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Regional Development Department

பிரதேச அபிவிருத்தித் திணைக்களம்

RDD e magazine

2021/2022



Better quality inclusion
for better lives



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Acronyms

4P	Public-Private-Producer Partnerships	NFIS	National Financial Inclusion Strategy
ACSIC	Asian Credit Supplementation Institution Confederation	NPC	National Payments Council
AFI	Alliance for Financial Inclusion	PFI	Participating Financial Institutions
AFRACA	African Rural and Agricultural Credit Association	RDD	Regional Development Department
ATP	Annual Training Program	RF	Revolving Fund
AVC	Agriculture Value Chains	RFSPs	Regulated Financial Service Providers
CBs	Central Banks	ROO	Regional Offices
CBSL	Central Bank of Sri Lanka	SAPP	Smallholder Agribusiness Partnerships Programme
CRIB	Credit Information Bureau	SCRF	Saubagya COVID - 19 Renaissance Facility
DAD-PP	Domestic Agriculture Development – Pilot Phase	SDC	Sustainable Development Council
ESG	Environmental, Social and Governance	SDGs	Sustainable Development Goals
FCRD	Financial Consumer Relations Department	SMEs	Small and Medium Enterprises
FI	Financial Intermediaries	SOE	State-Owned Enterprises
GDP	Gross Domestic Product	UN	United Nations
GOSL	Government of Sri Lanka		
IFAD	International Fund for Agricultural Development		
LPA	Lead Programme Agency		
MC	Management Committee		
MLA	Monetary Law Act		
MOA	Ministry of Agriculture		
MSMEs	Micro, Small and Medium Enterprises		
NFIC	National Financial Inclusion Council		

Director's Message

Dear Colleagues,

It gives me a great pleasure to present you with this e-magazine which is an attempt to accumulate the efforts of the Regional Development Department (RDD) for the period spanning from April 2021 to March 2022. During the period RDD has strategized its actions under a broader mandate of promoting financial inclusion throughout the country.

First and foremost, I would like you to take a note that the term "RDD" includes our six Regional Offices located distantly representing CBSL at the regional level and effectively contributing to reach financial inclusion objectives of the country while carrying out activities on behalf of RDD and the other departments of CBSL.

With the launch of the first ever National Financial Inclusion Strategy (NFIS) of Sri Lanka, a multi-stakeholder endeavour, the policy agenda of the RDD was streamlined towards achieving higher levels of financial inclusion in the country. While operating the NFIS Secretariat, RDD also shoulders two of the four major pillars of the NFIS i.e. MSME Finance and Financial Literacy & Capacity Building. All the activities carried out by the RDD are, as they always have been, a part of this journey towards inclusive growth. However, the journey itself, have now been enlightened with the policy focus provided by the NFIS.

As a part and parcel of this strategic expedition, my team at RDD, has gone to a greater extent in to serving MSMEs including individuals during the unprecedented pandemic period,

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In nutshell, as we see the ground level impact and situation of the country, we always try to include focus on ground level matters in our action plans

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providing much needed support to recover from the worst economic crisis in the Sri Lankan history. They had to go above and beyond their call of duty, working day and night, designing and implementing various new concessionary credit solutions and providing credit supplementary services to the needy sectors of the economy. All these efforts were taken in addition to the implementation of refinance, interest subsidy and credit guarantee schemes generally implemented by the RDD. I take this opportunity to thank my team for their wonderful contribution made during this period to achieve the objectives of RDD without hindrance.

Addressing more pressing concerns of the Sri Lankan economy, RDD is now more focused on strengthening Agriculture Value Chain Financing, exploring means of providing alternative financing solutions for the MSMEs, promoting and piloting on developing Green Villages around the country. Thus, the year ahead would be challenging, yet adventurous and fruitful.

M S K Dharmawardene
Director - Regional Development



Development Finance and Access to Finance

Balanced regional development and poverty reduction

Carrying out a representative activities on behalf of the government by providing the necessary assistance

Story of RDD

Establishment & Objectives

RDD was established in 2002 under the Facility Building and Cooperation Cluster of the CBSL by amalgamating the selected functions of the Banking Department, Rural Credit Department, Banking Development Department and Development Finance Department with the objective of providing assistance to reduce regional disparity of the country.

RDD facilitates to promote financial inclusion and to achieve balanced growth in the country by engaging regional development activities by increasing access to finance and enhancing financial literacy throughout the country.

Further, in terms of Section 7 of the MLA, “the CBSL shall have its principal place of business in Colombo and may have such branches, agencies and correspondents in other places in Sri Lanka or abroad as may be necessary for the proper

conduct of business of the Bank”. At present, there are six ROO established in Matara, Anuradhapura, Matale, Trincomalee, Kilinochchi and Nuwara Eliya to carry out CBSL functions and to promote development activities of respective regions.

In 2020, ROO were amalgamated with RDD with a view of strengthening ROO activities in line with the financial inclusion objectives of the CBSL.

With the objectives of facilitating regional development and promoting sustainable economic growth, RDD focus on the enhanced contribution from the regions to the GDP of the country by sustainable and balanced regional development by reducing regional disparities and eradicating poverty.

