SRI LANKA

COUNTRY CONTEXT

Sri Lanka is a lower middle-income country of 21.2 million people with per capita GDP in 2016 of $3,835. Since the civil war ended in 2009, the economy has grown on average at 6.2 percent a year, reflecting a peace dividend and a commitment to reconstruction and growth, but there have been signs of a slowdown in the last three years.

The economy is transitioning from being predominantly rural-based to an urbanized economy oriented around manufacturing and services. The government is carrying out fiscal reforms, improving public financial management, increasing public and private investments, addressing infrastructure constraints and improving competitiveness. It launched its Vision 2025 on September 4, 2017 to strengthen democracy and reconciliation, inclusive and equitable growth and ensure good governance.

Sri Lanka has made significant progress in human development. Social indicators rank among the highest in South Asia and compare favorably with those in middle-income countries. The national poverty headcount ratio declined from 15.3 percent in 2006/07 to 6.7 percent in 2012/13 although disparities remain. Unlike other South Asian countries, Sri Lanka is facing an aging population.

In 2016 Sri Lanka was hit with the worst drought in four decades that continued into 2017. In May 2017, Sri Lanka experienced one of the worst floods in 14 years, subsequently leading to a 4.3 fold higher than average number of dengue cases for the same period between 2010 and 2016.

RECENT ECONOMIC DEVELOPMENTS

Sri Lanka’s macroeconomic performance remained broadly satisfactory in the first half of 2017 despite natural disasters and challenges posed by a complex political environment. Year-on-year growth decelerated to 3.8 percent in the first quarter of 2017 following the 4.4 percent reported in 2016, driven mainly by weak performance of drought-hit agriculture and industry sectors.

The drought also likely contributed to higher poverty levels, through reduced agriculture income. More than 520,000 families were affected in 20 districts, obliging the government to implement relief programs. Because of low international commodity prices, inflation remained around the mid-single digit level despite supply disruptions and measures to increase government revenue.

---

**AT-A-GLANCE**

- Sri Lanka’s economic performance remained broadly satisfactory in 2016 and early 2017 although recent floods and droughts adversely affected macroeconomic performance. Policy measures supporting fiscal consolidation and monetary tightening contributed to an improved outlook, against the backdrop of the $1.5 billion IMF-supported program agreed in 2016 to meet balance of payment needs.

- The country has been relatively stable despite recent ministerial changes. The government is focusing on carrying out fiscal reforms, improving public financial management, increasing public and private investments, addressing infrastructure constraints and improving competitiveness, and addressing service delivery.

- The World Bank Group is contributing to Sri Lanka’s transition to a more competitive, inclusive, and resilient upper-middle income country. Using a range of financing instruments, it supports reforms to promote macro-fiscal stability and competitiveness, inclusion and opportunities for all, as well as green growth opportunities, better environmental management and dealing with climate change.

---

### Sri Lanka

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population, million</td>
<td>21.2</td>
</tr>
<tr>
<td>GDP, current US$ billion</td>
<td>81.3</td>
</tr>
<tr>
<td>GDP per capita, current US$</td>
<td>3,835</td>
</tr>
<tr>
<td>Poverty Rate, %($1.90/day)</td>
<td>1.9 (2012)</td>
</tr>
<tr>
<td>Gini Coefficient</td>
<td>39.2 (2012)</td>
</tr>
</tbody>
</table>
On the external front, the benefit of low oil prices was offset by greater imports of food and petroleum due to the drought, while the impact on agricultural exports was eased by increased tea prices. Weak external liquidity was mitigated by the sale of sovereign bonds and by syndicated loans, as well as purchases by the monetary authority in the foreign exchange market.

Official reserves increased to a level equivalent to 4.0 months of merchandise imports by June 2017, after bottoming out in April at 3.0 months. However, the external current account deficit and continuously low FDI remain challenges to raising foreign exchange in a structured way.

Recent fiscal and monetary policy measures helped ensure a successful second review of the IMF-supported program in July 2017 and the disbursement of the third tranche of $167.2 million from the program. The revenue-led fiscal consolidation was strengthened with changes to the VAT Law and improved revenue administration. Parliament passed a new Inland Revenue Law to make the tax system more efficient and equitable, and generate resources for social programs. Monetary policy was further tightened to dampen continued monetary growth and support external sector stability.

ECONOMIC OUTLOOK

The economy is projected to grow by 4.6 percent in 2017 and marginally exceed 5.0 percent in the medium-term, driven by private consumption and investment. The government is committed to implement an ambitious medium-term reform agenda aimed at improving competitiveness, governance and public financial management that would achieve long-term benefits.

Continuation of reforms along with the IMF program will add to confidence while the government has shown its readiness to promote stability with appropriate monetary policy. These developments have contributed to an improved outlook.

External risks to the outlook include disappointing growth in key countries that generate foreign exchange inflows to Sri Lanka, steeper than expected global financial conditions and faster than expected rises in commodity prices. On the domestic front, the country is faced with possible delays in implementing reforms and the potential for natural disasters.

### TABLE: Sri Lanka Macro Outlook Indicators (annual percent change unless otherwise noted)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>REAL GDP Growth, at Constant Market Price</td>
<td>5.0</td>
<td>4.8</td>
<td>4.4</td>
<td>4.6</td>
<td>5.0</td>
<td>5.1</td>
</tr>
<tr>
<td>Private Consumption</td>
<td>3.7</td>
<td>8.6</td>
<td>0.7</td>
<td>4.5</td>
<td>4.9</td>
<td>5.1</td>
</tr>
<tr>
<td>Government Consumption</td>
<td>6.0</td>
<td>10.2</td>
<td>2.3</td>
<td>4.5</td>
<td>2.0</td>
<td>3.1</td>
</tr>
<tr>
<td>Gross Fixed Capital Investment</td>
<td>-2.8</td>
<td>5.4</td>
<td>8.3</td>
<td>9.6</td>
<td>4.9</td>
<td>8.1</td>
</tr>
<tr>
<td>Exports, Goods and Services</td>
<td>4.3</td>
<td>4.7</td>
<td>-0.7</td>
<td>8.4</td>
<td>6.5</td>
<td>5.1</td>
</tr>
<tr>
<td>Imports, Goods and Services</td>
<td>9.6</td>
<td>10.6</td>
<td>7.9</td>
<td>3.2</td>
<td>6.3</td>
<td>4.3</td>
</tr>
</tbody>
</table>

#### REAL GDP Growth, at Constant Basic Prices

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>4.6</td>
<td>4.8</td>
<td>-4.2</td>
<td>-1.1</td>
<td>3.0</td>
<td>3.0</td>
</tr>
<tr>
<td>Industry</td>
<td>4.7</td>
<td>2.1</td>
<td>6.7</td>
<td>5.5</td>
<td>5.5</td>
<td>5.5</td>
</tr>
<tr>
<td>Services</td>
<td>4.8</td>
<td>5.7</td>
<td>4.2</td>
<td>4.5</td>
<td>5.0</td>
<td>5.1</td>
</tr>
</tbody>
</table>

| Inflation (Consumer Price index) | 3.3 | 0.9 | 4.0 | 5.2 | 5.2 | 5.2 |
| Current Account Balance (% of GDP) | -2.5 | -2.3 | -2.4 | -2.5 | -2.5 | -2.6 |
| Fiscal Balance (% of GDP) | -5.7 | -7.6 | -5.4 | -5.1 | -4.4 | -4.1 |
| Debt (% of GDP) | 71.3 | 77.6 | 79.3 | 79.9 | 78.1 | 76.2 |

Source: CBS, NRB, MoF for history and estimates; World Bank staff for forecasts.
Notes: a/ fiscal balance includes net lending, e = estimate, f = forecast
THE WORLD BANK GROUP AND SRI LANKA

The World Bank Group has supported Sri Lanka’s development for nearly six decades. Although in many ways it is a development success story, Sri Lanka still faces critical challenges as it strives to become an upper middle-income country. WBG’s Country Partnership Framework (CPF) for FY2017-20, endorsed by the Institution’s Board of Directors in June 2016, is based on the 2015 Systematic Country Diagnostics (SCD) and the country’s priorities.

