



Performance Report

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Department of Development Finance

ANNUAL PERFORMANCE REPORT FOR THE YEAR 2022

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 49 members including 17 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 extremely 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 through improvement of 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:

“Development of small and medium scale entrepreneurship and revitalizing microfinance sector.”

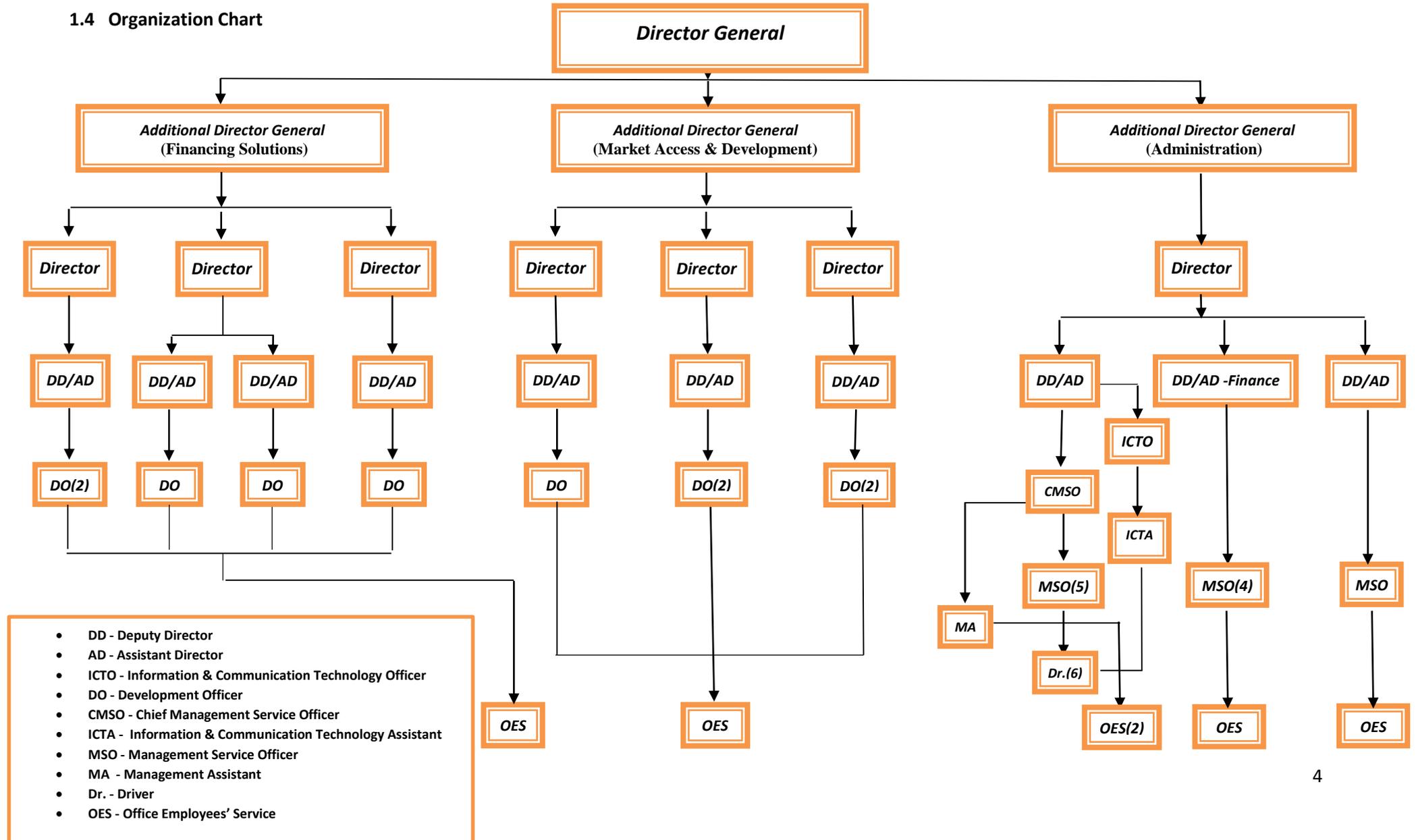
1.3 Key Functions

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
- CMSO - Chief Management Service Officer
- ICTA - Information & Communication Technology Assistant
- MSO - Management Service Officer
- MA - Management Assistant
- Dr. - Driver
- OES - Office Employees' Service

1.5 Main Division of the Department

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

1.6 Funds coming under the Department

Not Applicable

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	69,194.29	2016-2024

CHAPTER 02 – PROGRESS AND THE FUTURE OUTLOOK

Overview

Development of Micro, Small and Medium-sized Enterprises (MSMEs) is vital for a balanced regional development and inclusive socioeconomic growth of the Country. It contributes a well supply of new skills and ideas to the economy and make the market more dynamic. Accordingly, the Department facilitates SMEs by formulating appropriate policies and strategies and by assisting in the mobilization of financial resources for the development of MSMEs specially financing primary sectors through necessary intervention with the relevant stakeholders.

