

Cabinet Decisions taken at the Cabinet Meeting conducted on 09-09-2024

01. Obtaining loan facilities from Asian Development Bank for the financial sector stability and reform program in Sri Lanka.

Approval has been given at the cabinet meeting held on 25-09-2023 to obtain the loan facility of US\$ 400 million on a policy basis under the 02 sub programs for implementation of the stabilization of the financial sector and reform program in Sri Lanka. Accordingly, US\$ 200 million has been given for the first subprogram as of December 2023. In order to obtain the remaining loan amount of US\$ 200 million under the second subprogram, 12 pre-policy activities should be completed, and at present most of said activities have been completed or in the final stages of completion. Accordingly, the Cabinet of Ministers has approved the proposal presented by Hon. the President, in his capacity as a Minister of Finance, Economic Stabilization, and National Policy, to obtain the loan facility of US\$ 200 million from the Asian Development Bank under the second sub program of the financial sector stability and reform program in Sri Lanka.

02. Obtaining funds from the Mahaweli water conservation investment program

The Mahaweli water conservation investment program has been implemented under the multistage financial facility of the Asian Development Bank since 2015, and 03 main projects have been implemented under this program. US\$ 675 million has been the initial estimated cost of this program, and out of this amount, the Asian Development Bank has agreed to provide US\$ 453 million. The first and second installments of this amount were given in the years 2015 and 2017, respectively. In order to obtain US\$ 93 million from the remaining loan amount, the discussions with the Asian Development Bank have been finalized, and the clearance for the relevant loan amount has been given. Accordingly, the Cabinet of Ministers has agreed to the proposal presented by Hon. the President, in his capacity as a Minister of Finance, Economic Stabilization, and National Policy, to enter into a loan agreement with the Asian Development Bank to obtain US\$ 93 million from the general capital resources of the Asian Development Bank.

03. Obtaining loan from the Asian Development Bank to implement water supply and sanitary reform program

The action will be taken by the government to obtain 02 loan facilities of US\$ 200 million to implement the water supply and sanitary reform program. It has been proposed to implement 02 subprograms each worth of US\$ 100 million under this program. Discussions have been completed to obtain the loan amount of US\$ 100 million for the first program “the capability for survival weather conditions in water supply operations,

inclusion of all the parties and strengthening environment sustainability”. Accordingly, the Cabinet of Ministers has agreed to the proposal presented by Hon. the President, in his capacity as a Minister of Finance, Economic Stabilization, and National Policy, to obtain the said loan amount.

04. Signing memorandum of understanding for the protocol related to import of Wheat Bran Pallets from Sri Lanka to China

In preparing wheat flour, 20% of the bran is removed from the imported wheat seeds. There is a possibility to earn huge foreign exchange by importing so removed bran to China as Wheat Bran Pallets. It has been identified the necessity of signing a memorandum of understanding between two parties to follow a definite procedure in that respect. The consent of the Ministry of Foreign affairs has been given to the drafted memorandum of understanding. Accordingly, the Cabinet of Ministers has agreed to the proposal presented by Minister of Agriculture and Plantation Industries to sign the said memorandum of understanding between Ministry of Agriculture and Plantation Industries and General Administration of the Customs of the People’s Republic of China.

05. Ratification of the convention on protection and promotion of the diversity of cultural expressions (2005) by Sri Lanka’

UNESCO had approved a convention aimed at protection and promotion of the diversity of cultural expressions created by its member states in the year 2005. Currently, 156 of its member states have ratified the said convention, and Sri Lanka has not yet ratified the said convention. A committee has been appointed comprising of experts to consider ratification of said UNESCO convention and the concurrence of the Ministry of Foreign affairs has been received for the recommendations of this committee and the clearance of the Attorney General as also been received. Accordingly, the Cabinet of Ministers has approved the proposal presented by the Minister of Buddhism, religious, and cultural affairs to ratify the convention on protection and promotion of the diversity of cultural expressions (2005).

06. Introducing of new regulatory body for the energy sector

Approval has been granted by the cabinet meeting held on 25-04-2024 to appoint a committee to study the establishment of regulatory mechanisms for the petroleum, liquefied petroleum gas, liquefied natural gas, and lubricating oil sectors in Sri Lanka and to submit the recommendations in that respect. Accordingly, the recommendations have been submitted by the so appointed committee to introduce a new regulatory body for the energy sector. Accordingly, the Cabinet of Ministers has approved the proposal presented by the Minister of Power and Energy to implement said recommendations and to instruct the Legal Draftsman to prepare a draft for the regulation of the petroleum industry.