The World Bank Group supports Sri Lanka’s transition to a more competitive, inclusive, and resilient upper-middle income country include promoting macro-fiscal stability and competitiveness and creating conditions where there are opportunities for all. There is also a focus on seizing green growth opportunities, improving environmental management and adapting to, and mitigating, the impact of climate change. Sri Lanka graduated from IDA in FY2017 and is receiving IDA transition financing during IDA18 period (FY2018-20).

As Sri Lanka works to end extreme poverty and promote shared prosperity some of its key challenges identified in the 2015 SCD are to achieve fiscal sustainability, enhance competitiveness and promote more and better jobs for the bottom 40 percent, advance social inclusion for disadvantaged people and attain longer term sustainability. Strengthening governance is a cross-cutting challenge.

The Government’s Vision 2025 largely confirmed the SCD findings and identified four macro-constraints to growth: (i) structural weaknesses in a growth model which did not foster productive investments, competitiveness and innovation; (ii) inward rather than outward- and export-led growth, which would leverage the global market and international supply chains; (iii) public finances dogged by increasing debt repayments and inefficient State Owned Enterprises which crowded out more productive investments and development spending; and (iv) regulatory barriers that stifled private sector development and job creation. The World Bank is supporting government reforms aimed at addressing these constraints.

WORLD BANK PROGRAM

The current active World Bank portfolio comprises 16 projects with a total net commitment value of $1.98 billion (14 IDA, 1 IBRD and 1 Blend). The World Bank has provided a mix of financing – investment project, development policy, and program-for-results – to meet the development needs. The first development policy financing was approved in July 2016 and focuses on policy reforms to strengthen the country’s trade and competitiveness. It is co-financed by JICA, and complements IMF’s Extended Fund Facility. The first program-for-results financing was approved in May 2017 to support the government’s program to improve higher education. Urban and rural development sectors account for the largest share of the portfolio both in terms of number of projects (28 percent) and total commitment (38 percent). The second largest sector of engagement is education, followed by water.

The World Bank seeks to respond flexibly to the emerging needs of the country. Following a garbage dump collapse disaster that buried nearly 150 homes and killed about 30 people in Metro Colombo in April 2017, the World Bank is preparing an emergency operation to stabilize the site and support more sustained management of solid waste. This initiative is co-financed by the AIIB. It endeavors to coordinate with development partners by co-financing projects and leveraging private sector resources where opportunities arise. The World Bank and IFC are closely collaborating to support the Government’s efforts to strengthen the corporate governance and capacity of State Owned Enterprises.

The World Bank Group, taking into account the SCD and the Government’s Vision 2025, is looking to address the constraints to growth. It is providing policy advice, analytical support and technical assistance, funded both through trust funds and its own budget, to assist government efforts on fiscal reform, the governance and efficiency of public enterprises, pension reform, trade and competitiveness, and sustainable urban development.

World Bank Active Portfolio
(As of August 21, 2017)

- No. of Projects: 16
- Commitments: $1,980 million
- IDA: 14 projects; $1,663 million
- IBRD: 2 projects, $317 million
- Trust Funds*: 3 projects; $64.5 million

* Only those Trust Funds that are $5 million or greater
SRI LANKA
COUNTRY SNAPSHOT

The World Bank program in Sri Lanka is helping empower women by giving them job opportunities

WORLD BANK – IFC COLLABORATION

IFC’s activities in Sri Lanka support the World Bank Group’s CPF goals. By working closely with the private sector, the government, and the World Bank, IFC focuses on facilitating inclusive growth by attracting private sector finance.

IFC in Sri Lanka addresses key development gaps by focusing on financial and social inclusion, infrastructure, productivity, and sustainability. To foster inclusion, IFC is working on increasing access to finance, especially to SMEs and women, and seeking opportunities to help expand quality healthcare, affordable housing, and training and education for skills development. IFC launched a “Women in Work” program to demonstrate that corporate performance can improve by closing gaps between men and women in the private sector. IFC’s support for sustainable infrastructure aims to improve electricity service, complete critical last mile infrastructure, and revamp logistics and services infrastructure. In sustainability, IFC will promote renewable solutions, narrow the green/affordable housing gap and support climate change adaptation and resource efficiency applications. IFC is also targeting sectors with significant job creation impacts especially agribusiness, tourism, and pharmaceuticals.

As of June 30, 2017, IFC’s total committed investment portfolio stood at about $334 million. IFC also has an advisory program comprising 12 portfolio projects with a combined value of $12.5 million. IFC’s advisory projects are helping boost access to finance and insurance, build business skills for entrepreneurs, develop supply chains, and promote the growth of tourism.

MIGA

MIGA has no exposure in Sri Lanka. However, the Agency stands ready to consider productive projects, across sectors, as appropriate opportunities emerge. In assessing potential transactions, MIGA will coordinate closely with the World Bank and IFC, to maximize collaboration across the World Bank Group.

CONTACTS:

More about the World Bank Group in Sri Lanka
Country Website: http://www.worldbank.org/srilanka

Data: http://data.worldbank.org/country/srilanka

The “Country Snapshot” is an annual update highlighting the country’s recent developments, economic outlook and major overview of the World Bank Group’s partnership with the country. You can find the latest updates for Sri Lanka at http://www.worldbank.org/SriLanka
SRI LANKA: FINANCIAL SECTOR MODERNIZATION (FSMP)

KEY DATES:
Approved: April 5, 2017
Effective: TBD
Closing: Dec 21, 2022

FINANCING*:

<table>
<thead>
<tr>
<th>Financier</th>
<th>Financing</th>
</tr>
</thead>
<tbody>
<tr>
<td>IDA</td>
<td>75.00</td>
</tr>
<tr>
<td>Government</td>
<td>-</td>
</tr>
<tr>
<td>Total Project cost</td>
<td>75.00</td>
</tr>
</tbody>
</table>
* $ millions

BACKGROUND AND OBJECTIVES:

The project aims to level the playing field and align the incentives of the financial sector to promote inclusive growth in Sri Lanka. It is designed to modernize the financial infrastructure, establish a legal and regulatory framework in line with international standards and enhance the capacity of regulators to conduct comprehensive and forward-looking supervision of all financial subsectors. This is expected to result in greater market competition, financial sector efficiency and inclusion of firms and people in the use of financial tools. In turn, MSMEs will be able to exploit greater economic opportunities by investing, growing, and creating new and better jobs. To sustain the expected gains in poverty reduction and shared prosperity, the project will also help enhance the financial soundness of financial firms, contributing to overall financial and macroeconomic stability.