Functions of RDD

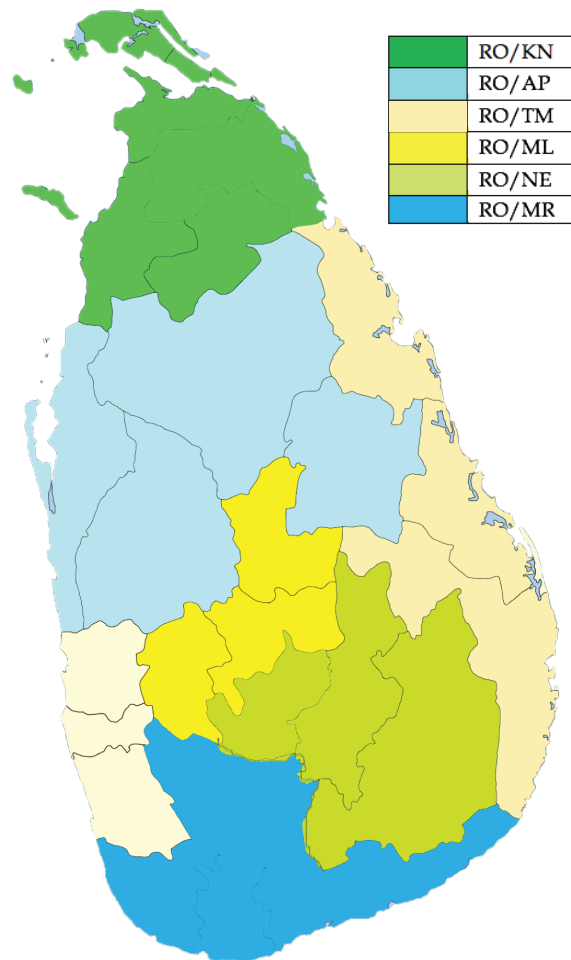
Conducting awareness and capacity building programs to enhance financial literacy, entrepreneurship development and project management skills of MSMEs and the general public mainly targeting underserved segment of the country in line with the objectives of NFIS.

Promoting eco-friendly village environment by transforming selected villages to green villages there by improving healthy living standards and best practices among the community, while focusing on uplifting the livelihood of the underserved people and promoting agricultural exports and market linkage with value chain, while enhancing quality food production for sustainable development.

Delivering the services of the CBSL to the regional level through Regional Offices while strengthening the regional development activities via regional forums and conducting field visits to identify regional issues and new business opportunities.

Promoting regional development by coordinating, facilitating, and implementing concessionary credit schemes and delivering credit supplementary services for MSMEs for production oriented economic activities through formal financial sector and generating more employment opportunities in the rural community while reducing regional income disparities..

Coverage of ROO



Providing interest subsidies and credit guarantees for the loans provided by PFIs to encourage PFIs to provide credit facilities to vulnerable segments in the country, such as agriculture, livestock, fisheries, and any other income generating activity related to MSMEs including self-employed individuals.

Implementing, monitoring, coordinating and evaluating the activities of NFIS of Sri Lanka to increase the country's financial inclusion.

National Financial Inclusion Strategy (NFIS)



NFIC Meeting - June 2022

The CBSL launched the first ever NFIS of Sri Lanka in March 2021 with the prime objective of improving the financial inclusiveness of the country by facilitating more accessible, effective, efficient and affordable financial services for every individual and enterprise in Sri Lanka. The NFIS is currently in the implementation phase with the collaboration of 21 key implementing entities.

A clear governance structure was established to oversee implementation, monitoring, and evaluation of the NFIS, where NFIS Secretariat was set up to ensure coordination, monitoring across the different implementing entities and to support the governance entities (NFIC, MC and NFIS Working Groups) to carry out the relevant responsibilities at different levels.

An Action Plan was put forward in achieving the objectives of NFIS in a timely manner, where all stakeholders assigned with time bound actions that fall under their purview. Accordingly, the Action Plan of NFIS encompasses 83 broad actions spread over the four key pillars of the strategy (Digital Finance and Payments, MSME Finance, Consumer Protection, and Financial Literacy and Capacity Building) and cross-cutting enablers (Data, Infrastructure, and Policy Tools and Enabling Regulatory Environment).

As per the implementation mechanism specified by the strategy, NFIS Secretariat established at RDD conducted 32 Working Group meetings, 2 MC meetings and an NFIC meeting during March 2021 to June, 2022.

NFIS - Progress Highlights

Digital Finance and Payments



- Approval granted by the NPC for the New Payments Road Map 2022-24
- Promotion of QR based transactions by reducing QR Merchant Discount Rates from 1% to 0.5% until further notice
- Active operation of LankaPay Online Platform with the involvement of government entities
- Active operation of Regulatory Sandbox encouraging innovative fintech products to be introduced swiftly and safely to the market
- Completion of pilot phase of the National Transit Card
- Initiation of actions to facilitate an e government platform by relevant government entities

MSME Finance



- Initiation of actions to collect MSME Finance data from RFSPs
- Development of a coordination mechanism for MSME support programs to ensure their targeted and strategic implementation
- Initiation of actions to automate activities relating to MSME Finance schemes by CBSL

Consumer Protection



- Setting up of a contact center by FCRD of CBSL to address public inquiries on consumer protection
- Incorporation of relevant consumer protection provisions into new and amended regulations by three regulators
- Continuous staff training programs by regulating entities to build staff capacities on consumer protection

Financial Literacy and Capacity Building



- Completion of Island wide Financial Literacy Survey to assess the level of financial literacy of the country and to identify gaps and design appropriate policy responses
- Development of a coordination mechanism for Financial Literacy programs to ensure their targeted and strategic implementation
- Actions taken to incorporate financial education into the school curriculum as a compulsory subject
- Development of financial education modules on Financial Literacy and Digital Literacy

