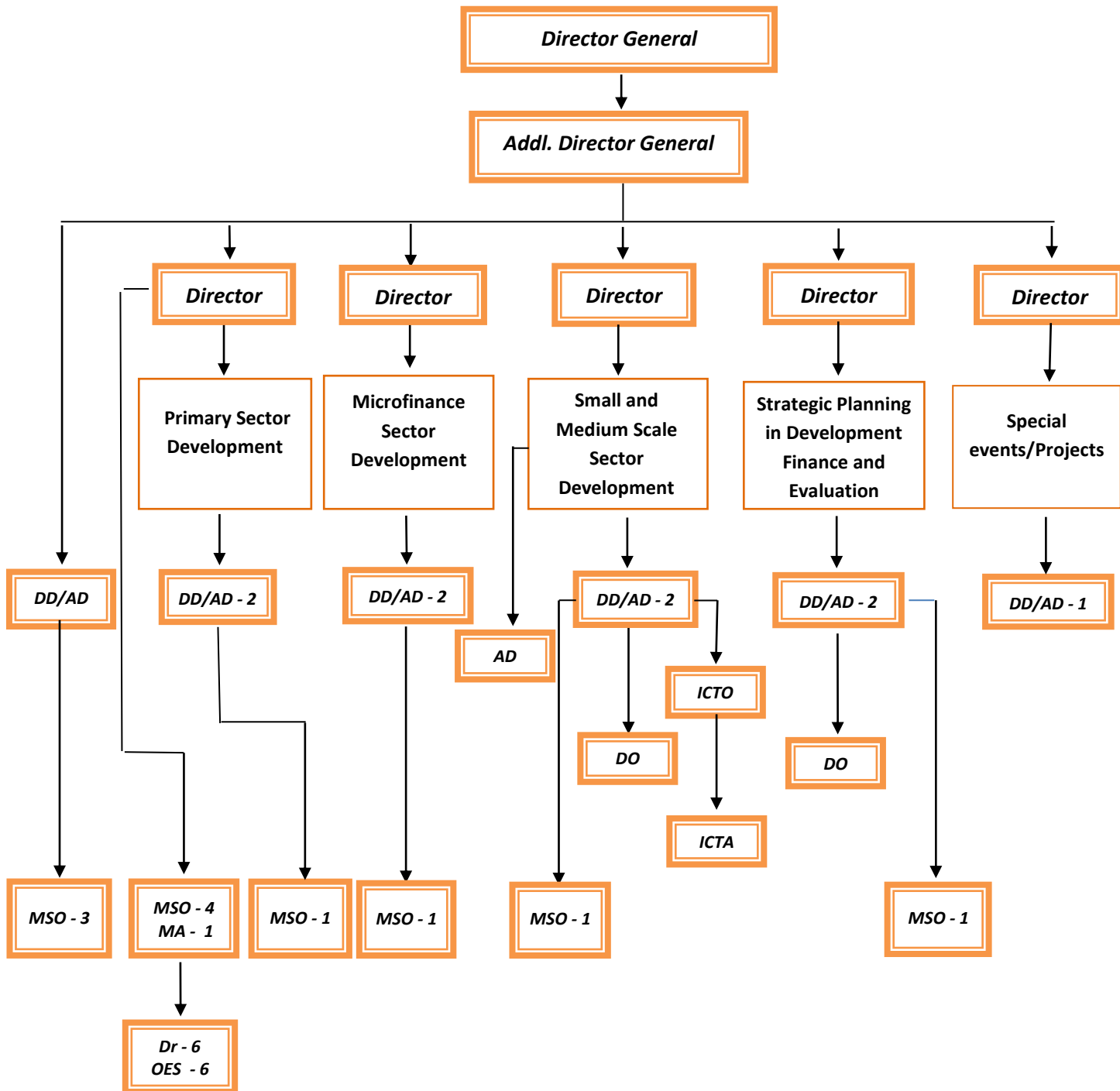
“The Department of Development Finance was established on 01st January 2005 with the objective of development of small and medium scale entrepreneurship and revitalizing microfinance sector.”