The Project Development Objective (PDO) is to contribute to increasing financial market efficiency and use of financial services among micro, small, and medium enterprises (MSMEs) and individuals. The project will achieve the PDO through modernizing financial market infrastructure, upgrading the legal and regulatory framework for the financial system, and strengthening the institutional capacity of financial sector regulators (Central Bank of Sri Lanka, CBSL; Securities and Exchange Commission of Sri Lanka, SEC; and Insurance Board of Sri Lanka, IBSL). On account of its comprehensive approach to creating an enabling environment for robust financial development, the project is also expected to advance financial inclusion through (a) increased financial efficiency and competition and (b) the greater reach and financial connectivity of MSMEs and individuals that the new and more inclusive financial market infrastructure shall enable.

KEY RESULTS ACHIEVED AND EXPECTED:

The project is expected to achieve the following key results:
- increased transactions of retail electronic payments on the modernized infrastructure
- increased trading in the secondary government bond market
- increased share of private insurance companies in newly issued insurance policies
- increased financial soundness of Micro Finance Institutions
- risk-based supervision established in the financial sector
- new RTGS system with multi-currency settlement and convertibility features and the Scripless Securities Settlement System (SSSS) with Central Depository System operationalized
- Regulatory and supervisory framework for financial consumer protection established
- Reduction in the government securities investment in the portfolio of EPF through implementation of a professional investment strategy

IMPLEMENTING AGENCY:
Central Bank of Sri Lanka, Securities and Exchange Commission of Sri Lanka, Insurance Board of Sri Lanka

KEY PARTNERS:
SRI LANKA: TRANSFORMING THE SCHOOL AND EDUCATION SYSTEM AS THE FOUNDATION OF A KNOWLEDGE HUB PROJECT (TSEP)

KEY DATES:
Approved: November 29, 2011
Effective: June 21, 2012
Closing: June 30, 2018

FINANCING*:

<table>
<thead>
<tr>
<th>Financier</th>
<th>Financing</th>
</tr>
</thead>
<tbody>
<tr>
<td>IBRD</td>
<td></td>
</tr>
<tr>
<td>IDA</td>
<td>80</td>
</tr>
<tr>
<td>Govt. of Sri Lanka</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
</tr>
<tr>
<td>Total Project Cost</td>
<td>80</td>
</tr>
<tr>
<td>*$ millions</td>
<td></td>
</tr>
</tbody>
</table>

BACKGROUND AND OBJECTIVES:
The Transforming the School Education System as the Foundation of a Knowledge Hub Project aims to enhance equitable access and quality of primary and secondary education to provide a foundation for the knowledge-based economic and social development of the country. The project is organized under three components: (i) promoting access to primary and secondary education; (ii) improving the quality of education; and (iii) strengthening governance and delivery of education services. These are aligned with the themes of the government of Sri Lanka’s Education Sector Development Framework and Program.

This $100 million project is helping the government to strengthen the country’s education system at multiple levels, including national and provincial educational agencies, but especially schools. Several innovative reforms are being supported, including the establishment of a system for conducting national assessments of learning outcomes, school-based management, and school-based teacher development.

KEY RESULTS EXPECTED OR ACHIEVED:
- Approximately 4.4 million students and 236,000 teachers have benefited from project initiatives.
- The survival rate of students through grade 11 has reached 88 percent.
- The National assessment of learning outcomes of children at grade 8 were completed in 2012, 2014 and 2016, and at grade 4 in 2013 and 2015, and the results have been utilized for program development.
- Schools in 100 percent of zones are implementing the Program for School Improvement (PSI). Approximately 10,000 schools have completed the PSI annual cycle.
- Schools in 100 percent of zones are also implementing School-Based Teacher Development (SBTD) programs.
- A modernized quality assurance program is being implemented in all nine provinces and is linked to the PSI.
- The Content and Language Integrated Learning (CLIL) framework for Bilingual Education has been introduced in over 1,000 schools, covering about 74,000 students and around 6,000 teachers. The number of schools covered by the bilingual education program exceeds the project’s overall target of implementing 900 schools.
- All 98 zones (100 percent) of education zones and divisions have been strengthened through development of staff, the construction of physical facilities and the provision of equipment and technology.

IMPLEMENTING AGENCY:
Ministry of Education, Ministry of Provincial Councils and Local Government (MPCLG) and Education Authorities.

KEY PARTNERS:
**SRI LANKA: EARLY CHILDHOOD DEVELOPMENT PROJECT**

**KEY DATES:**
- Approved: June 24, 2015
- Effective: September 25, 2015 (expected)
- Closing: June 30, 2021

**FINANCING:**

<table>
<thead>
<tr>
<th>Financier</th>
<th>Financing</th>
</tr>
</thead>
<tbody>
<tr>
<td>IBRD</td>
<td>50</td>
</tr>
<tr>
<td>IDA</td>
<td>50</td>
</tr>
<tr>
<td>Govt. of Sri Lanka</td>
<td>50</td>
</tr>
<tr>
<td>Other</td>
<td>50</td>
</tr>
<tr>
<td>Total Project Cost</td>
<td>50</td>
</tr>
</tbody>
</table>

*$ millions

**BACKGROUND AND OBJECTIVES:**

Sri Lanka has around 17,000 early childhood development (ECD) centers serving approximately 513,000 children, 3-5 years old. At the time of project preparation, a national survey of ECD centers indicated that less than half the centers met the basic requirements for ECD instructional quality. The coverage of ECD services was also low, with only 65 percent of the children, 3-5 age, enrolled in ECD centers. ECD provision in Sri Lanka is largely dependent on the non-state sector, and public expenditure on ECD is significantly lower than that the expenditures in other middle-income countries.

Recognizing the importance of the role of ECD in achieving the country's long-term development goals, the Government decided to increase its support to the sector through the Early Childhood Development Project, with the objective of enhancing equitable access to and improving the quality of ECD services across the country. The project is organized under two components: (i) expanding and strengthening the delivery of ECD services, and (ii) project management, and monitoring and evaluation. Recognizing that ECD services are provided primarily by non-state ECD centers and the sectoral significance of the plantation sector, the project supports both state- and non-state managed ECD centers; and to centers located in plantation areas and the rest of the country. The key activities in the project focus on improving the quality of ECD provision, expanding equitable access to ECD services, and improving the quality of ECD services in the plantation sector. To enhance the quality of ECD provision, the project supports quality management, facility improvement of ECD centers, training of ECD teachers and teacher assistants, and the training of trainers and government staff working in the ECD sector. It supports both supply- and demand-side interventions to enhance access to ECD services. Such interventions include parental awareness programs, fee waivers to ECD center students from poor households, and establishment or extension of facilities in unserved and underserved areas. The design of the components and activities under the project draws upon the findings and recommendations from an ECD study conducted by the World Bank in FY2013/14.