Enablers

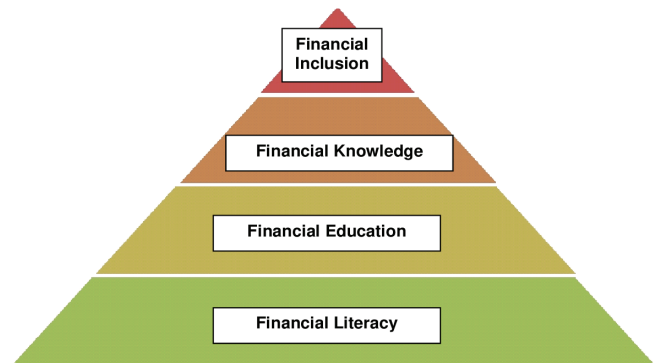


- Commencement of the pilot run of new CRIB system to expand the scope of data collection and increase data updating frequency
- Promotion of the construction communication towers by Telecommunication Regulatory Commission of Sri Lanka to bridge network gaps
- Operationalize the NFIS governance structure for implementation of the strategy

Financial Literacy

In general, financial literacy refers to the combination of knowledge, skills, attitudes, and behaviors required to make rational financial decisions and ultimately to achieve the financial security of individuals and households. Thus, financial literacy involves imparting financial knowledge and skills to individuals and households so that they can make rational financial decisions and take effective action regarding their personal money management. As stated by the United States Treasury's Financial Literacy and Education Commission, financial literacy is "the ability to use knowledge and skills to manage financial resources effectively for a lifetime of financial wellbeing." As defined by the World Bank "financial literacy represents the level of aptitude in understanding personal finance. It often refers to awareness and knowledge of key financial concepts required for managing personal finances and is generally used as a narrower term than financial capability."

As per the records of UN, there are 1.7 billion adults in the world that are excluded from the formal financial system. As a developing nation, financial literacy level among individuals and MSMEs in Sri Lanka is comparatively at low level compared to peer countries. Improving financial literacy can enhance the ability of an individual or household to use their financial resources effectively and efficiently. Affordable access to and use of financial services helps individuals and MSMEs generate income, manage irregular



cash flow, invest in opportunities, and work their way out of poverty.

Financial inclusion is defined as the availability and equality of opportunities for the individuals and businesses to access useful and affordable financial products and services that meet their needs. Maintaining a high level of financial inclusion is crucial for inclusive development of the country. Higher financial literacy level in the country can assist in increasing financial inclusion in a favourable manner. Therefore, financial literacy is treated as one of the influential components for financial inclusion. Accordingly, Financial Literacy and Capacity Building is identified as one of the key pillars of NFIS Sri Lanka. In line with the above, RDD and ROO of the CBSL continued in-person and online Financial Literacy, Entrepreneurship Development, Capacity Building and Training of Trainers Programs to enhancing financial literacy and financial inclusiveness among the general public.



Total Awareness
Programmes - 236



Print Media
Articles &
Advertisements - 5



Total TV &
Radio
Programmes - 14

Decentralizing Central Bank Functions at Regional Level

ROO represent the Central Bank in regional level while facilitating many aspects such as identifying underserved segments in the country, conducting awareness programmes, credit camps, trade fairs, etc. During the period, the six ROO of the CBSL directly handled more than 115,788 queries relating to FPF and 1,292 public grievances in various aspects. Further, they involved in facilitating several surveys conducted by the CBSL during the period.

During the various awareness programmes conducted at the regional level, ROO have covered various target audiences such as school



and university students, entrepreneurs, public servants, police officers, bankers and general public etc.

Awareness Programmes on Foreign Remittances

Awareness Programmes Unauthorized Deposit Taking, Prohibited Financial Schemes and Counterfeit Notes

Other Awareness Programmes

Field Visits conducted by RDD and ROO

RDD conducted visits on projects/programmes conducted by MSMEs under credit schemes of RDD in order to assess and enhance the effectiveness of such credit schemes.



Awareness Programs on Foreign Remittances

Several steps have been taken by the Government and the CBSL to ensure the foreign remittances reach full potential in a manner that is beneficial to the worker as well as to the country. At the same time, several measures were taken by the CBSL and the law enforcement authorities to curtail informal fund transfer channels and encourage migrant workers to use formal channels to remit their hard-earned foreign exchange to the benefit of their dependants.

Accordingly, ROO conducted several awareness programmes on foreign remittances considering the national importance of improving the worker remittances inflows through formal channels targeting the household members of the foreign workers and government officials, for the purpose of promoting additional incentive provided by the CBSL and strengthening worker

remittances inflows to the country, thereby improving the foreign currency liquidity in the domestic foreign exchange market.

The following table summarizes the programmes conducted by ROO on foreign remittances during the period.

RO	Total No. of Programmes	Total No. of Beneficiaries
RO/Matara	04	357
RO/Anuradhapura	22	1,482
RO/Matale	32	1,785
RO/Trincomalee	28	977
RO/Kilinochchi	04	461
RO/Nuwara Eliya	01	25



Awareness Programmes on Unauthorized Deposit Taking, Prohibited Financial Schemes and Counterfeit Notes

Creating Awareness on unauthorized deposit taking institutions and prohibited financial scheme is timely important matter in order to improve financial literacy and financial inclusion. Importantly, there is a special requirement for this awareness programmes in some regions. Further, knowledge related to security features

of genuine currency notes, identification of forge notes and clean note policy was also included to the programme content. In summary, following awareness programmes were conducted at regional level under this topic.