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	61,213	2016-2024
Rooftop Solar Power Generation Line of Credit (RSPGLoC)		7,214	2019-2022

CHAPTER 02 – PROGRESS AND THE FUTURE OUTLOOK

- In achieving the macroeconomic targets, increasing of per capita income through the improved Gross Domestic Product, reduced unemployment, and improved living standards of the people is a must. In this context, Micro, Small and Medium enterprises (MSMEs) has to play an important role and Government policies should also be aligned directing the financial institutions to provide necessary financing facilities to sustain the MSMEs. Interest subsidy and other subsidy programmes, proposed through the Government Budget focusing on required Government Policy, are being collaboratively implemented by the Department of Development Finance and the Central Bank of Sri Lanka (CBSL).
- Among the Special Interest Subsidy Schemes of the Government, Interest Subsidy Scheme for Fixed Deposits of Senior Citizens, New Comprehensive Rural Credit Scheme, “Enterprise Sri Lanka” Loan Scheme, and Microfinance Credit Write-off Scheme are the most focused programmes of the Department.
- Credit schemes for selected sectors are further being strengthened with the objective of encouraging micro, small and medium scale entrepreneurs under the Government's National Economic Policy Framework; “Vistas of Prosperity and Splendour”. In particular, under the “*Thurunu Diriya*” Loan Scheme, it is expected to support the youths who have innovative ideas and skills to startup businesses but do not have sufficient funds for investment in the businesses. In addition, the “*Kiri Shakthi*” Loan Scheme also aims to facilitate existing dairy farmers by minimizing the economic hardships on expanding their businesses, attracting new entrepreneurs into the industry, and increasing the country's liquid milk production.
- Considering the public grievances regarding loans obtained by small and medium entrepreneurs in the wake of the catastrophic situation in the country due to spreading of Covid -19, the Government has decided to provide both capital and interest moratorium, rescheduling existing loans with more attractive benefits such as, extending the tenure, writing off the penal interest, providing new working capital loans at affordable interest rate to re-energies businesses, and providing a flexibility for settling overdrafts and permanent overdrafts.
- For meeting the market demand for working capital loans, another USD 100 million (approximately Rs. 20,000 million) was obtained from the Asian Development Bank (ADB) and allocated those funds among 10 selected banks to fulfill the long-term working capital requirements of MSMEs.

- In addition to that, USD 65 million was obtained from ADB for investment loans for MSMEs who have the potential to capitalize the opportunity created by this pandemic situation and also to encourage the Tea Smallholders for re-planting and new planting.
- In order to meet the energy requirement of sustainable local industries and services through renewable energy and to fulfill the sizable requirement of the national energy via renewable energy, the Rooftop Solar Power Generation Line of Credit (RSPGLoC) Project is being implemented by the Department under the financial assistance of ADB.
- The food security and the food crisis had been a global and domestic challenge due to the COVID-19 pandemic since the beginning of 2020. As a remedy, the Government has stepped into the agriculture sector targeting a significant improvement of home-based agriculture. Accordingly, increasing the production of local crops and reducing the out flow of foreign exchange were targeted by temporally suspending the importation of certain crops, introducing new guaranteed prices, and allocating more lands for cultivation. In enhancing local crop production through stimulating the local farmers to engage in cultivation of such products apart from the supports extended through loan schemes and outreach services the government has made several initiatives. Out of that, the Government Fertilizer Subsidy Scheme, the Farmers' Pension Scheme, the Paddy Purchase Program and the Government Grain Storage facilities, as modern agricultural crop storage are some of the important initiatives that have been implemented continuously.
- The Department is an active member of the Committee on Cost of Living and supports the availability of essential food items including rice, without any shortage in the market, especially during the COVID-19 pandemic period, to meet consumer needs by setting Maximum Retail Prices and guaranteed prices. Accordingly, dhal and 425 grams of canned fish were sold at a concessionary rate of Rs. 65/- per kg and Rs. 100 / - per can respectively through the public and private sector retail networks. For this relief program, Rs. 1,028 million was provided as subsidy to retail importers.
- Though the savings of the low income people are generally absorbed by the formal financial institutions like banks, the credit requirements of the micro enterprises are mostly provided by the micro credit institutions which are not regulated by the CBSL. Due to unavailability of a proper regulatory mechanism, more than 1,000 unauthorized micro credit institutions are currently being operated island-wide and the low income people who do not have fair financial literacy are easily attracted by these micro credit institutions by offering customer made micro credit products with door to door service which are not sustainable. These unsustainable micro credit products have increased the rural indebtedness and driven the rural community towards a debt-trap. Having recognized the gravity of this crisis, the Microfinance and Credit Regulatory Authority Act, was finalized and a fully powered Microfinance Credit Regulatory Authority is ready to be established to institutionalize a proper regulatory mechanism for micro finance sector.