07. The proposal for the removal of existing sand deposits in fishing port basins managed by Ceylon Fishery Corporation

Approval has been granted at the cabinet meeting held on 05-02-2024 to call for expression for the removal of sand deposits in 22 harbors under the Ceylon Fishery Corporation. Accordingly, Ceylon Fishery Corporation has called for an expression for project proposals to carry out the dredging services in the fishing harbors managed by the Ceylon Fishery Corporation without charging the money and to utilize the raw materials dredged at the fishing harbor basins of Kirinda, Chilaw, and Wallachchena for commercial purposes. Three (3) companies have submitted their proposal in that respect, and the Cabinet of Ministers has approved the proposal presented by the Minister of Fisheries to award the contract to the Supreme Global Holdings (Pvt) Ltd. for dredging the fishing harbor basins of Kirinda, Chilaw, and Wallachchena without charging the money under the recommendations of the Technical Evaluation Committee and procurement committee.

08. The draft on international interest in mobile equipment (Cape town convention)

Approval has been granted at the cabinet meeting held on 02-01-2023 to introduce the legal provisions to assess the protocol of the international interest in mobile equipment (Cape Town convention) and for the convention on the interest in mobile equipment in specialized matters related to aircraft equipment. Accordingly, the clearance of the Attorney General has been received in the draft prepared by the legal draftsman. Accordingly, the Cabinet of Ministers has approved the proposal presented by the Minister of Ports, Naval, and Aviation Services to submit the said draft to the Parliament for approval and thereafter to publish the said draft in the Gazette.

09. Establishment of financial stability fund

The Central Bank of Sri Lanka has recognized that strengthening the bank resolution framework should be given urgent priority under the crisis management framework of the financial institutes regulated by the Central Bank of Sri Lanka. A financial stability fund should be established in order to ensure the fulfillment of resolution objectives under Section 15 of the Banking (Special Provisions) Act No. 17 of 2023 and to implement resolution procedures provided by the Act effectively. As per Section 15(2) of the Banking (Special Provisions) Act No. 17 of 2023, the financial stability fund should be managed as an independent fund separately from the other assets of the Central Bank of Sri Lanka and assets regulated by the Central Bank. As of 31-07-2024, indicators are included as a policy procedure in the second subprogram of the stability and reform program, in the financial sector in order to establish the financial stability fund and to implement the financial stability fund with the comprehensive guidelines for ensuring an effective resolution framework by using the initial financial allocation supplied by the Ministry of Finance, Economic Stabilization, and National Policy. It is expected to obtain a loan amount of US\$ 200 million in this year under the stability and reform program in the financial sector, which is funded by the Asian Development Bank for that purpose.

Accordingly, the Cabinet of Ministers has agreed to the proposal presented by Hon. the President, in his capacity as a Minister of Finance, Economic Stabilization, and National Policy, to establish a financial stability fund from the nominal amount of Rs. 1,000 million supplied by the Ministry of Finance, Economic Stabilization, and National Policy and to establish the fund gradually, providing the provisions from the annual budget under the existing financial limitations.

10. Revision of import of import duty levied on importation of the goods

The requirement has been identified to take action as follows in respect of customs Import Duty (CID), CESS levy, special commodity levy and ports and airports development levy charged when the goods are imported, which to be implemented as policy measures and based on the timely requests made by the stakeholders in the field of local industry and trade sector.

- To exempt certain imported goods which are subject to special commodity tax and included in the general import tax structure including customs Import Duty.
- To revise customs, Import Duty for brown sugar
- To revise customs, Import Duty on foot ware, packaging, electrical machineries, plastics and raw materials and intermediate goods belonging to the rubber industry under 225 customs codes on the recommendations of Ministry of Industry to empower the local industry.
- To reduce the duty on baby and adult waste absorbents (Diapers) and material thereon
- To introduce the tax revisions applicable for minimization of plastic usage recycling.

- To remove existing import levy discrepancies in respect of local bicycle and accessory manufacturing industry, printing and printing ink industry, domestic washing machines, lighter manufacturing industry and children's ready-made garments.
- To introduce new sub division custom codes for promotion of export the palm and palm related products, and to distinguish electrical operated toys and long pepper (Thippili) used in the industry of manufacture of local medicines and to simplify the existing strategy for exemption of CESS levy in importing the raw materials used in the manufacture of local medicines.

The Cabinet of Ministers has agreed to the proposal presented by Hon. the President, in his capacity as a Minister of Finance, Economic Stabilization, and National Policy, to take following steps for implementation of import tax revisions as stated above.

- To revise customs import tax through issuance of ordinance under Revenue Protection Act No.19 of 1962.
- To revise CESS levy under Export Development Act No. 40 of 1979
- To impose directives under Special Commodity Levy Act No.48 of 2007

- To take necessary steps under Ports and Airports Development Levy Act No. 18 of 2011 and Import and Export (Control) Act No 01 of 1969 in compliance to the relevant tax revisions.