Despite the typical challenges faced by the SME sector, such as access to local and international markets, access to financial assistance, and cash flow management, the SME sector has been severely impacted by the COVID-19 pandemic and the economic downturn. The situation has been made worse by the recent power outages and fuel shortages, resulting in a high failure, low growth, and a low survival rate among SMEs, which has created an uncertain future for the SME sector. Due to the severe financial crisis, the Government was unable to provide financial assistance in the form of interest-subsidy loans through foreign funds or the Government's budget. However, considering the significance of SMEs to the economy, it is needed to be identified alternative sources of funds to provide financial and non-financial support to help this sector sustain and continue operations.

- **Progress of SMELoC Project**

In 2022, under the ADB funded Small and Medium-sized Enterprises Line of Credit (SMELoC) project, totally Rs. 5,700 million was distributed among 692 SMEs as investment loans during 2022 through thirteen licensed banks under the requirement of the component of SME Credit Line. Particularly, 343 women entrepreneurs were assisted by We-Fi grant of Rs. 251 million by blending with the investment loans. Further, Rs. 1,515 million were disbursed to 982 Tea smallholders for new planting, replanting, infilling, irrigation, nursery development and mechanization while 660 tea smallholders were assisted with Rs. 86 million worth of the Japan Funds for Poverty Reduction (JFPR) grant for new tea planting and replanting purposes only.

Moreover, Rs. 19,348 million worth of working capital loans were provided to 3,842 Covid affected MSMEs at the end of 2022 to re-energize their business. Furthermore, ADB pledged US\$ 13.5 million to support MSMEs affected by the economic crisis, as an additional financing under Emergency Response Component of this project.

- **Change in Fertilizer Subsidy Policy to 70:30**

Taking into account the importance of the agriculture sector to the economy, steps were taken to ensure the sector's viability by supporting the Government's fertilizer subsidy policy towards the paddy and other crops cultivation. Considering around 37% reduction in yield due to utilization of 100% eco-friendly fertilizer compared to the harvests using chemical fertilizer and the recommendation of Department of Agriculture on the usage of chemical and organic fertilizer together, fertilizer subsidy policy of the government towards paddy cultivation has been shifted to "Hybrid Fertilizer Policy - 70% chemical and 30% organic fertilizer application" in 2022/23 Maha Season from "100% organic fertilizer policy".

Due to forex issue, availability of adequate amount of chemical fertilizer could not be ensured in 2021/22 Maha Season as well as in 2022 Yala Season. However, the government has managed to obtain USD 55 million under Indian Credit Line facility to import 65,000 Mt of Urea fertilizer for 2022 Yala Season, in addition to the eco-friendly fertilizer supplied in the form of compost, liquid fertilizer, bio fertilizer and special fertilizer at 100% subsidized price. Under the "new 70 - 30 hybrid fertilizer policy" from 2022/23 Maha Season, the government was able to import 105,000 Mt of Urea fertilizer and 40,000 Mt of Muriate of Potash (MOP) fertilizer under the financial assistance of Multilateral Agencies, to manage a part of the chemical fertilizer requirement for paddy cultivation of the season. In order to ensure the affordability of MOP fertilizer to farmers, Rs. 10,000 per ha up to 2 ha was deposited directly to the farmers' bank accounts to purchase MOP fertilizer. In addition, action was taken to procure organic fertilizer worth of Rs. 16,000 million under the supervision of District Secretariats in order to fulfill the organic fertilizer requirement for paddy cultivation under 70:30 fertilizer policy in the 2022/23 Maha season.

Other Field Crops (OFC) were not taken into account for the supply of subsidized fertilizer in 2022. However, private sector was empowered to fulfill fertilizer requirements for Other Field Crops (OFC) of the country. Tea smallholders and maize farmers were provided 8,750 Mt. and 3,105 Mt of Urea fertilizer respectively at the rate of Rs. 15,000 per 50 kg bag from the urea imported by the government to fulfill the urgent fertilizer requirement of those crops.