- As 'Vistas of Prosperity and Splendor' emphasizes about the usage of fertilizer for building up a community with healthy and productive citizens, it is required to develop the habit of consuming foods with no contamination with harmful chemicals and the entire Sri Lankan agriculture will be promoted to use organic fertilizers during the next ten years. For achieving this target, production of organic fertilizer will be accelerated. In this regard, the Government has prohibited the use and import of chemical fertilizer, pesticide, and herbicides. Also, the Government has decided to give subsidy to organic fertilizer manufactures as well as to the farmers for adopting organic fertilizer.



S Fernando

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 2020

3.1 Statement of Financial Performance

ACA-F

Statement of Financial Performance for the period ended 31st December 2020

Rs.

Budget 2020	Note	Actual		
		2020	2019	
-	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	69,652,872,369.97	4,933,544,993.69	ACA-3
-	Deposits	534,945.00	1,166,962.92	ACA-4
-	Advance Accounts	4,322,850.42	5,231,299.42	ACA-5/ 5(a)/ 5(b)
-	Other Receipts	16,902,044.90	3,751,112.53	
-	Total Non Revenue Receipts (B)	69,674,632,210.29	4,943,694,368.56	
-	Total Revenue Receipts & Non Revenue Receipts C = (A)+(B)	69,674,632,210.29	4,943,694,368.56	

	Less: Expenditure				
-	Recurrent Expenditure		-		
40,725,000.00	Wages, Salaries & Other Employment Benefits	5	38,983,334.09	39,333,557.15	} ACA-2 (ii)
12,230,000.00	Other Goods & Services	6	10,329,966.89	11,715,829.13	
72,179,195,000.00	Subsidies, Grants and Transfers	7	69,238,257,650.13	4,086,876,605.41	
-	Interest Payments	8	-	-	
-	Other Recurrent Expenditure	9	-	-	
72,232,150,000.00	Total Recurrent Expenditure (D)		69,287,570,951.11	4,137,925,991.69	
	Capital Expenditure				
600,000.00	Rehabilitation & Improvement of Capital Assets	10	-	-	} ACA2(ii)
24,000,000.00	Acquisition of Capital Assets	11	17,251,165.30	65,047,479.75	
1,213,603,000.00	Capital Transfers	12	1,094,876,774.05	1,305,649,880.71	
14,043,037,000.00	Acquisition of Financial Assets	13	13,738,408,211.92	8,644,817,366.04	
400,000.00	Capacity Building	14	75,637.89	1,836,252.64	
8,445,000.00	Other Capital Expenditure	15	7,694,139.97	7,380,904.42	
15,290,085,000.00	Total Capital Expenditure (E)		14,858,305,929.13	10,024,731,883.56	
	Main Ledger Expenditure (F)		19,716,512.26	21,482,690.16	
	Deposit Payments		16,164,578.07	17,121,089.76	ACA-4
	Advance Payments		3,551,934.19	4,361,600.40	ACA-5/ 5(a)/ 5(b)
	Total Expenditure G = (D+E+F)		84,165,593,392.50	14,184,140,565.41	
-	Imprest Balance as at 31st December 2020 H = (C-G)		(14,490,961,182.21)	(9,240,446,196.85)	