**KEY RESULTS EXPECTED OR ACHIEVED:**

The following key results have been achieved:

- A National Census of ECD centers has been completed. 1,900 ECD centers have fulfilled minimum quality standards.
- 555,984 children enrolled in ECD centers (girls: 276,383). Teaching and learning material was distributed to 263 ECD centers.
- 102 ECD centers (in plantations) have received facility improvement support for renovation, construction or improvement of play areas; and 1,655 ECD centers (in non-plan-
- tation areas) have been identified for facility improvement grant support in 2017 using the National ECD Census.
- Training modules and handbook have been finalized and 193 eligible persons have completed training for trainers. The trainers have trained 130 teachers. Modules for parental awareness programs have been developed and 139 training sessions were held in the plantation areas. 197 Child Development Officers in plantations completed diplomas and 173 currently undergoing Diploma training in the plantation sector.
- Child development standards assessment tools and guidelines will be implemented starting in 2018.
- Establishment of ECD Resource Centers in four Provinces has commenced. Completion expected in 2018.

**IMPLEMENTING AGENCY:**

The Ministry of Women and Child Affairs and the Plantation Human Development Trust

**KEY PARTNERS:**

The World Bank, the United National Children’s Fund (UNICEF) and NGOs (e.g. Plan International, Save the Children, World Vision) are active development partners in the early childhood development sector in Sri Lanka.
SRI LANKA: SKILLS DEVELOPMENT PROJECT

KEY DATES:

Approved: June 20, 2014
Effective: October 23, 2014
Closing: December 31, 2019

FINANCING*:

<table>
<thead>
<tr>
<th>Financier</th>
<th>Financing</th>
</tr>
</thead>
<tbody>
<tr>
<td>IBRD</td>
<td>101.5</td>
</tr>
<tr>
<td>IDA</td>
<td>101.5</td>
</tr>
<tr>
<td>Govt. of Sri Lanka</td>
<td>405.5</td>
</tr>
<tr>
<td>Asian Development Bank</td>
<td>100.0</td>
</tr>
<tr>
<td>Government of Korea</td>
<td>26.0</td>
</tr>
<tr>
<td>Germany (GIZ)</td>
<td>17.0</td>
</tr>
<tr>
<td>Total Project Cost</td>
<td>650.00</td>
</tr>
</tbody>
</table>

*$ millions

BACKGROUND AND OBJECTIVES:

The project aims to expand the supply of skilled and employable workers by increasing access to quality and labor market–relevant training programs. It supports implementation of the government’s Skills Sector Development Program (SSDP) for 2014-2020. The IDA credit will be complemented by a $100 million loan from the ADB (through parallel financing). The ADB operation uses a Performance for Results lending instrument to finance the implementation of the government’s program. Both operations will rely on common institutional and implementation arrangements, including a set of similar disbursement-linked indicators and M&E arrangements, to ensure close harmonization. The project is comprised of two components:

- Component 1, the result-based funding component: Supports three closely related types of interventions: (i) strengthening governance and management; (ii) enhancing the quality and relevance of training; and (iii) increasing access to training opportunities. Several innovative reforms are being supported under the project, including establishment of Industry Sector Skills Councils, introduction of performance-based funding for public training providers, introduction of employment-linked training programs to increase employer involvement in design and delivery of training programs, strengthening the monitoring and evaluation system of the skills sector, and improving labor-market information systems.

- Component 2, an innovation, results monitoring, and capacity development component: Help to strengthen implementation, coordination, and the monitoring and evaluation (M&E) capacity of the Ministry of Youth Affairs and Skills Development.

KEY RESULTS EXPECTED OR ACHIEVED:

The project is expected to achieve the following key results: (1) Increase the number of trainees enrolled in public and private training institutions; (2) Improve the completion rate of trainees enrolled in public training institutions; (3) Improve the average earnings of graduates in skills development programs relative to earnings of GCE-O level graduates; (4) Increase employer satisfaction with graduates from training institutions. Key results achieved include:

- Quality management system is set up and installed in 166 training institutes and progressing
- Four industrial sector skills councils set up to receive input to review and develop competency standards and curricular. Skills Gap Analysis conducted in two sectors with the assistance of the relevant industrial sector skills council
- Human resource policy developed and based on the policy Scheme of Recruitment for five institutions have been revised and commenced recruitment using the new Scheme of Recruitment.
- More than 2,300 teachers, 750 assessors and 850 center managers and 1,500 support staff trained
- Performance-based funding introduced and piloted in 53 centers
- Employment-Linked Training Program model supported training for more than 500 students
- Center management software is developed and rolled out

IMPLEMENTING AGENCY:

Ministry of Skills Development & Vocational Training

KEY PARTNERS:

Ministry of Skills Development and Vocational Training, Ministry of Finance, ADB (through parallel financing)
SRI LANKA: ACCELERATING HIGHER EDUCATION EXPANSION AND DEVELOPMENT OPERATION

KEY DATES:

Approved: May 12, 2017
Effective: August 17, 2017
Closing: June 30, 2023

FINANCING*:

<table>
<thead>
<tr>
<th>Financier</th>
<th>Financing</th>
</tr>
</thead>
<tbody>
<tr>
<td>IDA</td>
<td>33</td>
</tr>
<tr>
<td>IBRD</td>
<td>67</td>
</tr>
<tr>
<td>Government</td>
<td>1,963</td>
</tr>
<tr>
<td>Operation cost</td>
<td>2,063</td>
</tr>
<tr>
<td>Additional financing</td>
<td></td>
</tr>
<tr>
<td>Total operation cost</td>
<td>2,063</td>
</tr>
</tbody>
</table>

*$ millions

BACKGROUND AND OBJECTIVES:

The goal of the Operation is to develop the higher education system to produce an educated and knowledgeable labor force with the human capital required to accelerate economic development.

The Operation is based on three results areas: (i) Increasing Enrollment in Higher Education in Priority Disciplines for Economic Development; (ii) Improving the Quality of Higher Education; and (iii) Promoting Research, Development, and Innovation.

This Operation is the first Program for Results (PforR) in Sri Lanka.

KEY RESULTS EXPECTED OR ACHIEVED:

- The operation has just commenced and it is too early to comment on the achievements and results.

IMPLEMENTING AGENCY:

Ministry of Higher Education and Highways
SRI LANKA: SECOND HEALTH SECTOR DEVELOPMENT PROJECT

KEY DATES:

Approved: 
Effective: 01- Jul -2013
Closing: 30- Sep- 2018

FINANCING*:

<table>
<thead>
<tr>
<th>Financier</th>
<th>Financing</th>
</tr>
</thead>
<tbody>
<tr>
<td>IDA</td>
<td>200</td>
</tr>
<tr>
<td>Government</td>
<td>4970</td>
</tr>
<tr>
<td>Project Cost</td>
<td>200</td>
</tr>
<tr>
<td>Additional financing</td>
<td>(if applicable)</td>
</tr>
<tr>
<td>Total Project cost</td>
<td>5170</td>
</tr>
</tbody>
</table>

* $ millions

BACKGROUND AND OBJECTIVES:

The Second Health Sector Development Project supports the implementation of the government's National Health Development Plan. It aims to upgrade the standards of performance of the public health system and enable it to better respond to the challenges of malnutrition and non-communicable disease. More specifically, the project supports the implementation of interventions prioritized under the National Health Development Plan for: (i) addressing nutrition, maternal and child health; (ii) improving prevention and control of non-communicable diseases; and (iii) improving health systems. Funds are disbursed as budget support linked to agreed results achieved over the given period. The project also supports innovation, results monitoring, and capacity building in the health sector.