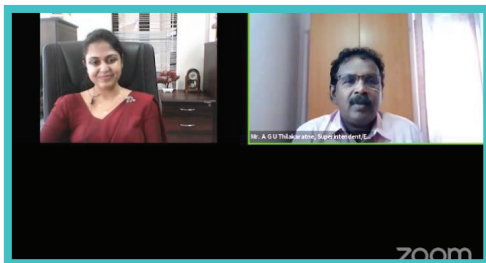
RO	Total No. of Programmes	Total No. of Beneficiaries
RO/Matara	23	1,273
RO/Anuradhapura	22	1,482
RO/Trincomalee	06	238
RO/Kilinochchi	01	25



Other Awareness Programmes

RO/Matara

RO/Matara conducted several other awareness and training programmes in various subject areas.



	Program	No of Participants
01	Online Educational Seminar- Sinhala & English Medium	4079,1746
02	Webinar on Quality Standards for Entrepreneurs engaged in Food industry	18220
03	Webinar on Foreign Exchange Regulation	40
04	Webinar on Taxation for MSMEs	2934
05	Online Awareness on EPF Services	3857
06	Webinar on Government Securities	2261
07	Webinar Investing in Stock Market	3300
08	Webinar on Role of the Labour Department in EPF Services	14376
09	Webinar on Usage of Credit/Debit Cards	3353
10	Webinar on Export Procedure	25374
11	Webinar on Agencies Involved in International Trade in Sri Lanka	1838
12	Webinar on Achieving Success of the business through New technology	23027
13	Webinar on Saving and Investment Opportunities	3180
14	Webinar on Digital Payment Methods	2680
15	Webinar on Alternative Funding Sources for entrepreneurs	2044
16	Digital Marketing for Smaller Business	4427

RO/Matale

RO/Matale conducted several educational seminars and exposure visits.

	Program	No of Participants
01	Highlights of Annual report 2020	250
02	Digital Payment Systems	68
03	Technology Transfer Programme on bite and mixtures manufacturing	30

RO/Trincomalee

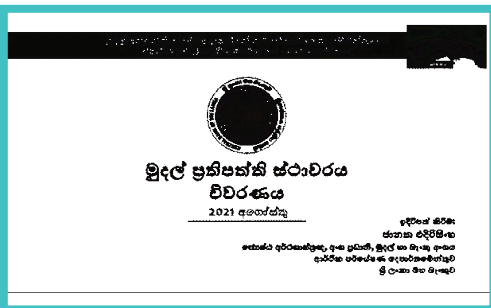
RO/Trincomalee conducted several programmes in raising public awareness and improving knowledge and skills of entrepreneurs .



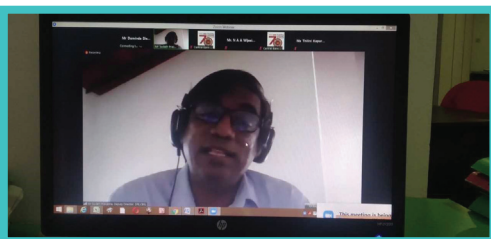
	Programme Name	No. of Participants
01	02 Skill Development programme on Tailoring	57
02	Skill Development programme on batik designing	57
03	Awareness on foreign Exchange Regulations	145
04	Webinar on Business clinic	50
05	Online Awareness on EPF Services	3857

RO/Anuradhapura

RO/ Anuradhapura conducted 09 webinars with the assistance of other CBSL departments and other Institutions covering 10,971 MSMEs, Bankers, Government Officers, Students and Teachers for the period of April 2021-March 2022



	Programme Name	No of Participants
01	A webinar on CRIB services for Officers	572
02	A webinar on anti-money laundering and countering the terrorist financing	656
03	A webinar on foreign exchange regulations	488
04	A webinar on latest development of digital payment systems	862
05	A webinar on inflation, price level and GDP	757
06	A webinar on role of the Employees Provident Fund	2,248
07	A webinar on financial customer protection framework of LFC	750
08	A webinar on monetary policy review in regional level	2,311
09	A webinar on central bank monetary policy and open market operations	1,976



RO/Kilinochchi

RO/Kilinochchi conducted following programmes for Entrepreneurs and MSMEs.



	Programme Name	No of Participants
01	Training Programme on Designing Webpage	40
02	Workshop on 'Business Registration'	65
03	Workshop on 'Business Plan and Credit Linkages	40
04	Discussion on 'Business Development Services'	34
05	Awareness programme on 'Organic Certification	67
06	Training programme on 'Social Media Marketing	65
07	Two virtual training programmes on 'Designing Webpage	80 & 50
08	Virtual awareness programme on 'Obtaining GMP & SLS Certificates	30

RO/Nuwara Eliya

RO/Nuwara Eliya conducted following programmes for Entrepreneurs and MSMEs.



	Programme Name	No of Participants
01	Virtual Awareness Programme on "Digital marketing Strategies for MSME sector development"	91
02	Virtual Awareness programme on "How to Stay Ahead with Digital Marketing: Tips for Small Businesses"	40
03	Virtual Awareness Programme on social venture	259
04	Virtual Awareness Programme on Digital Payment Systems	329
05	Virtual Awareness Programme on Financial Consumer protection	254
06	Virtual Awareness Programme on Financial Consumer Protection Framework	219
	Webinar Investing in Stock Market	3300
07	Awareness Programme on exchange control regulations	243
08	Awareness Programme on AML/CFT	266
09	Awareness Programme on "How to address administration issues on EPF matters (Sinhala)	173
10	Awareness Programme on "How to address administration issues on EPF matters (Tamil)	143
11	Virtual Awareness Session on Monetary Policy Review (Sinhala Medium)	388
12	Virtual Awareness Session on Money issuance and circulation in the country (Sinhala Medium)	164

Loan Schemes Implemented by RDD

As an agent to the government, RDD implements various concessionary Loan Schemes targeting MSMEs with the view of expanding access to finance through credit supplementation to generate employment opportunities and reduce income disparity of underserved segment of the country with the funding assistance of the CBSL, GOSL and Donors.