3.2 Statement of Financial Position

ACA-P

Statement of Financial Position
As at 31st December- 2020

	Note	Actual	
		2020 Rs	2019 Rs
<u>Non Financial Assets</u>			
Property, Plant & Equipment	ACA-6	1,712,245,302.52	1,706,109,588.80
<u>Financial Assets</u>			
Advance Accounts	ACA-5/5(a)	6,947,352.40	7,718,268.63
Un Settled Sub Imprest	ACA-3	-	212,059.09
Cash & Cash Equivalents	ACA-3	-	-
Total Assets		1,719,192,654.92	1,713,827,857.43
<u>Net Assets / Equity</u>			
Net Worth		6,212,738.18	(8,645,978.66)
Property, Plant & Equipment Reserve		1,712,245,302.52	1,706,109,588.80
<u>Current Liabilities</u>			
Deposits Accounts	ACA-4	734,614.22	16,364,247.29
Imprest Balance	ACA-3	-	-
Total Liabilities		1,719,192,654.92	1,713,827,857.43

Detail Accounting Statements in ACA format Nos. 1 to 6 presented in pages from 5 to 40 and Notes to accounts presented in pages from 41 to 54 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.

.....
Chief Accounting Officer

Name :S.R.Attygalle

Designation :Secretary,Ministry of Finance

Date : 20/2/21

S. R. Attygalle
Secretary to the Treasury and
Secretary to the Ministry of Finance
The Secretariat
Colombo - 01

.....
Accounting Officer

Name :K.G.K.Wimalaweera

Designation: Director General

Date : 19/02/2021

Geetha Wimalaweera
Director General
Department of Development Finance
Ministry of Finance
The Secretariat
Colombo - 01

.....
Deputy Director (Finance) - Acting

Name :W.L.M.A.Liyanage

Date : 18/02/2021

W.L.M.A. Liyanage
Deputy Director-Finance (Acting)
Department of Development Finance
Ministry of Finance

3.3 Statement of Cash Flows

ACA-C

Statement of Cash Flows
for the Period ended 31st December - 2020

	2020 Rs.	Actual 2019 Rs.
<u>Cash Flows from Operating Activities</u>		
Total Tax Receipts	-	-
Fees, Fines, Penalties and Licenses	-	-
Profit	-	-
Non Revenue Receipts	17,598,920	4,370,106
Revenue Collected for the Other Heads		
Imprest Received	69,652,175,495	4,932,926,000
Total Cash generated from Operations (a)	69,669,774,415	4,937,296,106
<u>Less - Cash disbursed for</u>		
Personal Emoluments & Operating Payments	49,713,290	51,015,906
Subsidies & Transfer Payments	69,168,824,465	4,498,173,819
Expenditure on Other Heads	1,107,363	954,037
Imprest Settlement to Treasury	-	215,120,000
Sub Imprest given		212,059
Total Cash disbursed for Operations (b)	69,219,645,117	4,765,475,822
NET CASH FLOW FROM OPERATING ACTIVITIES (C) = (a) - (b)	450,129,297	171,820,284
<u>Cash Flows from Investing Activities</u>		
Interest	-	-
Dividends	-	-
Divestiture Proceeds & Sale of Physical Assets	-	-
Recoveries from On Lending	-	-
Recoveries from Advance	1,695,759	2,156,028
Total Cash generated from Investing Activities (d)	1,695,759	2,156,028
<u>Less - Cash disbursed for:</u>		
Purchase or Construction of Physical Assets & Acquisition of Other Investment	434,225,460	156,052,670
Advance Payments	1,969,964	1,969,515