- **Financial Assistance as a Promotion for Organic Fertilizer Manufacturers**

According to the Government policy "Towards a Green Socio-economic Pattern with Sustainable Solutions to Climate Change", a special loan scheme for organic fertilizer, pesticides and herbicides manufacturers was introduced in collaboration with the Bank of Ceylon, People's Bank and Regional Development Bank. Accordingly, 25 loans amounting to Rs. 162 million were granted to the qualified local organic fertilizer, pesticides and herbicides manufacturers through the above three banks. Interest subsidy for the loan obtained by the local producers are being

paid by the Treasury at present. Accordingly, the General Treasury has already released Rs. 4.5 mn as interest subsidy which belongs to the year 2021 and 2022.

In Sri Lanka, total paddy production decreased to 3.39 million metric tons in 2022 from 5.15 million metric tons in 2021, and as a result paddy quantity purchased by private sector millers also decreased. Therefore, total number and the value of loans granted to the private sector by state and private banks to purchase paddy in 2022 have also decreased by 32 percent and 8 percent, respectively, compared to the year 2021.

- **Operation of Indian Credit Facility (ICL)**

The Credit Facility Agreement between Government of Sri Lanka (GoSL) and State Bank of India (SBI) was signed on March 17, 2022 to obtain a loan of USD 1000 million for the importation of essential items from India to facilitate Sri Lankan importers who faced many difficulties in opening Letters of Credit due to the shortage of foreign currency in the banking system and the market. Based on the requirements arose in time to time the allocation was revised several times and finally revised as; Essential Commodities (USD 371 million), Pharmaceuticals (USD 235 million), Industrial Raw Materials (USD 194 million) and Fuel USD 200 million. Accordingly, Ministry of Trade, Commerce and Food Security, Ministry of Finance, Economic Stabilization and National Policies, Ministry of Health, Ministry of Industries and Sri Lanka Customs are working together in implementation of ICL.

Categories	Amount Allocated (USD Mn) (A)	Approved Value (USD Mn) (B)	Imported value as at Dec.31, 2022 (USD Mn) (C)	Payment Authorizations (PA) Issued (USD Mn) (D)	Percentage of Import (%) ((C/B)*100)
Essential Commodities	371	196	75	73	38 %
Pharmaceuticals	235	130	44	33	34%
Fuel	200	200	200	200	100 %
Industrial Raw Materials	194	64	26	22	41%
Total	1,000	590	345	328	58 %

Source: Indian Credit Facility Coordinating Unit



Malarmathy Gangatharan

Director General

CHAPTER 03 - OVERALL FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31ST DECEMBER 2022

3.1 Statement of Financial Performance

ACA -F

Statement of Financial Performance for the period ended 31ST December 2022

Budget 2022	Note	Actual			
		2022 Rs.	2021 Rs.		
-	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		20,277,341,570	36,391,751,969	ACA-3
-	Deposits		52,476,765,810	91,525	ACA-4
-	Advance Accounts		3,007,786	4,597,091	ACA-5
-	Other Main Ledger Receipts		-	-	
-	Total Non-Revenue Receipts (B)		72,757,115,166	36,396,440,585	
-	Total Revenue Receipts & Non Revenue Receipts C = (A)+(B)		72,757,115,166	36,396,440,585	
-	Remittance to the Treasury (D)		52,476,626,035	-	
-	Net Revenue Receipts & Non-Revenue Receipts E = (C)-(D)		20,280,489,131	36,396,440,585	
-	Less: Expenditure				
-	Recurrent Expenditure				
48,382,665	Wages, Salaries & Other Employment Benefits	5	48,003,735	40,101,482	} ACA-2(ii)
13,550,000	Other Goods & Services	6	12,344,889	706,860,349	
20,897,671,985	Subsidies, Grants and Transfers	7	20,272,915,111	35,291,279,934	
-	Interest Payments	8	-	-	
-	Other Recurrent Expenditure	9	-	-	
20,959,604,650	Total Recurrent Expenditure (F)		20,333,263,734	36,038,241,765	

