

## SPECIAL APPENDIX: GOVERNMENT DOCUMENTS ACCESSED

### INTRODUCTION & GUIDE

In putting together *Evolution of Chinese Lending to Sri Lanka since the 2000s: Separating Myth from Reality*, we relied to a large extent on publicly available government documents. But there were limitations in providing further detailed context to Chinese lending to Sri Lanka through these alone. Therefore, we relied on the ability to gain access to data and documents via Right to Information (RTI) requests made to several public institutions. Many of these documents should be publicly available for anyone to easily access. As per the RTI Act, the information obtained via RTI requests are considered public information. Thus we share the information we have obtained using RTI requests for the benefit of any researcher interested in Chinese lending.

### EXTERNAL PUBLIC DEBT DATA

Prior to sovereign default, Sri Lanka's public debt data were not fully transparent with publicly available sources. However, the RTI Act passed in 2016 facilitated obtaining this information from institutions such as the Central Bank of Sri Lanka (CBSL), External Resources Department (ERD), and Ministry of Finance (MoF). We used this method as a way to compile a comprehensive dataset regarding Chinese lending to Sri Lanka. However, with the start of the debt restructuring process, the Sri Lankan government became more transparent and provided comprehensive information regarding public debt, and has been releasing quarterly updates to outstanding external debt amounts by individual creditors. But historical data going back to the year 2000 and including other data points – such as annual disbursements and debt servicing - by individual creditors are still publicly unavailable from local sources. The World Bank's International Debt Statistics (IDS) is available, but even that has its limitations. For instance, the breakdown in lending from China by financial institutions is not available in the IDS data set. Therefore, from the beginning of our analysis we relied on historical data obtained from the ERD via a RTI request. The most recent data set obtained from ERD via RTI is attached in [Document 1](#).

In addition to the overall central government debt numbers, we also specifically requested the debt figures relevant to loans from the EXIM Bank of China transferred from the central government to SOEs ([Document 2](#)) and separately those specific to the Hambantota Port loans included within those ([Document 3](#)).

Beyond this we referred to public debt data and information available in:

- Ministry of Finance Annual Reports – Notes to the Financial Statement contains the Bank Guarantees Issued by the Treasury (Treasury Guaranteed debt) to State-Owned Enterprises (SOEs) by year end.
- Central Bank of Sri Lanka Annual Reports – External Sector chapter contains tables covering public debt breakdown, including SOE debt, according to CBSL's definition and annual

external debt servicing data. Appendix contains breakdown of central government debt by creditor type and type of debt.

- External Resources Department (ERD) of Ministry of Finance website – Contains summary of annual external debt disbursements to central government and detailed disbursement of that debt.
- National Audit Office (NAO) – Specifically the Special Audit Report on Financial Management and Public Debt Control in Sri Lanka 2018 – 2022 which provided a detailed breakdown of specific changes to public debt reporting.

## HAMBANTOTA LOAN AGREEMENTS

The loan agreements were obtained through RTIs to the ERD in December 2019. As the state institution charged with handling the central government's external borrowings, it has all the relevant loan agreements. While it was possible to obtain these loan agreements in 2019, the same might not be the case now given that loan agreements are being renegotiated under the ongoing debt restructuring process.

The five loan agreements provided can be found in:

- Document [4a](#) and [4b](#) – Hambantota Port Project Phase 1 Loan – Buyer's Credit Loan Agreement – October 2007 (\*Note that this is the initial agreement signed in October 2007 and not a new agreement incorporating the amendments to the interest rate in October 2008)
- [Document 5](#) - Bunkering Facility and Tank Farm project at Hambantota - Buyer's Credit Loan – August 2009
- [Document 6](#) - Hambantota Port Development Project Phase II – Government Concessional Loan – September 2012
- [Document 7](#) - Hambantota Port Development Project - Phase II - Preferential Buyers Credit Loan – September 2012
- [Document 8](#) - Hambantota Port Development Phase I for Ancillary Work & Supply of Equipment Project - Government Concessional Loan – April 2013