Total Cash disbursed for Investing Activities (e)		436,195,424	158,022,185
NET CASH FLOW FROM INVESTING ACTIVITIES	(F)=(d)-(e)	(434,499,664)	(155,866,157)
NET CASH FLOWS FROM OPERATING & INVESTMENT ACTIVITIES		15,629,633	15,954,127
(g)=(c) + (f)			
<u>Cash Flows from Financing Activities</u>			
Local Borrowings		-	-
Foreign Borrowings		-	-
Grants Received		-	-
Deposit Received		534,945	1,166,963
Total Cash generated from Financing Activities (h)		534,945	1,166,963
<u>Less - Cash disbursed for:</u>			
Repayment of Local Borrowings		-	-
Repayment of Foreign Borrowings		-	-
Deposit Payments		16,164,578	17,121,090
Total Cash disbursed for Financing Activities (i)		16,164,578	17,121,090
NET CASH FLOW FROM FINANCING ACTIVITIES	(J)=(h)-(i)	(15,629,633)	(15,954,127)
Net Movement in Cash (k) = (g) -(j)		0	-
Opening Cash Balance as at 01st January		-	-
Closing Cash Balance as at 31st December		0	-

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 2020.

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 2020.

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	72,536,150,000.00	72,232,150,000.00	69,287,570,951.00	95.92
Capital	14,986,085,000.00	15,290,085,000.00	14,858,305,929.00	97.18

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.	Election Commission	Payments of allowances of the officials who were predicated in election duty.		229,362.59	229,362.59	100

Serial No.	Allocation Received from Which Ministry/ Department	Purpose of the Allocation	Allocation		Actual Expenditure	Allocation Utilization as a % of Final Allocation
			Original	Final		
2.	Ministry of National Policies and Economic Affairs/ Ministry of Public Service, Provincial Council and Local Government	Salary Payment of Development Officer		880,000.00	854,418.33	97.1%

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 31.12.2020	Balance as per Financial Position Report as at 31.12.2020	Yet to be Accounted	Reporting Progress as a %
9151	Building and Structures				
9152	Machinery and Equipment		38,609,143.67		
9153	Land				
9154	Intangible Assets				
9155	Biological Assets				
9160	Work in Progress		1,673,636,158.85	*11,115,451.58	
9180	Lease Assets				

*These amount have been reported by the District Secretaries (Anuradhapura, Monaragala, Mannar, Ratnapura, Kilinochchi and Polonnaruwa) under the department head and action have been taken to record the entry in the month of February after receiving the expenditure reports.

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%
Loan Issued for SMELoC	100%		
Loans issued for women Entrepreneurs	100%		
Fertilizer Subsidy Programme	96.8%		

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.: 1,255.74 Mn. Written-off Interest Amount by FC/MFIs : Rs.141.41 Mn. Government has already spent Rs. 418.6 Mn for this purpose in year 2020.		
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: 62,439 Subsidy amount paid by government in year 2020 : Rs. 216.98 Mn Extend of Land (Acres): 698,379 “Ran Aswenna” Loan Scheme Number of Loans: 7,970 Loan Amount: Rs.11,469.3 Mn Subsidy amount paid by government in year 2020 : Rs. 808.32 Mn. “Govi Navoda” Loan Scheme Number of Loans: 1,451 Loan Amount: Rs.682.4 Mn Subsidy amount paid by government in year 2020 : Rs. 114.86 Mn.		