The project is implemented in 2 components: (i) Support priority areas under National Health Development Plan which has an IDA contribution of $190 million for 5 years; and (ii) Support innovation, result monitoring and capacity building through an IDA contribution of $10 million. This project supports the implementation of 20 results (a subset of the National Health Development Plan results). So far, in the fourth year of implementation, all 9 project development objective indicators met or surpassed their targets for 2016 and progress against intermediate results indicators which are 11 in number are also positive except for 1 indicator.

KEY RESULTS ACHIEVED AND EXPECTED:

- Developed policies and guidelines for Accidents & Emergencies (A&E) during the first year of the project. Subsequently, 118 new fully functioning A&E service units have been established during past 4 years.
- In 2013, only 759 out of 3,841 Maternal and Child Health (MCH) clinics had agreed package of equipment and supplies for the provision of care for pregnant women and children under 5 years. Currently, 3,235 (84.2%) MCH clinics are equipped.
- Beginning of SHSDP, electronic reporting of Indoor Morbidity and Mortality (e-IMMR) system was at the experimental stage. By the end of 2016, 389 hospitals out of 572 are sending Indoor Morbidity and mortality data electronically.
- During the first year of the SHSDP, only 98 out of 330 MOH areas had at least 2 healthy life style centers. By 2016, 267 (80.9%) enabling people to have easy access for screening, referral and follow up for Non-Communicable Diseases.
- Prior to the implementation of SHSDP, the health system did not have a formal set of guidelines or protocols for quality management units for health care institutions. With World Bank assistance, the ministry was able to develop guidelines for quality management units for health care institutions and currently 108 out of 115 institutions were able to establish fully functioning quality management units throughout the country.
- 15 projects have the potential of being scaled up for integration into the national health system. There are 68 foreign capacity building activities identified as priority programs in the national capacity building plan, of which 49 programs have already been completed. A total of 3,289 health sector officials have been trained in different medical specialties through supporting PhDs, diplomas foreign trainings and certificate courses.

IMPLEMENTING AGENCY:

Ministry of Health and Ministry of Local Government and Provincial Councils

KEY PARTNERS:

The Ministry of Health, the Ministry of Local Government and Provincial Councils, and the government of Sri Lanka.
KEY DATES:

Approved: December 2, 2016
Effective: February 24, 2017
Closing: June 20, 2022

FINANCING*:

<table>
<thead>
<tr>
<th>Financier</th>
<th>Financing</th>
</tr>
</thead>
<tbody>
<tr>
<td>IDA</td>
<td>75</td>
</tr>
<tr>
<td>Government</td>
<td></td>
</tr>
<tr>
<td>Project Cost</td>
<td></td>
</tr>
<tr>
<td>Additional financing (if applicable)</td>
<td></td>
</tr>
<tr>
<td>Total Project cost</td>
<td>75</td>
</tr>
</tbody>
</table>

* $ millions

BACKGROUND AND OBJECTIVES:

Despite the pro-poor growth of recent years, many households remain vulnerable to falling back into poverty. In 2012/13, around 30 percent of Sri Lanka’s 20.8 million people consumed less than $2.50 per capita per day in purchasing power parity terms. Sri Lanka also faces a looming demographic burden. Driven by a secular downtrend in the birth rate and increased life expectancy (at 74 years in 2012), the dependency ratio is gradually rising as the population ages. A well-designed and adequately funded safety net system is essential for addressing these challenges of vulnerability, ageing, and social exclusion.

The Social Safety Nets Project aims to contribute to the improved equity, efficiency and transparency of Sri Lanka’s social safety net programs for the benefit of the poor and vulnerable. The first component is building a Unified Social Registry. The core of the reformed welfare system will be a unified social registry containing data on all current and former program beneficiaries and new applicants. This component will finance the Eligible Expenditure Program (EEP) against achievement of results related to the establishment of the Welfare Benefits Board and development of the unified social registry. The second component is supporting development of Integrated Service Delivery Systems. This results based component will finance the EEP against achievement on collection of data on current beneficiaries and new applicants of programs under the Welfare Benefit Scheme as well as to the development of an integrated MIS for the harmonized management of safety net programs. The third is the technical assistance component that will support project implementation, monitoring and planning. This component will also support setting up of the Welfare Benefits Board and the development of a national social protection strategy.

KEY RESULTS ACHIEVED AND EXPECTED:

The project has established the Welfare Benefits Board, which is now fully functional. Other expected results include:

- Social Registry Information System active and operational.
- Welfare program budget under the Welfare Benefit Scheme.
- Social registry populated with current data on beneficiaries of programs under the Welfare Benefit Scheme.
- Welfare Benefit Scheme beneficiaries qualifying under the eligibility criteria.
- Divisional secretariats using the integrated MIS for program delivery.

IMPLEMENTING AGENCY:

Ministry of Finance, Government of Sri Lanka

KEY PARTNERS:

Ministry of Social Empowerment, Welfare and Kandyan Heritage
SRI LANKA: AGRICULTURE SECTOR MODERNIZATION

KEY DATES:
Approved: June 28, 2016
Effective: TBD
Closing: December 31, 2020

FINANCING*:

<table>
<thead>
<tr>
<th>Financier</th>
<th>Financing</th>
</tr>
</thead>
<tbody>
<tr>
<td>IBRD</td>
<td>125.00</td>
</tr>
<tr>
<td>Govt. of Sri Lanka</td>
<td>00.74</td>
</tr>
<tr>
<td>Other: Communities</td>
<td>44.10</td>
</tr>
<tr>
<td>Total Project Cost</td>
<td>169.84</td>
</tr>
</tbody>
</table>

*$ millions; as of June 30, 2016

BACKGROUND AND OBJECTIVES:

With rice self-sufficiency secured, a consensus has emerged within the Government that the country should more strategically diversify out of the relatively low value food crops and move towards high-value agriculture and promote agricultural exports. This structural shift is critical to sustain income growth in the future, accelerate poverty reduction and reverse the trend of increasing inequality.

While most fruits and vegetables generate higher income as compared to rice, they also demand more intensive labor input, higher levels of technology input, better crop management, and investments in post-harvest, marketing, and better organized value chains overall; there is also significant potential for employment growth with such diversification. A structural shift towards a more high-value production structure, agro-processing and value addition activities, and increased competitiveness would also be needed. Moreover, there is a need to review existing trade policies to ensure that they support high-value export agriculture; realign public sector support away from general fertilizer subsidies to better target support and greater attention to R&D; revisit and relax the rice self-sufficiency policy and allow for more demand-driven and market oriented production; and overcome long-standing structural constraints, such as low organizational levels of farmers, land fragmentation, and poor price information systems.

The objective of the project is to support increasing agriculture productivity, improving market access, and enhancing value addition of smallholder farmers and agribusinesses in the project areas. The project aims to: (i) improve agriculture value chain development; and (ii) promote productivity enhancement and diversification demonstrations. Through the proposed project, the Bank is reengaging in the agriculture sector after many years of absence. The project is planned as part of a longer term engagement. This first project would primarily focus on agriculture diversification, pro-poor value-chain development for higher value-added production, and agriculture income generation. The proposed project would not address the structural reform issues in the irrigated rice sector and the plantation estate sector at this point. In these important agriculture sub-sectors, the Bank would first engage through analytical and technical assistance support with the purpose of developing a better understanding and consensus for downstream policy and institutional reforms as well as investments.

KEY RESULTS EXPECTED OR ACHIEVED:

Key results expected include reaching 110,000 direct beneficiaries (40,000 women); 80,000 clients adopting improved agriculture technology (24,000 women); 25 percent increase in average value of sales of products; and 12,500 new jobs generated through investments.