## 2014 PROPOSAL TO RESTRUCTURE HAMBANTOTA PORT LOANS

In the 2018 proceedings of Parliament's Committee on Public Enterprises (COPE), in charge of oversight of Public Enterprises, the Hambantota Port was discussed in detail. The proceedings report carried the documents relevant to this discussion, including the proposal from the Government of Sri Lanka (GoSL) to restructure five Hambantota Port loans from EXIM Bank of China into longer term and lower interest rate loans in order to make a proposed Supply, Operate, and Transfer (SOT) lease contract to operate the Hambantota Port terminals as a joint venture more viable. While this SOT did not come about, the COPE committee proceedings report provides the material evidence of the restructure proposal ([Document 11](#): p. 173-175).

## CABINET MEMORANDUM

The Office of the Cabinet of Ministers is responsible for maintaining records on decisions taken by the Cabinet of Ministers and documents related to those decisions. We used RTIs to request access to cabinet memoranda regarding two particular aspects related to the Hambantota Port:

The change in the interest rate applicable on the first Hambantota Port loan from EXIM Bank of China from the original US\$ 6-month LIBOR plus 90 basis points to a fixed 6.3 percent in October 2008 was something we wanted to clarify in our section on the Hambantota Port. We wanted to understand how this change transpired. The Cabinet memorandum revealed that the change was requested by EXIM Bank of China citing rising funding costs and the Sri Lankan Ministry of Finance opted for the fixed rate option over the higher floating rate option. The Cabinet Memorandum consists of multiple documents which lays out the decision and reasoning, taking into account the opinions of multiple public institutions, all of which can be found in [Document 9](#):

- Cabinet Agenda Item
- Central Bank of Sri Lanka's perspective
- Strategic Enterprises Management Agency (SEMA)'s perspective
- Ministry of Finance and Planning perspective

According to [Document 11](#) (p. 173-175) there was a Memorandum of Understanding (MoU) signed between GoSL, China Merchant Port (CM Port), and China Harbour Engineering Corporation (CHEC) in September 2014 to work towards a SOT lease contract to operate the Hambantota Port terminals as a joint venture. To confirm this MoU with material evidence, we used an RTI to obtain the relevant Cabinet Memorandum ([Document 10](#)).

## HAMBANTOTA PORT FINANCIAL PERFORMANCE

The Sri Lanka Port Authority's (SLPA) publicly available annual reports provide the overall financial performance of the whole entity, not the individual performance of the ports under its management. Therefore, we obtained the financial performance of the Hambantota Port for the 2013-2017 period via RTI from the SLPA ([Document 12](#)).

## LIST OF DOCUMENTS

- [Document 1](#) – External Resources Department data on Central Government External Debt
- [Document 2](#) – External Resources Department data on EXIM Bank of China loans transferred from Central Government to SOEs
- [Document 3](#) – External Resources Department data on Hambantota Port loans – Repayment schedule for each loan
- [Documents 4a and 4b](#) – Hambantota Port Project Phase 1 Loan – Buyer's Credit Loan Agreement – October 2007

- [Document 5](#) - Bunkering Facility and Tank Farm project at Hambantota - Buyer's Credit Loan – Aug 2009
- [Document 6](#) - Hambantota Port Development Project Phase II – Government Concessional Loan – September 2012
- [Document 7](#) - Hambantota Port Development Project - Phase II - Preferential Buyers Credit Loan – September 2012
- [Document 8](#) - Hambantota Port Development Phase I for Ancillary Work and Supply of Equipment Project - Government Concessional Loan – April 2013
- [Document 9](#) – Cabinet Memorandum on Hambantota Port Phase 1 Loan Interest Rate change in October 2008
- [Document 10](#) – Cabinet Memorandum on MoU towards a SOT lease contract to operate the terminals of the Hambantota Port in September 2014
- [Document 11](#) – 2014 Proposal to Restructure Hambantota Port loans - appended in Parliamentary Committee Report Pages 173-175
- [Document 12](#) – Hambantota Port financial performance 2013-2017