			<p>Warehouse Construction</p> <p>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 obtain a high price later</p> <p>Paddy Disposal Program</p> <p>In order to control the shortage of rice in 2020, the District Secretary has milled paddy purchased from farmers, through small and medium rice millers, and issued around 12,655 Mt of those rice to Sathosa, Cooperatives and Cargils Super markets outlets. Therefore, it caused to reduce the retail prices in the market.</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</p> <p>Number of Loans: 62 Loan Amount: Rs. 63.4 Mn Subsidy amount paid by government in year 2020 : Rs. 1.68 Mn.</p> <p>'Rekawarana" Loan Scheme</p> <p>Number of Loans: 9 Loan Amount: Rs. 44.4 Mn Subsidy amount paid by government in year 2020 : Rs. 2.77 Mn.</p>
	<p>4.7 By 2030, ensure that all learners acquire the knowledge and skills</p>	<p>4.7.1 Extent to which (i) global</p>	<p>"My Future" Loan Scheme</p> <p>Number of Loans: 729 Loan Amount: Rs. 650.5Mn</p>

	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	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 (d) student assessment	Subsidy amount paid by government in year 2020 : Rs. 23.87 Mn. "Erambuma" Loan Scheme Number of Loans: 175 Loan Amount: Rs. 230.99 Mn Subsidy amount paid by government in year 2020 : Rs. 28.21 Mn.
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: 171 Loan Amount: Rs. 362.18 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	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	"Rivi Bala Savi" Loan Scheme Number of Loans: 453 Loan Amount: Rs. 157.6 Mn Subsidy amount paid by government in year 2020 : Rs. 22.58 Mn. RSPGLoC Number of Loans: 2,283 Loan Amount: Rs. 3,835.29 Mn

	accordance with their respective programmes of support	to sustainable development services	
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 through access to financial services.	8.3.1 Proportion of informal employment in non-agriculture employment, by sex	<p>SMELoC Number of Loans: 281 Loan Amount: Rs. 2,350.72 Mn</p> <p>“Jaya Isura” Loan Scheme Number of Loans: 1,000 Loan Amount: Rs.21,357.4 Mn. Subsidy amount paid by government in year 2020 : Rs. 2,607.26 Mn.</p> <p>“Green Loan” Scheme Number of Loans: 242 Loan Amount: Rs. 791.5 Mn Subsidy amount paid by government in year 2020 : Rs. 57.61 Mn.</p> <p>“Diri Saviya” Loan Scheme Number of Loans: 572 Loan Amount: Rs. 413.3 Mn Subsidy amount paid by government in year 2020 : Rs. 20.79 Mn.</p> <p>“Riya Shakthi” Loan Scheme Number of Loans: 178 Loan Amount: Rs. 613.8 Mn Subsidy amount paid by government in year 2020 : Rs. 225.28 Mn.</p> <p>“Madya Aruna” Loan Scheme Number of Loans: 258 Loan Amount: Rs. 76.9 Mn Subsidy amount paid by</p>

			<p>government in year 2020 : Rs. 22.68 Mn.</p> <p>“Sancharaka Poddo” Loan Scheme Number of Loans: 1,198 Loan Amount: Rs. 538.46 Mn Subsidy amount paid by government in year 2020 : Rs. 63.69 Mn.</p> <p>“City Ride” Loan Scheme Number of Loans: 8 Loan Amount: Rs. 52.1 Mn Subsidy amount paid by government in year 2020 : Rs. 4.37 Mn.</p>
<p>Goal 11. Make cities and human settlements inclusive, safe resilient and sustainable</p>	<p>11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrades slums</p>	<p>11.1.1 Proportion of Urban population living in slums, informal settlements of inadequate housing</p>	<p>“Sonduru Piyasa” Loan Scheme Number of Loans: 14,834 Loan Amount: Rs. 2,958.3 Mn. Subsidy amount paid by government in year 2020 : Rs. 228.83 Mn.</p> <p>“Home Sweet Home” Loan Scheme Number of Loans: 1,282 Loan Amount: Rs. 4,585.2 Mn Subsidy amount paid by government in year 2020 : Rs. 109.81 Mn.</p> <p>“Sihina Maliga” Loan Scheme Number of Loans: 247 Loan Amount: Rs. 1,332.5 Mn Subsidy amount paid by government in year 2020 : Rs. 23.52 Mn.</p>