11. **Submission of Import Control Regulations for payment methods No. 11 of 2024 issued under the Import and export (Regulation) Act No 1 of 1969 for parliament approval (Using open account system for Colombo Port City)**

Import Control Regulations for payment methods No. 11 of 2024 imposed under the Import and export (Regulation) Act No 1 of 1969 have been published in the Extra Ordinary Gazette No 2398/18 dated 21-08-2024. Accordingly, the Cabinet of Ministers has approved the proposal presented by Hon. the President in his capacity as Minister of Finance, Economic Stabilization and National Policy to submit the aforesaid regulations to Parliament for approval.

12. **Increase the Mahapola scholarship premium and Bursary premium of university students**

As, Mahapola scholarship premium and Bursary premium given to university students have not been increased since the year 2015, attention of the cabinet of ministers has been drawn to the necessity of revising the Mahapola scholarship premium and Bursary premium by a joint proposal presented by the Minister of Education and Minister of Trade, Commerce, and food Security. Considering the said proposal, the Cabinet of Ministers has approved to increase the Mahapola scholarship premium to Rs. 7,500 and bursary premium to 6500 with effect from April 2025.

13. **Information Technology Strategical Plan to the Inland Revenue Department**

It is necessary to prepare an Information Technology Strategic Plan by the Inland Revenue Department that supports the digitalization of the Inland Revenue Department as a structural measure under the comprehensive loan facility program of the International Monetary Fund to be obtained the approval of the cabinet of ministers by the end of August 2024. Accordingly, the Cabinet of Ministers has approved the proposal presented by Hon. the President in his capacity as Minister of Finance, Economic Stabilization and National Policy to implement the Information Technology Strategical Plan prepared for the period 2025-2027.

14. **Development of railway station buildings as commercial centers.**

Expressions of interest have been called to identify investors who wish to develop Kolpetty, Bambalapitiya, Wallawatte, Slave Island, Dehiwala and Mount Lavinia stations, which are located close to Colombo town under a public-private partnership. Since, the expressions of Interest have been forwarded to develop railway stations located in different places, it has been shown that there is a possibility of developing other railway stations in island wide under public-private partnership. Accordingly, the Cabinet of Ministers has approved the proposal presented by the Minister of Transport and Highways to call the proposals on a competitive basis and select suitable investors to develop other railway stations in the island under a public-private partnership.

15. Introduction of a consolidated electronic solution to implement the collection of fines charged for offences not produced before courts and driver negative marking scheme at the instances of violation of traffic law.

Invitation of resolutions have been called under dual envelope system to select an appropriate supplier for the introduction of a consolidated electronic solution to implement the collection of fines charged for offences not produced before courts and driver negative marking scheme at the instances of violation of traffic law. Resolutions have been submitted by 09 bidders in this connection. Based on the recommendations of the negotiation committee appointed by the Cabinet of Ministers, the Cabinet of Ministers approved the proposal submitted by the Minister of Transport and Highways to award the relevant procurement to Millennium I.T.E.S.P (Pvt.) Ltd and Metropolitan Technologies (Pvt.) Ltd. Joint Venture.

16. The possibility to access Sri Lanka to BRICS organization.

A decision was taken at the meeting of the Cabinet of Ministers held on 24.01.2024 to appoint an officers' committee for forwarding appropriate recommendations followed by investigating matters relevant to Sri Lanka's access to BRICS organization. Accordingly, the officer's committee appointed thereof has submitted the committee report subsequent to investigating advantages and disadvantages of accessing to the new development bank scheduled to be established under the BRICS organization as well as to it. All participants in that have responded positively in regard to obtaining the BRICS organization membership. Accordingly, the Cabinet of Ministers granted approval to the resolution furnished by the Minister of Foreign Affairs to apply for the membership of BRICS organization and the new development bank to be established under it.

17. Extension of Agrahara Medical Insurance Benefits

Approval of the Cabinet of Ministers was granted at their meeting held on 12.08.2024 to introduce a medical insurance scheme that further facilitates the government sector employees and all the pensioners with more attractive benefits with effect from 2025. Accordingly, the Cabinet of Ministers granted approval to the proposal furnished by the Hon. President to deduct rupees 1,000/- from the pension of all pensioners and from the monthly salary of all government sector employees and credit the amounts in the National Insurance Trust Fund and, to implement the proposed more privileged medical insurance scheme from the year 2025.

In the event of any inconsistency between the English translations of this document, the Sinhala text shall prevail.