IMPLEMENTING AGENCY:

Ministry of National Policies and Economic Affairs; Ministry of Agriculture; Ministry of Primary Industries; and Provincial Councils
SRI LANKA: ECOSYSTEM CONSERVATION AND MANAGEMENT PROJECT

KEY DATES:
Approved: April 25, 2016
Effective: December 1, 2016
Closing: June 30, 2021

FINANCING*:

<table>
<thead>
<tr>
<th>Financier</th>
<th>Financing</th>
</tr>
</thead>
<tbody>
<tr>
<td>IDA</td>
<td>45</td>
</tr>
<tr>
<td>Government</td>
<td></td>
</tr>
<tr>
<td>Project Cost</td>
<td></td>
</tr>
<tr>
<td>Additional financing</td>
<td>(if applicable)</td>
</tr>
<tr>
<td>Total Project cost</td>
<td>45</td>
</tr>
</tbody>
</table>

*$ millions

BACKGROUND AND OBJECTIVES:
Sri Lanka exhibits a wide array of ecosystems with a diversity of species considered to be the richest per unit area in the Asian region. Many communities living adjacent to natural forests are directly and indirectly dependent on the natural ecosystems. About 14 percent of Sri Lanka’s land area is under legal protection. Despite conservation efforts, deforestation, forest degradation and biodiversity loss continue. Human-elephant conflict (HEC) is a noteworthy issue in the context of Sri Lanka’s development. Sri Lanka has the highest density of elephants among the Asian elephant range states. With accelerating development and fragmentation of habitats, innovative landscape management approaches are needed to address the human-elephant conflict. Such approaches would balance competing objectives of creating new opportunities for rural poverty reduction and employment and sustaining Sri Lanka’s unique elephant population over much of the Dry Zone.

Nature-based tourism is a fast-growing segment of the global tourism industry creating opportunities for growth and to develop a successful rural development growth strategy. Due to the ease of wildlife sighting, Sri Lanka has the potential of being the best nature-based tourism destination outside Africa. Yet nature-based tourism remains underexploited. Less than 30 percent of foreign tourists visit the country’s national parks due to poor visitor experience as a result of inadequate management. Much of the sector operates as an enclave industry, generating little employment and growth benefits. Only a limited portion of the monetary benefits from nature-based tourism flow to local communities.

The project objective is to improve the management of ecosystems in selected locations in Sri Lanka for conservation and community benefits. Therefore, the project will also contribute to the Government’s policies of: (i) increasing and protecting the forest cover for harnessing of ecosystem benefits, including the protection of watersheds for agricultural productivity; (ii) developing mechanisms for human-elephant co-existence; (iii) improving the revenue generating capability of protected areas; and (iv) developing the capacity for delivering institutional mandates of key natural resources management agencies. The project contributes to the higher-level objective of long-term environmental sustainability and inclusiveness of growth and development in and around ecologically sensitive areas in Sri Lanka.

KEY RESULTS EXPECTED OR ACHIEVED:
The following are the key results expected to be achieved by the project:
- Direct benefits to at least 15,000 people from communities living adjacent to Protected Areas due to sustainable use and management of natural resources; and at least 10,000 people from communities living adjacent to Protected Areas with improved access income generating activities.
- At least 75 villages and agriculture plots protected as a result of human-elephant co-existence activities.
- 200,000 ha of land brought under enhanced biodiversity protection.
- 10% increase in visitor revenue of selected Protected Areas as a result of project interventions.

IMPLEMENTING AGENCY:
Ministry of Mahaweli Development and Environment, Ministry of Sustainable Development and Wildlife, Forest Department and Department of Wildlife Conservation

KEY PARTNERS:
Communities living adjacent to selected Protected Areas, selected communities severely affected by the human elephant conflict and local authorities.
SRI LANKA: METRO COLOMBO URBAN DEVELOPMENT PROJECT

KEY DATES:

Approved: March 15, 2012  
Effective: July 10, 2012  
Closing: December 31, 2017 (current closing date), negotiations are ongoing to extend this to June 30, 2020.

FINANCING IN MILLION US DOLLARS*:

<table>
<thead>
<tr>
<th>Financier</th>
<th>Financing</th>
</tr>
</thead>
<tbody>
<tr>
<td>IBRD</td>
<td>213</td>
</tr>
<tr>
<td>IDA</td>
<td></td>
</tr>
<tr>
<td>Govt. of Sri Lanka</td>
<td>108</td>
</tr>
<tr>
<td>Other</td>
<td></td>
</tr>
<tr>
<td>Total Project Cost</td>
<td>321</td>
</tr>
</tbody>
</table>

* $ millions

BACKGROUND AND OBJECTIVES:

Sri Lanka needs to tap into the competitive advantages of the Colombo Metropolitan Region (CMR) to accelerate growth. The CMR will continue to generate much of the capital, human resources, technology and services needed for growth in the rest of the country. While the CMR covers only about 6 percent of the country’s total land area and is home to 28 percent of its population, it accounts for about 45 percent of national GDP and 80 percent of industrial value added. It is the country’s major urban agglomeration and is growing faster than any other metropolitan region in Sri Lanka. A number of obstacles are preventing the CMR from realizing its full economic potential including: (i) inadequate infrastructure and services; (ii) significant vulnerability to flooding, the impacts of which are being exacerbated by climate change and sea-level rise; and (iii) poorly design and maintained drainage. In addition, limited financial and human resources available to local authorities, combined with their lack of coordination, hinder effective delivery and operations and maintenance of local infrastructure services. Integrated planning, management and coordination at the metropolitan level are virtually nonexistent.

The project aims to support the government in reducing flooding in the catchment of the Colombo Water Basin and strengthen the capacity of local authorities in the CMR to rehabilitate, improve and maintain local infrastructure and services through selected demonstration investments.

KEY RESULTS ACHIEVED AND EXPECTED:

Component 2 (municipal infrastructure) is mostly complete, and key achievements to date include:

- Contributing to on-the-job capacities of local authorities in CMR, particularly in the areas of procurement, contract management for municipal roads, coordination with utilities, use of high quality design, and quality and safety standards of municipal roads.
- Beddegana Wetlands Park has been opened. The park aids in flood control and allows the public to experience the city’s unique urban wetlands. Rehabilitation of the Town Square and Viharamahadevi Parks, including the creation of playgrounds, bicycle paths and public facilities.
- Three kilometers of primary canals have been completed, two micro-drainage subprojects have been implemented, and 29km of roads have been built or rehabilitated based on prescribed standards.
- To date, the project has increased the city’s walkability, safety and quality of life for both pedestrians and motorists as the road redesigns have included pedestrian crossings, improved access for those with disabilities as well as flood mitigation measures such as sloping road profiles and side drainage.
- Improved coordination between central agencies and local authorities and among local authorities within the metropolitan area, and institutionalization of metropolitan-level coordination agencies, such as the Metropolitan Wetland Management Department and the Colombo Metropolitan Unit of the Urban Development Authority.