In terms of the Section 88 of MLA, Refinance Loan Schemes are implemented with the object of granting financial accommodation to any credit institution in respect of lending operations carried out by such institution for any productive purpose.

In terms of the Section 108 of MLA, Credit Guarantee and Interest Subsidy Loan Schemes are implemented with the objective of acting as an agent, or for the account, of the Government or of any of the agencies or institutions in guaranteeing, insuring, or participating in the loans, or any category.

Apart from the above, for the first time in RDD history, a Loan Scheme has been implemented under the provisions of Section 83 of MLA to grant loans or advances for any fixed period not exceeding 180 days upon promissory notes secured by the pledge with the banks in order to facilitate Working Capital Facilities for Covid 19 affected businesses, considering the national importance of revamping the businesses.

Continued the financial facilities for the needy sectors during the period

- RDD operated 20 refinance, interest subsidy and credit guarantee schemes, funded by Government, Central Bank and Donor

Agencies during the period. In total, RDD released Rs. 27,268.13 million covering 80,899 beneficiaries through PFIs during the period under 14 refinance and 6 interest subsidy and/or credit guarantee schemes.

Granted concessions for the MSMEs during the period

- Under the prevailing COVID-19 pandemic, moratoria for the loans granted to MSMEs and borrowers were given both repayment period and grace period on several occasions throughout the year.

Introduced new credit schemes during the period from April-2021 to March- 2022

- Intensification of shrimp farming in Sri Lanka towards increasing the production by twofold gradually, a new interest subsidy scheme was introduced in December 2021.
- With the intention of bearing the credit risk of PFIs lending to the rice mill owners in Sri Lanka, a credit guarantee scheme was implemented.
- The SCRF - Phase IV was introduced by allocating Rs. 10,000 million as a refinance scheme to provide working capital loans to re-energise SOEs
- The pilot phase of the DAD programme was introduced to identify the gaps and opportunities to develop a comprehensive market-based value chain system in the country.

Schemes currently implemented by RDD

Name	Objective	Interest Rate
Saubagya Loan Scheme	Start up or expand any micro, small and medium scale enterprise (MSME) or any MSME affected by a disaster.	9.00
New Comprehensive Rural Credit Scheme (NCRCS)	Uplifting the socioeconomic conditions of micro and small-scale farmers who engage in cultivation of paddy and short term crops including home gardening.	8.00
Domestic Agriculture Development Programme – Pilot Phase (DAD-PP)	Develop the domestic agriculture sector and to promote agriculture exports	<Rs.1mn - 4.00 >Rs.1mn to Rs.25 mn - 5.00
Smallholder Tea and Rubber Revitalization (STaRR)	Provide concessionary credit facilities for the smallholder farmers involved in STaRR Project, who experienced in delaying income generation from replanted and new planted tea and rubber plantations, by supporting them to establish a self-employment or a short-term income generating activity until such time, the income is generated from their replanted or new planted plantations.	6.50
Smallholder Agribusiness Partnership Programme (SAPP) RF Income Generation Loan Scheme	Increase the production, productivity, quality, and value addition of agriculture produce.	6.50
SAPP RF Agribusiness Loan Scheme		6.50
SAPP RF Youth Loan Scheme		6.50
SAPP RF Financial Intermediary Bulk Loan		6.50
SAPP RF Promoter Bulk Loan		6.50
SAPP RF Promoter Loan		6.50
SAPP RF Tea and Rubber sector Loan		6.50
SAPP 4P Agribusiness Loan Scheme		Increase the production, productivity, quality and value addition of agriculture produce.
SAPP 4P Youth Loan Scheme	6.50	
SAPP 4P Financial Intermediary Bulk Loan	6.50	
SAPP 4P Promoter Bulk Loan	6.50	
SAPP 4P Promoter Loan	6.50	
Credit Guarantee Scheme for the MSME Rice Mill Owners in Sri Lanka	Provide credit guarantee to the Participating Financial Institutions (PFIs) who are providing loans to the eligible borrowers under the Scheme for the purpose of purchasing paddy.	Prevailing market rate
Interest Subsidy Scheme for Intensification of Shrimp Farms in Sri Lanka	Assist Shrimp farmers to upgrade their farms	1st 18 months-4.50 Next 6 months-8.50
Refinance Scheme for COVID19 affected SOEs – SCRF Ph IV	Fulfil the working capital requirements and setting the statutory obligations of State-Owned Enterprises (SOEs)	4.00
Self – Employment Promotion Initiative Loan Scheme Phase II (SEPI II)	Provide financial assistance to youth trained by recognized vocational training institutions for establishment of their own self-employment projects.	7.00
Swashakthi Loan Scheme	Generate employment opportunities, for new young entrepreneurs engaged in income generating activities MSME Sectors.	5.50

Value Chain Finance

“

Value chain finance is different from conventional agriculture financing from its concept and implantation”

Broadly, it involves use of set of financial instruments which can be applied for agricultural and agribusiness financing such as product financing, receivable financing, physical-asset collateralization, risk mitigation products, financial enhancements.

