

DEVELOPMENT COORDINATION

A. Major Development Partners: Strategic Foci and Key Activities

1. The Asian Development Bank (ADB), the Japan International Cooperation Agency (JICA), and the World Bank are the major bilateral and multilateral development partners in the transport sector in Sri Lanka. ADB, as the leading development partner, provides financial support to the road, port, and railway subsectors. JICA provides financial assistance to the port and road subsectors, and the World Bank has so far limited its interventions to national and provincial roads. In the road subsector, these three development partners directly coordinate their strategies and collaborate on key focus areas.

2. However, assistance to the transport sector has recently increased from other bilateral development partners such as Austria, the People's Republic of China (PRC) through the China Export-Import (EXIM) Bank and China Development Bank, and India. Austria and India provide assistance to the railway subsector, and the PRC assists the road, railway, and port subsectors. Coordination among these and other multilateral and bilateral development partners takes place mainly through the Government of Sri Lanka.

3. **Sector-level coordination.** A coordinated strategy is in place to focus each partner's activities with respect to institutional and capacity strengthening in road agencies: ADB pursues institutional capacity strengthening, JICA targets strengthening of domestic contractors' capacity, and the World Bank focuses on road maintenance.

4. **Project-level coordination.** The government has used the ADB-funded Road Project Preparatory Facility to prepare projects funded by ADB and other development partners.¹ Both the World Bank and JICA have used the facility to prepare their investment projects. The arrangement has helped the three development partners harmonize project design and implementation arrangements. In addition, ADB, JICA, and the World Bank conduct consultations to ensure wide geographic coverage and avoid overlap of resources. Furthermore, to maximize existing resources, ADB, JICA, and the World Bank coordinate implementation arrangements in line with the resource capacity of the government's implementing agencies. ADB and the World Bank also coordinate capacity building programs at provincial and national levels in areas such as road asset management and output- and performance-based road contracts.

5. Although recent road projects have not involved formal cofinancing arrangements, the World Bank is providing parallel financing for road asset management capacity building of the Road Development Authority (RDA) and provincial road agencies. The World Bank provided technical assistance to the RDA Planning Division to improve its road asset management system. ADB is engaged in training and staff development at the RDA. In the Integrated Road Investment Program (iRoad), ADB coordinated with the World Bank to introduce road maintenance contracts, which are similar to the output- and performance-based road maintenance contracts used under the World Bank-funded Transport Connectivity and Asset Management Project. The World Bank coordinated with ADB on geographic coverage and financed national and provincial road rehabilitation.

6. JICA financed provincial council road rehabilitation in Central and Sabaragamuwa provinces and local authority road rehabilitation in the Eastern Province. ADB coordinated with

¹ ADB. 2004. [Report and Recommendation of the President to the Board of Directors: Proposed Technical Assistance Loan to the Democratic Socialist Republic of Sri Lanka for the Road Project Preparatory Facility](#). Manila.

JICA in identifying provincial council roads in Central and Sabaragamuwa provinces for the iRoad. However, JICA has recently shifted its strategic transport sector focus to urban transport in Colombo, such as a new bridge construction over the Kelani River and a light rail transit project.² The new bridge construction over the Kelani River is a collaborative cofinancing project with the proposed South Asia Subregional Economic Cooperation (SASEC) Port Access Elevated Highway Project.

7. The China EXIM Bank covers critical national roads in Western Province and all five districts in the Northern Province. The China Development Bank concentrates on priority national roads in the Central, North Central, North Western, Sabaragamuwa, Southern, and Western provinces. In the port subsector, the China EXIM Bank has also provided financial assistance to develop the Hambantota port and continues to engage in developing the port facilities in Hambantota.

8. In the railway subsector, the China EXIM Bank has provided financial assistance for the construction of a new railway line from Matara to Kataragama; and India, through the Indian Line of Credit Facility, financed the rehabilitation of the Vavuniya–Kankasanthurai line. In the early 2000s, Austria assisted the Government of Sri Lanka in rehabilitating railway bridges.