Capital Expenditure					
300,000	Rehabilitation & Improvement of Capital Assets	10	267,000	422,015	} ACA-2(ii)
10,500,000	Acquisition of Capital Assets	11	2,361,040	1,194,064	
1,109,358,314	Capital Transfers	12	942,626,347	988,690,896	
17,608,641,686	Acquisition of Financial Assets	13	11,354,796,347	18,000,832,439	
125,000	Capacity Building	14	81,926	139,491	
11,580,000	Other Capital Expenditure	15	6,559,086	7,377,278	
18,740,505,000	Total Capital Expenditure (G)		12,306,691,746	18,998,656,183	
	Deposit Payments		36,218,057,375	503,282	ACA-4
	Advance Payments		2,238,788	5,307,115	ACA-5
	Other Main Ledger Payments		-	-	
	Total Main Ledger Expenditure (H)		36,220,296,163	5,810,397	
	Total Expenditure I = (F+G+H)		68,860,251,643	55,042,708,345	
	Balance as at 31st December J = (E-I)		(48,579,762,512)	(18,646,267,760)	
	Balance as per the Imprest Reconciliation Statement		(48,579,762,512)	(18,646,267,760)	ACA-7
	Imprest Balance as at 31st December		-	-	ACA-3
			(48,579,762,512)	(18,646,267,760)	

3.2 Statement of Financial Position

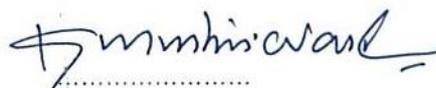
ACA-P

Statement of Financial Position
As at 31st December 2022

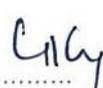
	Note	Actual	
		2022 Rs	2021 Rs
<u>Non Financial Assets</u>			
Property, Plant & Equipment	ACA-6	1,715,350,080	1,713,683,520
<u>Financial Assets</u>			
Advance Accounts	ACA-5/5(a)	6,888,379	7,657,377
Cash & Cash Equivalents	ACA-3	-	-
Total Assets		1,722,238,459	1,721,340,897
<u>Net Assets / Equity</u>			
Net Worth to Treasury		(16,252,142,938)	7,334,520
Property, Plant & Equipment Reserve		1,715,350,080	1,713,683,520
Rent and Work Advance Reserve	ACA-5(b)		
<u>Current Liabilities</u>			
Deposits Accounts	ACA-4	16,259,031,317	322,857
Unsettled Imprest Balance	ACA-3	-	-
Total Liabilities		1,722,238,459	1,721,340,897

Detail Accounting Statements in ACA format Nos. 1 to 7 presented in pages from 6 to 27 and Annexures to accounts presented in pages from 28 to 29 form an integral part 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 in agreement.

We hereby certify that an effective internal control system for the financial control exists in the Reporting Entity and carried out periodic reviews to monitor the effectiveness of internal control system for the financial control and accordingly make alterations as required for such systems to be effectively carried out.


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Chief Accounting Officer
Name :K.M.M.Siriwardana
Designation :Secretary,Ministry of Finance
Date : 21/12/2023

K.M.M. Siriwardana
Secretary to the Treasury and
Secretary to the Ministry of Finance,


.....
Accounting Officer
Name :Geetha Wimalaweera
Designation :Director General
Date : 15.02.2023
Geetha Wimalaweera
Director General
Department of Development Finance
Ministry of Finance
The Secretariat
Colombo - 01


.....
Chief Financial Officer/ Chief Accountant/
Director (Finance)/ Commissioner (Finance)
Name :W.P.B.S.Abeywardana
Date : 15.02.2023
W.P.B.S. Abeywardana
Deputy Director (Finance)
Department of Development Finance

W.P.B.S. Abeywardana
Deputy Director (Finance)
Department of Development Finance

3.3 Statement of Cash Flows

ACA-C

**Statement of Cash Flows
for the Period ended 31st December 2022**

	Actual	
	2022 Rs.	2021 Rs.
<u>Cash Flows from Operating Activities</u>		-
Total Tax Receipts	-	-
Fees, Fines, Penalties and Licenses	-	-
Profit	-	-
Non-Revenue Receipts	-	-
Revenue Collected on behalf of Other Revenue Heads	6,440,483	2,174,249
Imprest Received	20,277,341,570	36,391,751,969
Recoveries from Advance	2,400,749	2,477,557
Deposit Received	52,476,765,810	91,525
Total Cash generated from Operations (A)	72,762,948,612	36,396,495,300
<u>Less - Cash disbursed for:</u>		
Personal Emoluments & Operating Payments	60,815,750	747,554,557
Subsidies & Transfer Payments	20,215,046,597	35,216,913,485
Expenditure incurred on behalf of Other Heads		-
Imprest Settlement to Treasury	52,476,626,035	-
Advance Payments	2,028,668	2,774,199
Deposit Payments	348,807	503,282
Total Cash disbursed for Operations (B)	72,754,865,857	35,967,745,523
NET CASH FLOW FROM OPERATING ACTIVITIES(C)=(A)-(B)	8,082,755	428,749,777