Component 1 (Flood and Drainage Management in the Colombo Water Basin) supports improvements including building and maintaining a system of drainage, tunnels, canal construction and rehabilitation, flood gates, pumping stations and water diversions. It will also support an integrated flood management system to maintain the drainage network, the development of an integrated flood management system, and complementary interventions to improve environment and public facilities along the water bodies. This involves the largest and most complex flood-reduction works (both from an engineering and safeguard point of view) which are currently under way. The project is anticipated to reduce the area under risk of flooding (25-28-year return period) in the project area.

IMPLEMENTING AGENCY:

Ministry of Megapolis and Western Development.

KEY PARTNERS:

Ministry of Megapolis and Western Province; Sri Lanka Land Reclamation and Development Corporation; Urban Development Authority; Colombo Municipal Council; Dehiwela Mount Lavinia Municipal Council; Kotte Sri Jayawardenapura Municipal Council; and the Kolonnawa Urban Council.
SRI LANKA: STRATEGIC CITIES DEVELOPMENT PROJECT

KEY DATES:

Approved: May 5, 2014 (original); / Additional Financing (AF): May 28, 2016
Effective: October 16, 2014; / AF: 19 October 2016
Closing: December 31, 2019; / AF: December 31, 2021

FINANCING*:

<table>
<thead>
<tr>
<th>Financier</th>
<th>Financing</th>
</tr>
</thead>
<tbody>
<tr>
<td>IDA</td>
<td>147</td>
</tr>
<tr>
<td>Government</td>
<td>53.58</td>
</tr>
<tr>
<td>Project Cost</td>
<td></td>
</tr>
<tr>
<td>Additional financing</td>
<td>55</td>
</tr>
<tr>
<td>Total Project cost</td>
<td>255.58</td>
</tr>
</tbody>
</table>

* $ millions

BACKGROUND AND OBJECTIVES:

The Government of Sri Lanka, through Bank Technical Assistance (TA) support, initiated its national secondary cities development program in 2012 to tackle key development constraints in its secondary cities nationwide. Among various donors, the Bank was the first to take up the initiative through the preparation and delivery of the Sri Lanka Strategic Cities Development Project (SCDP), which was approved in May 2014 with a $147 million IDA credit. The SCDP focused on improving integrated urban services and public spaces in two key secondary cities in Sri Lanka - Kandy in the central part of the country and Galle, in the southwest.

The AF of the SCDP was discussed and agreed upon with the Government of Sri Lanka in order to expand the SCDP to a major city center in the Northern part of the country - Jaffna. Jaffna has severely suffered from the three-decade civil conflict and its municipal services and infrastructure assets are in great need of improvement. The AF is a $55 million IDA credit and includes four sub-components: Drainage and water retention ponds improvements, cultural heritage and public spaces improvements, road connectivity improvements, and capacity building of Jaffna Municipal Council and support of strategic TAs.

KEY RESULTS EXPECTED OR ACHIEVED:

Key results expected include:

- Improved urban services in Kandy, with 320,000 people expected to benefit from improved basic services by the end of the project;
- Improved urban services in Galle, and a reduction in area at risk of flood inundation within the designated project area in Galle (10-year return period for major canals and 5-year return period for local drainage);
- Access to enhanced public urban spaces in Kandy and Galle, through new or rehabilitated urban public spaces and pedestrian sidewalks and pathways; Jaffna Municipal Council area residents to benefit from improved basic services, new or rehabilitated urban public spaces (including cultural heritage assets), roads rehabilitated, cycle lanes and pedestrian paths rehabilitated or constructed, and storm water drainage and water retention ponds reinstated or rehabilitated.

IMPLEMENTING AGENCY:

Ministry of Megapolis and Western Development.

KEY PARTNERS:

AFD is working in the secondary city of Anuradhapura under the Strategic Cities programme.
KEY DATES:
Approved: April 22, 2014
Effective: August 7, 2014
Closing: May 30, 2019

FINANCING*:

<table>
<thead>
<tr>
<th>Financier</th>
<th>Financing</th>
</tr>
</thead>
<tbody>
<tr>
<td>IBRD</td>
<td></td>
</tr>
<tr>
<td>IDA**</td>
<td>152</td>
</tr>
<tr>
<td>Govt. of Sri Lanka</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
</tr>
<tr>
<td>Total Project Cost</td>
<td>152</td>
</tr>
</tbody>
</table>

*$ millions
** Includes the original IDA Credit of $110m and an additional financing Credit of $42m approved March 21, 2016

BACKGROUND AND OBJECTIVES:
Climate Resilience Improvement Project (CRIP) aims to reduce the vulnerability of exposed people and assets to climate risk and to improve the government’s capacity to respond effectively to disasters. These objectives will be achieved through evidence-based investment planning and urgent risk mitigation measures.

The project, comprised of an original credit of $110 million and additional financing of $42 million, has two main components. The first component ($13 million) will provide for analytical work to build a climate risk-related knowledge base in eleven selected river basins and to identifying over $1 billion of long term investments that will improve physical resilience to extreme hydro-meteorological events. The second component ($130 million) supports implementation of urgent climate risk mitigation interventions to increase the country’s resilience to climate risks, including rehabilitation works and risk mitigation investments necessitated by the December 2014 floods. The project also has two additional components: $7 million to support project implementation and $2 million (CERC) to provide flexible funding to help the country to timely respond to a natural disaster over the course of project implementation.

CRIP was approved alongside a $102 million Development Policy Loan (DPL) with Catastrophe Deferred Drawdown Option (CAT DDO) designed to increase fiscal resilience in the short term through a line of credit to be used in case of a disaster, and with associated technical assistance.

KEY RESULTS EXPECTED OR ACHIEVED:
A total of approximately 11.5 million people living and working in districts where these projects will be implemented are considered to be the indirect beneficiaries of this investment. The total direct beneficiaries from all the components of the project are estimated to be 450,000 spread out among 15 districts. Approximately 48 percent of the beneficiaries will be women. The key results are expected to include:

- The development of eleven basin investment plans that are based on an integrated understanding of climate risk are currently ongoing, with results beginning to be delivered at the end of 2016.
- Decrease in expected annual flood loss across 149,000 hectares (approximately 12 percent of the arable land).
- Some 1,220,000 fewer people at high risk to climate-related transport interruptions.
- Reduced landslide risk at 18 schools, serving 29,000 students.

IMPLEMENTING AGENCY:
Ministry of Irrigation and Water Resources Management (MIWRM) with support from the Ministry of Mahaweli Development and Environment, Ministry of Higher Education and Highways, and the Ministry of Disaster Management

KEY PARTNERS:
Participating implementation agencies include the Irrigation Department, the Mahaweli Authority, the National Building Research Organization, the Road Development Authority, and the Road Development Department of Uva Provincial
**SRI LANKA: TRANSPORT CONNECTIVITY AND ASSET MANAGEMENT**

**KEY DATES:**
Approved: May, 09, 2016  
Effective: Project is not yet effective  
Closing: June, 30, 2026

**FINANCING***:

<table>
<thead>
<tr>
<th>Financier</th>
<th>Financing</th>
</tr>
</thead>
<tbody>
<tr>
<td>IDA</td>
<td>125.00</td>
</tr>
<tr>
<td>Government</td>
<td></td>
</tr>
<tr>
<td>Project Cost</td>
<td></td>
</tr>
<tr>
<td>Additional financing (if applicable)</td>
<td></td>
</tr>
<tr>
<td>Total Project cost</td>
<td>125.00</td>
</tr>
</tbody>
</table>

* $ millions

**BACKGROUND AND OBJECTIVES:**

Transport Connectivity and Asset Management Project (TCAMP) is designed to support modern road asset management in the Road Development Authority. It focuses on creating an enabling environment for more effective asset management and includes interventions to develop systems and capacity within the RDA and the industry. The project expects to demonstrate the implementation of asset management principles in selected priority road corridors of the national road network. It will particularly focus on the institutional and system changes that are necessary to transform the RDA from a provider of infrastructure to a service provider in line with the ambitions and needs of a middle-income country.