9. The following table presents ongoing transport sector projects funded by major development partners:

Major Development Partners' Ongoing Transport Sector Projects

Development Partner	Project Name	Duration	Amount (million)
ADB	Transport Project Preparatory Facility	2016–2023	\$24.42
	Northern Road Connectivity Project	2013–2018	\$98.00
	Additional Finance		
	Integrated Road Investment Program (MFF)	2014–2024	\$800.00
	Second Integrated Road Investment Program (MFF)	2017–2027	\$900.00
JICA	Major bridge construction project on the national highway network	2013–2021	¥12,380.00
	Landslide disaster protection project for the national road network	2013–2020	¥7,620.00
	New bridge construction project over Kelani River	2014–2022	¥35,020.00
World Bank	Transport Connectivity and Asset Management Project	2016–2026	\$125.00
PRC (China EXIM Bank)	Colombo Outer Circular Project Phase III	2014–2019	\$494.00
	Extension of Southern Expressway Project	2015–2021	\$1,600.00
	Hambantota Port Improvement Project	2016–2019	\$200.00
	Matara–Beliatta–Kataragama New Rail Line: Implementation	2014–2019	\$278.00

ADB = Asian Development Bank, EXIM = Export-Import, JICA = Japan International Cooperation Agency, MFF = multitranches financing facility, PRC = People's Republic of China.

Source: Asian Development Bank.

B. Institutional Arrangements and Processes for Development Coordination

10. Coordination among major multilateral and bilateral development partners is facilitated through regular meetings. All project processing missions generally meet and brief major

² JICA started a feasibility study on the light rail transit project in Colombo in 2017.

multilateral and bilateral development partners on project details. The ADB Sri Lanka Resident Mission also has regular sector-level meetings with development partners. Although institutional arrangements have not been formalized, the government organizes periodic meetings to discuss priorities and to provide a forum for discussion and coordination.

C. Achievements and Issues

11. ADB has actively coordinated with major development partners in the road transport subsector, including (i) the Southern Transport Development Project, cofinanced by ADB and JICA;³ (ii) the Eastern and North Central Provincial Project, cofinanced by ADB, JICA, and the World Bank; (iii) the Northern Road Connectivity Project (and additional financing for the project), cofinanced by ADB and the World Bank; and (iv) the Integrated Road Investment Program, cofinanced by ADB and the World Bank. However, urban transport is becoming a key issue in Colombo and Kandy. The government has launched its response via the Western Region Megapolis Development Project and the Kandy City Development Project, the latter funded by the World Bank through its Strategic City Development Program.⁴ The proposed SASEC Port Access Elevated Highway Project and JICA's new Kelani River bridge project—which form part of the country's expressway network and are also included in the Western Region Megapolis Development Project—will be the first elevated toll expressways in urban Sri Lanka. ADB and JICA recognize the projects as a collaborative cofinancing effort, which require close coordination and monitoring of the implementation progress of the two projects to maximize their development impact.

D. Summary and Recommendations

12. The project's scope, implementation arrangements, and strategy reflect constructive development coordination. This should be continued during implementation, and lessons should be applied to the design of future projects. Issues that require further and more robust coordination are (i) harmonized procurement in relation to the international competitive bidding threshold and domestic preference eligibility, and (ii) the toll collection system and policy. Closer coordination on a regular basis is necessary to ensure a consistent approach by major development partners.

³ ADB. 1997. *Report and Recommendation of the President to the Board of Directors: Proposed Loan and Technical Assistance Grant to the Democratic Socialist Republic of Sri Lanka for the Southern Provincial Roads Improvement Project*. Manila.

⁴ Government of Sri Lanka, Ministry of Megapolis and Western Development. 2016. [Western Region Megapolis Master Plan](#). Colombo.