Cash Flows from Investing Activities

Interest	-	-
Dividends	-	-
Divestiture Proceeds & Sale of Physical Assets	-	-
Recoveries from On Lending	-	-
Total Cash generated from Investing Activities (D)	-	-

Less - Cash disbursed for:

Purchase or Construction of Physical Assets & Acquisition of Other Investment	8,082,755	428,749,777
Total Cash disbursed for Investing Activities (E)	8,082,755	428,749,777

NET CASH FLOW FROM INVESTING ACTIVITIES (F)=(D)-(E)**(8,082,755) (428,749,777)****NET CASH FLOWS FROM OPERATING & INVESTMENT ACTIVITIES (G)=(C) + (F)****0 -****Cash Flows from Financing Activities**

Local Borrowings	-	-
Foreign Borrowings	-	-
Grants Received	-	-
Total Cash generated from Financing Activities (H)	-	-

Less - Cash disbursed for:

Repayment of Local Borrowings	-	-
Repayment of Foreign Borrowings	-	-
Total Cash disbursed for Financing Activities (I)	-	-

NET CASH FLOW FROM FINANCING ACTIVITIES (J)=(H)-(I)**- -****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 2022.

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 2022.

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	20,872,580,000	20,959,604,650	20,333,263,734	97
Capital	18,740,505,000	18,740,505,000	12,306,691,746	66

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		
	Not Applicable					

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	---	33,811,267.31	---	---
9153	Land	---	---	---	---
9154	Intangible Assets	---	---	---	---
9155	Biological Assets	---	---	---	---
9160	Work in Progress	---	1,674,538,813	---	---
9180	Lease Assets	---	---	---	---

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	98%	---	---
Loans issued for women Entrepreneurs (We-Fi)	---	---	73%
Tea Smallholder Credit Line	94%	---	---
JFPR Grant Component	---	---	54%
Emergency Response Facility	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 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	2.4.1 Proportion of agricultural area under productive and sustainable agriculture	NCRCS Loan Scheme Number of Loans: 51,558 Subsidy amount paid by government in year 2022 : Rs. 287.92 Mn "Ran Aswenna" Loan Scheme Number of Loans: 7,970 Loan Amount: Rs.11,469.3 Mn		

	<p>for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality</p>		<p>The value of Treasury bonds issued for the interest subsidy to be paid under this loan scheme in the year 2022 is Rs. 444.33 Mn</p> <p>“Govi Navoda” Loan Scheme Number of Loans: 1,451 Loan Amount: Rs.682.4 Mn The value of Treasury bonds issued for the interest subsidy to be paid under this loan scheme in the year 2022 is Rs. 55.75 Mn</p> <p>Warehouse Construction 06 Warehouses were constructed in Anuradhapura, Buttala, Mannar, Kilinochchi and Polonnaruwa 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>As a measure to ensure sustainable agriculture, a policy decision was taken to apply 30% eco-friendly fertilizer along with 70% chemical fertilizer to improve the soil condition.</p> <p>Government Paddy Purchasing Programme Paddy quantity purchased – 78,355 Mt through Paddy Marketing Board. Rice quantity issued – 42,080 Mt through Lanka Sathosa and other supermarkets.</p>
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			Funds provided - Rs.6, 500 million of loans through state banks.
Goal 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	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	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>“Singithi Pasala” Loan Scheme Number of Loans: 62 Loan Amount: Rs. 63.4 Mn The value of Treasury bonds issued for the interest subsidy to be paid under this loan scheme in the year 2022 is Rs. 2.23 Mn</p> <p>‘Rekawarana’ Loan Scheme Number of Loans: 9 Loan Amount: Rs. 44.4 Mn The value of Treasury bonds issued for the interest subsidy to be paid under this loan scheme in the year 2022 is Rs. 3.67 Mn</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	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 (d) student assessment	<p>“My Future” Loan Scheme Number of Loans: 729 Loan Amount: Rs. 650.5Mn The value of Treasury bonds issued for the interest subsidy to be paid under this loan scheme in the year 2022 is Rs. 54.44 Mn.</p> <p>“Erambuma” Loan Scheme Number of Loans: 175 Loan Amount: Rs. 230.99 Mn The value of Treasury bonds issued for the interest subsidy to be paid under this loan scheme in the year 2022 is Rs. 17.17 Mn.</p>