5.2 Briefly explain the achievements and challenges of the Sustainable Development Goals

Several major projects/programmes introduced by the Government with the objective of uplifting the micro, small and medium enterprise sector which plays a pivotal role in the economic development process are made public through this department. Among those projects, Small and Medium Enterprise Line of Credit Scheme (SMELoC), Paddy Purchasing Programme, Fertilizer Subsidy Programme, Farmer's Pension Scheme and Crop Insurance Scheme, Women Entrepreneur Finance Initiative Loan Scheme, executing the consultation services on managing seed warehouses and Rooftop Solar Power Generation Line of Credit Scheme (RSPGLoC) are some of the main programmes implement by this department. Many of these programs mainly focus on achieving the Sustainable Development Goals while focusing on issues that affect the daily living needs of the people.

The SME sector plays an invaluable role in achieving sustainable development. Recognizing that importance, Small and Medium Enterprise Line of Credit (SMELoC) which launched in 2016 under the Asian Development Bank funds was successfully utilized US\$ 175 million by end of 31st December 2020 including US\$ 100 million initial loan allocation fund plus US\$ 75 million worth of additional allocation. Accordingly, Rs. 28,220 million has been disbursed among 3,539 entrepreneurs from the inception of the project to the end of 2020.

Considering the market demand for SME credit and success of the project the Government requested another round of additional financing from the ADB and accordingly, the ADB has agreed to provide US\$ 65 million. Out of that fund US\$ 45 million has been allocated to support the continuation of the ongoing SMELoC and US\$ 20 million has been earmarked for providing an affordable credit line to tea smallholders as a pilot project to facilitate the new planting, replanting, infilling, and mechanization. With the outbreak of COVID-19, the Government requested the ADB for an emergency financial support to provide short term working capital credit facilities for uplifting the SMEs on order to minimize the adverse effect on business activities and to secure the SME employees as the immediate financial needs of SMEs have been sharply increased. As a response to that request, ADB agreed to provide US \$ 100 million; "SME Emergency Response Component" to the ongoing SMELoC for granting short-term working capital loans for re-energizing the affected SMEs.

Accordingly, a total of US \$ 165 million has been allocated as the third additional provision of the SMELoC and the relevant agreements was signed with the relevant Participatory Financial Institutions in the year 2020.

With a view to enhancing the contribution of women to the economic development of the country irrespective of gender and to strengthening the household economy by empowering women, the Women Entrepreneurship Financial Aid Loan Scheme was launched through 10 Government and Private Sector Banks under the Asian Development Loan Scheme. Accordingly, despite the Covid disaster in 2020, the loan scheme was implemented covering all districts and Rs.1,158 million has been disbursed among the 663 beneficiaries from the beginning of the project to the end of the year 2020. 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 as a 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 organized 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. Through the implementation of such schemes, efforts are being made to reduce the gender gap in the country to some extent.

Further, in year 2020, the fertilizer subsidy scheme is availed to paddy and other crops, in order to obtain an optimum level of yield with a desired level of soil conservation. The cost of fertilizer imports during 2020 was Rs. 52 billion. The Government has identified this programme as a key incentive to be readdressed while introducing environmental and socially friendly agricultural inputs and practices from 2020 onwards.

Accordingly, in order to build a sustainable agricultural environment and ensure the right of the people for a non-toxic diet, more attention was paid to the inclination of the farmers towards sustainable agriculture by directing the use of organic fertilizers instead of chemical fertilizers. In order to achieve these objectives, Sri Lankan agriculture will have to focus entirely on the use of organic fertilizer in the next decade and the production of organic fertilizer in the country will have to be accelerated. With a view to acquaint the farmers with the use of organic fertilizers despite the use of chemical fertilizers, the government was issued the required amount of organic fertilizers to the farmers who use

organic fertilizers in the year 2020 irrespective of the extent of cultivated land as the first step of familiarization with the use of organic fertilizers. The Government has allocated Rs. 250 million for organic fertilizer and spent at about Rs. 23 million in year 2020 and Rs. 01 billion has been allocated for the provision of organic fertilizer for the year 2021.