The project expects to achieve these objectives through piloting the implementation of an Output and Performance-based Road Contract (OPRC) format, an initiative through which the project expects to transform the road development industry of Sri Lanka. The industry is currently suffering from number of issues such as poor quality of work, time extensions and non-performing contractors, which have become major obstacles to the Government in implementing road infrastructure and have increased the cost of road development work. OPRC is expected to address these issues in two ways: (i) by switching from the existing input-based contracts to output-based contracts where the remuneration (a fixed price) is made based on certain performance standards being met and (ii) by having a long-term maintenance period in the contract.

The project development objective (PDO) is to strengthen the Road Development Authority’s capacity for asset management and improve the road service delivery on the selected corridor. The selected corridor means the road section from Ja-Ela to Chilaw on National Highway A003 north of the capital Colombo.

**KEY RESULTS EXPECTED OR ACHIEVED:**

Following are the expected results of the project:
- Increase the percentage of new investments which are selected through appropriate technical evaluation using the Road Asset Management System (RAMS)
- Reduce the roughness in the selected road section (from Ja-Ela to Chilaw on National Highway A003)
- Increase the user satisfaction on the selected road section (from Ja-Ela to Chilaw on National Highway A003)
- Create a Road Asset Management Unit
- Increase the number of rehabilitated non-rural roads
- Reduce the number of accidents on the selected road section (from Ja-Ela to Chilaw on National Highway A003)

**IMPLEMENTING AGENCY:**

Road Development Authority

**KEY PARTNERS:**

Asian Development Bank (ADB)
**SRI LANKA: DAM SAFETY AND WATER RESOURCES PLANNING PROJECT**

**KEY DATES:**

Approved: March 27, 2008  
Effective: June 26, 2008  
Closing: May 15, 2018

**FINANCING***:

<table>
<thead>
<tr>
<th>Financier</th>
<th>Financing</th>
</tr>
</thead>
<tbody>
<tr>
<td>IBRD</td>
<td></td>
</tr>
<tr>
<td>IDA**</td>
<td>148.33</td>
</tr>
<tr>
<td>Govt. of Sri Lanka</td>
<td>6.33</td>
</tr>
<tr>
<td>Other</td>
<td></td>
</tr>
<tr>
<td><strong>Total Project Cost</strong></td>
<td><strong>154.66</strong></td>
</tr>
</tbody>
</table>

* $ millions  
**Includes Additional Financing in the amount of $83 million equivalent approved May 5, 2014.

**BACKGROUND AND OBJECTIVES:**

Dams are part of essential infrastructure for Sri Lanka’s irrigation, hydropower, and domestic and industrial water supply needs, as well as to provide flood control. At present, about 85 percent of the developed water resources are used for irrigation in the dry zone, which covers nearly two-thirds of the country. The dam network in Sri Lanka comprises over 270 medium and 80 large dams.

Due to lack of maintenance, the dams pose an escalating public safety threat. Many large dams are ageing and suffer from various structural deficiencies and shortcomings in operation and monitoring facilities, requiring urgent attention.

The project aims to: (i) establish long-term sustainable arrangements for the operation and maintenance (O&M) of large dams; and (ii) improve water resources planning.

**KEY RESULTS EXPECTED OR ACHIEVED:**

The original credit of the project was fully disbursed and closed at the end of June 2015. Results include:

- Remedial work at 41 dams has been completed. Work is in progress in the remaining 22 dams to be rehabilitated, and is expected to be completed before the project closing.
- A total of 120 hydro-meteorological stations have been completed and are transmitting data to the two centers. 46 additional stations are being installed. Data validation is ongoing, and work is underway for utilizing the data gathered.
- The Cabinet approved in December 2016 three plans prepared under the project, namely the National Water Use Master Plan, Mahaweli Water Development Plan (updated), and the Mundeni Aru River Basin Plan, advising the National Planning Department to use them as guides for future water resources planning.

**IMPLEMENTING AGENCY**

Irrigation Department and Mahaweli Authority of Sri Lanka.

**KEY PARTNERS:**

Ceylon Electricity Board, Irrigation Department, Mahaweli Authority of Sri Lanka, Northern Provincial Council, Water Resources Board and Water Supply and Drainage Board.
SRI LANKA: WATER SUPPLY AND SANITATION IMPROVEMENT PROJECT

KEY DATES:

Approved: June 24, 2015
Effective: Expected September/October 2015
Closing: December 31, 2020

FINANCING*:

<table>
<thead>
<tr>
<th>Financier</th>
<th>Financing</th>
</tr>
</thead>
<tbody>
<tr>
<td>IBRD</td>
<td></td>
</tr>
<tr>
<td>IDA</td>
<td>165</td>
</tr>
<tr>
<td>Government of Sri Lanka</td>
<td>5</td>
</tr>
<tr>
<td>Local Communities</td>
<td>13.9</td>
</tr>
<tr>
<td>Total Project Cost</td>
<td>183.9</td>
</tr>
</tbody>
</table>

* $ millions

BACKGROUND AND OBJECTIVES:

Since 2000 the Government has set out a range of policies covering all aspects of the water and sanitation sector which, taken together, provide a sound framework within which the sector operates. The Government’s vision for the water sector is to provide access to safe drinking water for all citizens over the medium term (by 2020) with a particular emphasis on increasing the quality of service (increasing the proportion of people served through piped water connections to 60 percent and tripling coverage by sewerage systems to 7 percent, while 90% of households rely on on-site sanitation such as septic tanks and latrines). The government also envisages a sector with improved institutional performance where tariffs are set to ensure cost recovery, and regulatory reforms are introduced, so that there can be greater self-financing of capital works through innovative financing structures. In rural areas, there will be a continued focus on community involvement in water supply and greater collaboration between the various actors in the sector including the National Water Supply and Drainage Board (NWSDB) and the local authorities.

The development objectives of the project are to increase access to piped water services and improved sanitation in selected districts; and to strengthen the capacity of associated institutions.

KEY RESULTS EXPECTED OR ACHIEVED:

The project, which became effective in December 2015, is expected to deliver the following key results:

- Urban water and sanitation – 6 water supply schemes and 7 septage treatment facilities
- Rural water supply and sanitation – approx. 320 new water schemes
- Estates sector water supply and sanitation – approx. 130 schemes and 7,500 latrines
- Institutional support to: strengthen capacity/operationalise Department of National Community Water Supply; enhance CBO performance; strengthen other institutions
- Monitoring & Evaluation (M&E) system development to monitor CBO performance
- Strategic investment program for NWSDB
- Water quality mapping and CKDu (Chronic Kidney Disease of Unknown Etiology) support

IMPLEMENTING AGENCY:

Ministry of City Planning and Water Supply

KEY PARTNERS:

Ministry of Hill Country New Villages, Infrastructure and Community Development; Plantation Human Development Trust; National Water Supply and Drainage Board.