<p>Goal 5 Achieve gender equality and empower all women and girls</p>	<p>5.1 End all forms of discrimination against all women and girls everywhere</p>	<p>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.</p>	<p>We-Fi Grant Number of Loans: 343 Loan Amount: Rs. 251.10 Mn</p>
<p>Goal 7. Ensure access to affordable, reliable, sustainable and modern energy for all</p>	<p>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</p>	<p>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</p>	<p>“Rivi Bala Savi” Loan Scheme Number of Loans: 453 Loan Amount: Rs. 157.6 Mn The value of Treasury bonds issued for the interest subsidy to be paid under this loan scheme in the year 2022 is Rs. 7.31 Mn.</p>
<p>Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.</p>	<p>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.</p>	<p>8.3.1 Proportion of informal employment in non-agriculture employment, by sex</p>	<p>SMELoC Number of Loans: 692 Loan Amount: Rs. 5,448 Mn</p> <p>“Jaya Isura” Loan Scheme Number of Loans: 1,000 Loan Amount: Rs. 21,357.4 Mn. The value of Treasury bonds issued for the interest subsidy to be paid under this loan scheme in the year 2022 is Rs. 1,653.22 Mn.</p> <p>“Green Loan” Scheme Number of Loans: 242</p>

		<p>Loan Amount: Rs. 791.5 Mn The value of Treasury bonds issued for the interest subsidy to be paid under this loan scheme in the year 2022 is Rs. 58.48 Mn.</p> <p>“Diri Saviya” Loan Scheme Number of Loans: 572 Loan Amount: Rs. 413.3 Mn The value of Treasury bonds issued for the interest subsidy to be paid under this loan scheme in the year 2022 is Rs.22.15 Mn.</p> <p>“Riya Shakthi” Loan Scheme Number of Loans: 178 Loan Amount: Rs. 613.8 Mn The value of Treasury bonds issued for the interest subsidy to be paid under this loan scheme in the year 2022 is Rs. 93.83 Mn.</p> <p>“Madya Aruna” Loan Scheme Number of Loans: 258 Loan Amount: Rs. 76.9 Mn The value of Treasury bonds issued for the interest subsidy to be paid under this loan scheme in the year 2022 is Rs. 5.45 Mn.</p> <p>“Sancharaka Poddoo” Loan Scheme Number of Loans: 1,198 Loan Amount: Rs. 538.46 Mn The value of Treasury bonds issued for the interest subsidy to be paid under this loan scheme in</p>
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			<p>the year 2022 is Rs. 3.36 Mn.</p> <p>“City Ride” Loan Scheme Number of Loans: 8 Loan Amount: Rs. 52.1 Mn The value of Treasury bonds issued for the interest subsidy to be paid under this loan scheme in the year 2022 is Rs. 2.08 Mn.</p>
<p>Goal 10 Reduce inequality within and among countries</p>	<p>10.1 Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality.</p>	<p>10.1.1 Redistributive impact of fiscal policy</p>	<p>Fertilizer Subsidy was in effective in 2022 as well to assist vulnerable small scale farmers who owns less than 2 ha paddy lands. Also, Rs. 10,000 per ha upto 2 ha was deposited directly to the bank accounts of farmers to purchase MOP fertilizer.</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. The value of Treasury bonds issued for the interest subsidy to be paid under this loan scheme in the year 2022 is Rs. 152.88 Mn.</p> <p>“Home Sweet Home” Loan Scheme Number of Loans: 1,282 Loan Amount: Rs. 4,585.2 Mn The value of Treasury bonds issued for the interest subsidy to be paid under this loan scheme in the year 2022 is Rs. 301.89 Mn.</p> <p>“Sihina Maliga” Loan Scheme Number of Loans: 247 Loan Amount: Rs. 1,332.5 Mn The value of Treasury bonds</p>

			issued for the interest subsidy to be paid under this loan scheme in the year 2022 is Rs. 72.76 Mn.
Goal 13 Take urgent action to combat climate change and its impacts.	13.1 Integrate climate change measures into national policies, strategies and planning.	13.1.1 Total greenhouse gas emissions per year.	Reduction in the use of chemical fertilizer has contributed to reduction in emission of greenhouse gas (CO ₂).