Over the past year, the government has continued to actively contribute to the paddy purchasing program based on preventing the fluctuation of the staple food price of rice to meet the daily consumption needs of the people and ensuring that farmers make a living without any problem. Accordingly, government had purchased any variety of paddy at Rs 50/- per kg consisting of moisture level of 14% and at Rs. 44/- per kg of that with the moisture level above 14% and up to 22%, which was higher than the standard level of moisture level from farmers after harvesting. Meanwhile, Government has spent Rs. 3,109 Mn to purchase 61,770 Mt. of paddy. Hence, the Government intervened and relieved the farmers from the difficulty of selling their produce and actively helped protect the consumers from the inconvenience caused due to price fluctuations.

Grain preservation centers were established under the state management in 6 districts namely, Anuradhapura, Monaragala, Mannar, Ratnapura, Kilinochchi and Polonnaruwa to increase the income of the farmers by preventing the intermediators from buying the products of the farmers at low price during the harvesting season. A total storage capacity of around 48,000 Mt. is available in those centers to store the products such as, paddy, maize, soy bean, sesame, black gram, pepper and peanut. The services provided by these centers include drying, cleaning, and testing of grain whilst providing storage facilities as well as facilitate farmers to seek access to financial services keeping their produce as collateral. By the end of 2020 almost 3,352 Mt. of produce such as paddy, seed paddy, maize, soya bean, peanut and pepper had been stored at these warehouses. On the other hand the farmers have been able to increase their net income by Rs. 59 million by selling their harvest at suitable time. At the request of the Secretary to the Ministry of Plantation Industries and Export Agriculture, the storage space at the Embilipitiya Grain Protection Center was utilized in collaboration with the Private Sector as a measure to regulate the price of pepper.

The government has to spent a huge cost to supply electricity in each year due to the increase of demand of electricity by daily, constantly changing price of crude oil in the international market and due to the bad weather condition ect. Therefore, the CEB submitted the annual Least Cost Long-Term Generation Expansion Plan (LCLTGEP) pertaining to the period from 2020 to 2039 and as per that plan, it is expected to meet 15% of power need from renewable energy sources by the end of 2039. To assist the

implemented this concept, Rooftop Solar Power Generation Line of Credit was implemented under the funds of the Asian Development Bank to encourage the generation of electricity using low cost eco-friendly renewable energy sources instead of fossil fuels by the end of the year 2020, Rs.3,835.33 million loan has been disbursed among the 2,284 beneficiaries under this project .

Hence, Covid 19 Pandemic was the biggest challenge of the year 2020 in achieving the sustainable development goals. Meanwhile the other challenges of achieving the sustainable development goals include exploitation of farmers by intermediate traders, farmers are not getting enough effort to ensure the food security and mitigate post-harvest losses, complex tax policies, non-flexible bank rules and regulations, interferences of some Government institutions, Peoples' unawareness about the facilities introduced by the Government and peoples' reluctance for a flexible change.

CHAPTER 06 –HUMAN RESOURCE PROFILE

6.1 Cadre Management

	Approved Cadre	Existing Cadre	Vacancies/(Excess)**
Senior	18	12	06
Tertiary	01	01	0
Secondary	15	15	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		
Scientific, Economical and Safe Driving Programme	1	1 day	3,500/-		Local	Trained on Scientific driving methods, frugal driving, traffic rules and regulations, traffic signals and code of ethics in driving were obtained from this training programme.

*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	Complied		

	Software Package.			
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	Complied		

	National Audit Act No. 19 of 2018.			
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 recommendations, actions were carried out during the period specified in the circular.	Complied		
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		