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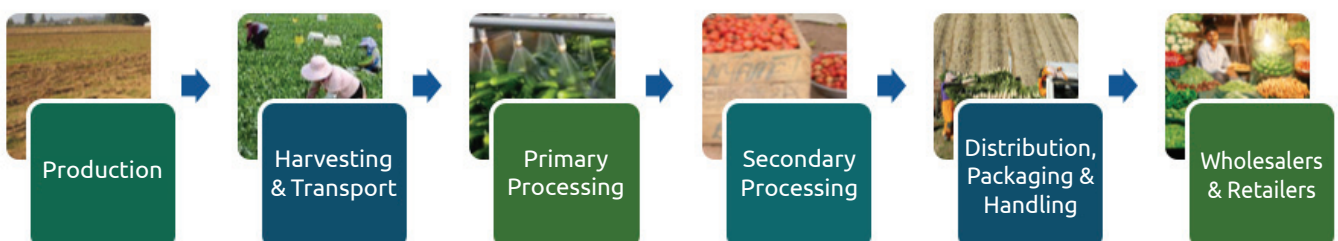
Value Chain Finance can be known as providing funds to various participants at any point within a value chain or improving finance at specific points in the value chain to increase the competitiveness of the entire value chain. It involves flowing of all financial services, products, and support services through the value chain with the objectives of securing sales, produce/manufacture end products, reduce risks, improve productivity within the value chain. Further, value chain finance strengthens and consolidates the linkages among the

participants. Since, it is helpful to maintain liquidity throughout the value chain, it helps to confirm the delivery of goods to end-user starting from raw material stage. Importantly, rural and agricultural value chain participants face more difficulties in accessing finance.

Though this is not a new concept, the worldwide focus and demand for value chain finance is increasing rapidly. Further, value chain finance is different from conventional agriculture financing from its concept and implantation. Broadly, it involves use of set of financial instruments which can be applied for agricultural and agribusiness financing such as product financing, receivable financing, physical-asset collateralization, risk mitigation products, financial enhancements.

With the growing demands for value chain finance, most countries initiated number of key innovations and designed value chain finance models which are suitable for production-driven, buyer-driven, facilitator-driven, and integrated agri-business models. In Sri Lankan context also, value chain financing is utmost important mechanism considering the prevailing economic crises to avoid possible future food shortage.

DAD-PP and SAPP has been initiated to serve this requirement.



Simple form of an AVC

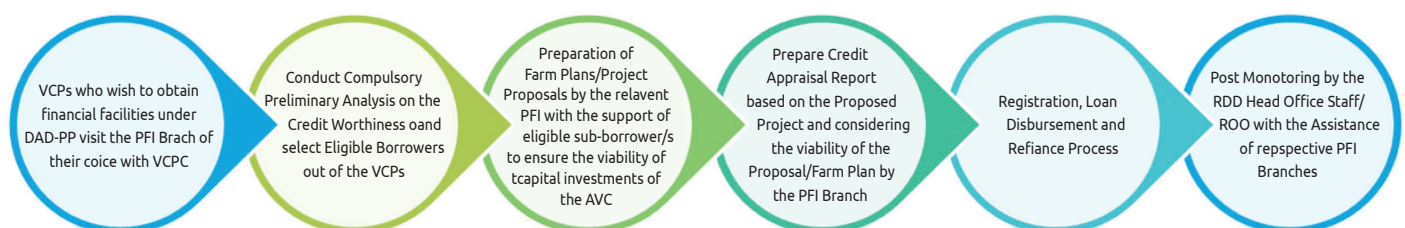
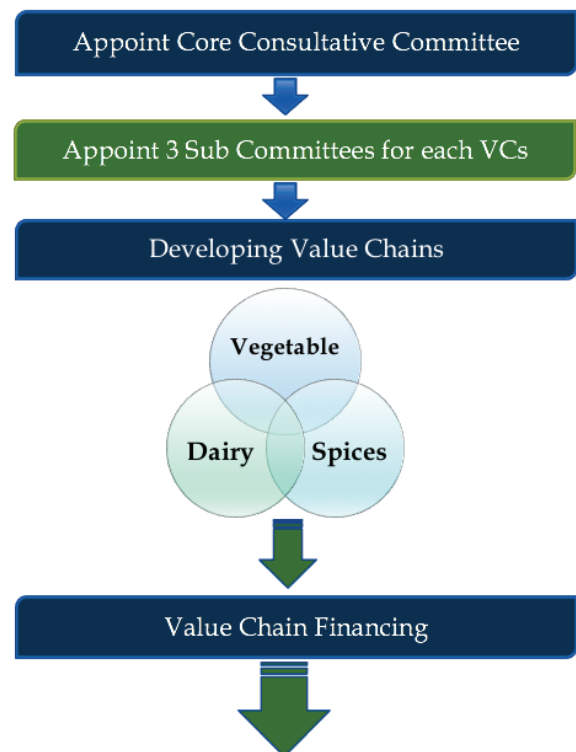
In light of the national importance of inclusive development of the agriculture sector and the conducive environment created by the positive changes in the mind-set of the people towards the agriculture sector, especially due to COVID 19 outbreak, RDD has developed a comprehensive proposal to assist smallholder dominated domestic agriculture through establishment of successful AVCs. Accordingly, CBSL decided to implement DAD as a pilot programme. Main DAD Programme will be implemented depending on the success of the DAD-PP. For the pilot phase of the DAD, only vegetable, dairy and spices sectors were considered.

Objectives of DAD-PP

- Enhance production and product quality while promoting access to finance and market opportunities for uplifting socio-economic conditions of the smallholder producers in the domestic agricultural sector and to promote agricultural exports while ensuring the availability of major food items in the market.
- Establishment of three strong and well-connected operative Agriculture Value Chains in the domestic agricultural sector by synergizing capabilities of relevant government and private sector institutions and the farming community.
- Provision of finance and linking smallholder farmers with other stakeholders in the selected value chains to ensure availability of sustainable income generating avenues for the farming community who engage in export crops (spices)vegetables and dairy production in the domestic sector.