5.2 Briefly explain the achievements and challenges of the Sustainable Development

Goals

Overview

The main objective of Sustainable Development is to inherit the natural resources of a country to future generations by utilizing them optimally by managing effectively today. With that in mind, in 2015 the United Nations Development Program introduced 17 Sustainable Development Goals (SDG) to be achieved by 2030, covering 17 areas by 193 member countries. Accordingly, the objective is to lead economies towards sustainable development through environmental sustainability, social sustainability, and economic development by connecting the key pillars of human, social, economic, and environmental factors. Sri Lanka have also being taken steps to achieve sustainable development goals and targets, in year 2030 with the participation of public sector, non-governmental organizations, and international organizations.

In order to achieve the primary and foremost objective of these SDG, which is "end poverty in all its forms in everywhere", it is important to accelerate investment for productivity enhancement, provide the necessary infrastructure for priority sectors and guide development strategies with a greater focus on gender equality. Recognizing the importance of Micro, Small and Medium sized Enterprises (MSMEs) as a vital strategic sector in the economic development process, the Department of Development Finance has initiated several micro, small, and medium enterprise sector programs in order to provide the government contribution towards it. Among those, key programmes are the Small and Medium sized Enterprise Line of Credit Scheme (SMELoC) and the working capital loan scheme implemented for the SMEs affected by Covid 19 pandemic and economic downturn.

SME Sector Development

In 2016, a loan scheme worth of US\$ 175 million was launched for SMEs with the assistance of the Asian Development Bank (ADB), to provide investment loans for SMEs and it was successfully completed in 2020. The next phase commenced in 2020 and ADB provided US\$. 165 million. Out of that US\$ 100 million allocated for the Emergency Response Component (ERC) and US\$ 45 million given for continuing further the existing Small and Medium sized Enterprise Loan component and US\$ 20 million has been earmarked for the implementation of a loan scheme as a pilot project to facilitate tea replanting, new-planting, infilling, irrigation, nursery development and to mechanization of tea smallholder planters respectively. Accordingly, under SME Credit Line, around Rs. 5,700 million has been distributed among 692 SMEs as investment loans during the year 2022 and out of that, Rs. 251 million has been distributed among 343 women entrepreneurs as We-Fi grant by blending it with the investment loans.

Moreover, with the spread of the Covid-19 pandemic, the immediate financial needs of SMEs were increased with the view to minimize the risk of the business collapse, securing workers' jobs, and re-empowering SMEs that have collapsed. Accordingly, ADB provided US\$ 100 million (Rs. 19,348 million) under the Emergency Response Component to provide working capital loan for MSMEs. The total amount allocated has been successfully utilized of the end of year 2022 and provided those funds to 3,842 entrepreneurs through 10 Participatory Financial Institutions. Of which, 53 per cent of total loans were non - collateralized loans.

Furthermore, considering the importance of the tea industry as a one of the major sources of generating foreign income for Sri Lanka and increasing the contribution of smallholder planters to it, ADB provided US\$ 20 million as the pilot project to facilitate tea new planting, replanting, infilling, nursery development, irrigation and mechanization. Further, 20% non-repayable grant is provided to encourage borrowers for tea new planting and replanting by blending with the investment loans. Under the Tea Smallholder Credit Line, Rs. 1,515 million have been provided to 982 number of tea smallholders. Out of that, 660 tea smallholders were provided nearly Rs. 86 million worth of JFPR grant for tea new planting and replanting. Further, Out of Rs. 1,515 million, 56 percent has been provided for replanting and 31 percent for new planting.

Food Security, Nutrition and Sustainable Agriculture

Achieving food security, improved nutrition and promote sustainable agriculture is another important objective of the Sustainable Development Goals. For which, it is essential to promote investment in the agricultural sector and improve product quality. This will reduce the number of people suffering from hunger enabling them to attain a non-toxic high level of nutritional meal ensuring food security while guarantee the access of adequate nutritional foods throughout the year for vulnerable people suffering from poverty. Accordingly, the Department of Development Finance actively contributes to this objective through the effective implementation of the Paddy Purchase Program and the Fertilizer Subsidy Program.