- Increase production and net income at farm level by providing finance and technical know-how to adopt new technologies and best practices.
- Facilitate farmers to improve the product quality to meet the required market standards while ensuring the market facilitation.
- Promote value added products to ensure higher income for all actors in the value chains and promote export-oriented agriculture products with added value
- Enhance the level of financial inclusiveness of the farming community while promoting financial literacy and access to finance among them.

Operational Process



Smallholder Agribusiness Partnerships Programme (SAPP)

SAPP is a concessionary loan scheme with funding assistance from the IFAD together with the contribution from the GOSL. At its inception, the Presidential Secretariat was the LPA, which later transferred to MOA. The Project Management Unit of SAPP is under the MOA, the Implementing Agency of SAPP. The credit component of SAPP has been implemented by the CBSL, on behalf of the GOSL.

The main objective of the SAPP is to provide concessionary financial facilities to smallholder Farmers, Youth, Promoters, Tea and Rubber Sector and Financial Intermediaries engaged in agricultural value chains with the intention of increasing the production, productivity, quality and value addition of agriculture produce. The SAPP is involved in establishing 4P and Value Chain Development, which provide better

market linkages and improve the resilience of smallholders. This programme is implemented in all island.

SAPP is a refinance loan scheme which consists of 12 concessionary loan schemes that fall under two categories i.e. 4P and RF. 4P Agribusiness, 4P Youth, 4P Promoter, 4P Promoter Bulk and 4P FI Bulk loan schemes are operated under the 4P category while RF Agribusiness, RF Youth, RF Promoter, RF Promoter Bulk , RF FI Bulk , RF Income Generation and RF Tea and Rubber Sector loan schemes are operated under the RF Category. Interest rate to the end borrower is 6.5% per annum and the eligible loan amounts vary from Rs. 2 million to Rs 18 million based on the categories of loan scheme.



Achieving Sustainable Development



The Member States of the UN has adopted the SDGs with the objective of meeting the urgent environmental, political and economic challenges facing our world. They have recognized SDGs can end poverty and other deprivations with strategies that improve health and education, reduce inequality, and spur economic growth while tackling climate change and working to preserve our oceans and forests by achieving the 17 goals of SDGs during 2015-2030. In line with the above, all member states of UN implement their own sustainable development policies, plans and programs. As a UN member country, Sri Lanka also incorporated SDGs to our national policy framework while taking several momentous initiatives. As a step towards improving the institutional coherence in implementing the SDGs, in October 2017 Sri Lanka established the legal framework to implement the SDGs with improved institutional and policy coherence by the Sustainable Development Act No. 19 of 2017. The Act represents an important step towards implementing the SDGs in the country while establishing Sustainable Development

Council (SDC) as the national coordinating body for implementing the SDGs. All government entities were instructed to prepare Sustainable Development Strategies in line with the national strategy.

Accordingly, the CBSL has been identified as a responsible agency by the SDC, under the Agency Framework for SDG Indicators. With the broader objective of developing sustainable finance in Sri Lanka in line with SDGs, CBSL launched the Roadmap for Sustainable Finance in Sri Lanka to facilitate and promote sustainable finance practices in consultation with relevant government agencies, the industry and a wide range of financial sector stakeholders. The Roadmap proposes a series of strategic activities to implement sustainable finance covering six focus areas including Financing VISION 2030, ESG Integration into Financial Market, Financial Inclusion, Capacity Building, International Cooperation and Measurement and Reporting.

In accordance with the above, RDD has taken several measures to achieve some SDGs such as No Poverty, Zero Hunger, Gender Equality, Clean Water and Sanitation, Decent Work and Economic Growth. RDD is already coordinating, facilitating, and implementing concessionary credit schemes and delivering credit supplementary services for Micro, Small and Medium Scale Enterprises on behalf of the Government of Sri Lanka to promote inclusive and sustainable economic growth with full and productive employment of the country.

Green Village Program

In line with the SDGs and Sustainable finance Roadmap, RDD specially initiated an action to transform selected villages as green villages by improving living standards and best practices among the community while focusing on social, economical and environmental perspectives to create environmentally sound villages with the participation of all segment of a village.

The objective is to increase the quality of life of the people by introducing green initiatives and encouraging to use those initiatives to consume natural resources efficiently, minimize environmental degradation, and enhance green production while inculcating "Go Green" attitude in domestic communities.

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An innovative rural habitation with a sustainable ecosystem comprised with empowered through Government and Partnerships

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Green Environment
(Environmental Protection, Green Energy, Waste Management)



Green Finance
(Financial Literacy, Income Generation activities, Green Concepts)



Green Community
(Institutional strengthening, Green attitudes and behaviour, spiritual build-up, community awareness)

Action Plan Highlights - 2022

Kilinochchi - Nedunkulam

- Home gardening
- Capacity building & Entrepreneurship Development programmes
- Financial Literacy awareness, Credit Camp
- Rainwater conservation project, garbage recycling project & renewable energy project

Trincomalee – Pallikudiruppu

- Home gardening, school, and institutional farming
- Financial Literacy programmes
- Implementing milk collection centers
- Women empowerment and concessionary loans for women entrepreneurs

Anuradhapura – Nallachchiya

- Capacity building and technology transfer programmes on floriculture
- Establish floriculture society
- Exposure visit to Higurakgoda Floriculture Village and Bandarawela In-service Training Institution
- Entrepreneurship development programmes, awareness programmes on financial literacy and unauthorized deposit taking, credit camp
- Road construction project