Though the government has moved to 100% organic fertilizer policy in 2021, a considerable reduction in harvest was experienced. Due to forex issue, availability of adequate amount of chemical fertilizer also could not be ensured in Maha Season 2021/22 as well as in Yala Season 2022. These have put the food security of the country at risk. However, government was able to import 65,000 Mt of Urea under Indian Credit Line in 2022 Yala Season. Further, 105,000 Mt of Urea under World Bank's funds and 40,000 Mt of MOP were also imported in 2022 under ADB funds. With these fertilizer and the local eco-friendly fertilizer production, fertilizer supply for paddy cultivation in 2022 was managed.

Price of the chicken and eggs were increased by a considerable amount as a result of the animal feed producers and importers were unable to import the required quantities maize during 2022 due to shortage of forex in the local market despite the approval was granted to import maize which is the main ingredient for poultry feed production. It is noted that poultry productions along with fish production helps to manage the protein requirement of the local people. Due to the said price increase of the poultry products, considerable portion of the population were not afford to consume them. Considering this issue, Consumer Affairs Authority has gazetted Maximum Retail Price (MRP) for eggs in 2022 and actions were taken to import and distribute eggs. A considerable rise in maize local harvest in Maha Season 2022/23 also was observed.

In 2022, paddy production in Sri Lanka remained at a low level compared to other years due to the covid-19 pandemic situation that existed since 2020, and the inability to use of fertilizers and fuel for agriculture sector on time. Under these circumstances, government paddy purchasing program was implemented only through the Paddy Marketing Board and 78,355 MT of paddy were purchased by utilizing the loan facilities amounting to Rs.6,500

million provided by state banks. Paddy Marketing Board has provided about 42,080 MT of rice to the people at the maximum retail price through Lanka Sathosa and other supermarkets, and then it was able to provide relief to the consumers during the Sinhala and Hindu New year season despite the prevailed high price of rice in the market.

Considering the upward trend in prices of rice prevailed in the market continued in 2022, the government took measures to continue import of rice in 2022 in order to assure the availability of rice in the market at an affordable level. Both government institutions and private sector institutions imported 922,620 mt. of rice since November 02, 2021 to February 15, 2023. In this process, the Government facilitated to the Sri Lanka State Trading Corporation (STC) to import rice from India by issuing Treasury Guarantees to the People's Bank with the value of Rs. 1,350 million in January 2022 and Rs. 5,135 million in February 2022.

CHAPTER 06 –HUMAN RESOURCE PROFILE

6.1 Cadre Management

	Approved Cadre	Existing Cadre	Vacancies/(Excess)**
Senior	21	17	04
Tertiary	01	01	0
Secondary	23	22	01
Primary	12	9	3

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

Duties of the vacancies 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		
Strengthening, Maintaining and Evaluation of Sustainable Development in Sri Lanka	02	04 Days	---	---	Local	It was a training on managing evaluations to enhance the capacity of the field of evaluations for engaging in development interventions for public officials/NGO officials to enhance the capacity for evaluation organized by the Sri Lanka Evaluation Association. We were able to gain a great deal of evaluation knowledge.
Office Management and Ethics	01	02 Days	7,500	---	Local	Obtained wide knowledge of office management and ethics
Skills Development of Development Officers and Minor Staff	01	02 Days	10,000	---	Local	Obtained knowledge in skill Development.
Roles and Responsibilities of Leave officer in charge	01	01 Day	5,000/-	---	Local	Received knowledge regarding leave in the Chapter 12 of the Establishment Code.
Role and responsibilities of Accounts Clerk	01	01 Day	5,000	---	Local	Gained good knowledge of the practical application in accounting and Book Keeping.
Establishment Code and PSC	01	02 Days	7,500	---	Local	Obtained knowledge on application of the

Rules						Establishment Code and PSC rules in office work.
Procurement Process for Assistant Staff	01	02 Days	10,000	---	Local	Obtained knowledge in procurement.
Ethics and Disciplines for Drivers and Minor Staff	01	02 Days	8,500	---	Local	Obtained training on Ethics and Disciplines

*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	Complied		

	Comptroller General's Office in terms of Paragraph 07 of the Asset Management Circular No. 01/2017.			
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	Not Applicable		

	of less than 6 months after condemning.			
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	Complied		

	approved ass per FR 371.			
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 circular No. 04/2017 dated 20.09.2017	Complied		
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 for at 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		