Matale - Weralugasthenna

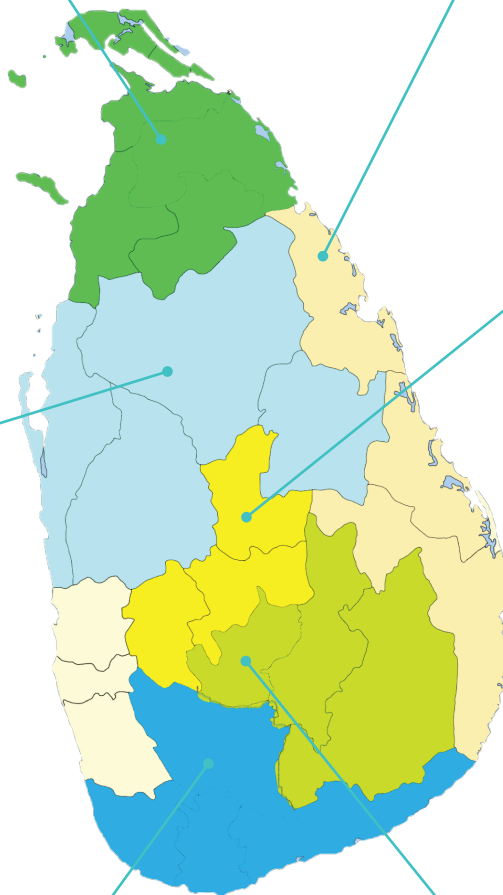
- Home gardening
- Capacity building & Entrepreneurship Development programmes
- Financial Literacy awareness, Credit Camp
- Awareness programme for drug addiction

Matara – Dematahettigoda

- Home gardening & tree planting project
- Capacity building & Entrepreneurship Development programmes
- Financial Literacy awareness, Credit Camp
- Rainwater conservation project, garbage recycling project & renewable energy project
- Women empowerment and concessionary loans for women entrepreneurs

Nuwara Eliya - Manthreethenna

- Best Practices in Animal Husbandry
- Capacity building programmes for potato cultivation, apiculture, mushroom cultivation, coffee production
- Promote the identified destination as an eco-tourism destination
- Entrepreneurship development, awareness on mobile banking for youth, women empowerment
- Financial Literacy awareness and credit camp
- Community awareness on child and maternal nutrition



International Affiliations



ACSIC was established in 1987, as the largest Asian co-operative body for the SMEs with the objective of promoting sound development of credit supplementation system for small businesses in the Asian region. Currently, ACSIC comprises of 17 member institutions covering 12 countries. The ACSIC membership has enabled Central Bank to participate in the annual conference and Annual Training Programme (ATP). The Annual Conference of ACSIC and the ATP provides a platform to share experience of credit guarantee systems and new developments among its members of the ACSIC. CBSL had the opportunity to host the 32nd ACSIC Annual Conference in October 2019, with the view of sharing knowledge, thoughts, and hands-on experiences among members since its inception.



APRACA was established in 1977 and currently the largest Asian Body for the rural and agriculture credit consisting of 87 member institutions from 24 countries in Asia-Pacific region. APRACA focuses on rural and agricultural finance that helps to promote productivity, inclusive growth, self-reliance, and welfare of the rural poor in the region. Further,

APRACA promotes the efficiency and effectiveness of rural finance and improve access to financial services through a network of knowledge sharing and learning, capacity-building, research, and exchange of expertise.



AFI is a global collective owned and led by member central banks and financial regulatory institutions with the common objective of advancing financial inclusion at the country, regional and international levels. AFI partners with regulators, international organizations and private sector leaders from almost 90 emerging and developing countries to facilitate the implementation of impactful policy changes focused at improving financial inclusion. In June 2010, CBSL obtained the membership of AFI considering the benefits that could be derived to enhance the financial inclusion efforts in Sri Lanka. Thus far, CBSL has engaged in activities organised by AFI, participated in Working Groups and subscribed for AFI's global voice platform through the Maya Commitment Declaration. Other than the benefits enjoyed, CBSL may receive nominations to serve as a AFI Board member and vote for strategic matters. Further, AFI extends support to in-country policy implementation through direct grants of up to USD 50,000 or sponsorships to Joint Learning Programmes and travel and accommodation sponsorships to take part in global forums. Regional Development Department of CBSL spearheads the AFI affiliation for Sri Lanka and thus far was able to gain knowledge and technical input on improving financial inclusion in the country.

Government Affiliations



When Central Banking evolved, apart from the core functions of the Central Banks, the modern Central Banks had to facilitate ancillary/agency functions on behalf of the Government of the country.

As the agent of the GOSL, the CBSL is responsible for facilitating regional development of the country. Therefore, on behalf of the GOSL, RDD of CBSL is responsible for promoting regional development to achieve balanced growth in the country through increasing access to finance.

Accordingly, the RDD is engaged in coordinating, facilitating, and implementing various refinance, interest subsidy and credit guarantee schemes funded by the GOSL. Apart from the above, the RDD is facilitating as the advisor of the GOSL, to implement strategies to reduce disparity of the regional level in the country. Also, RDD launched the NFIS of Sri Lanka in 2021 to make a coordinated and cohesive push to improve financial inclusion in the country.

In line with the above, RDD provides exhaustive guidance and assistance to government ministries such as Ministry of Finance, Ministry of Youth Affairs, Ministry of Agriculture, Ministry of Industries for implementing new mechanisms/strategies to achieve balanced growth in the country while reducing regional level disparity by promoting income generation activities to underserved segment of the country.

Moreover, the Revolving Fund (RF) Component of the SAPP which consist of 6 loan schemes, STaRR Interest Subsidy Scheme, Swashakthi Loan Scheme and Phase II of SEPI Loan Scheme are being implemented by the RDD with the funds provided by the Government.