

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 China 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.

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 (RAM) 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, under the provincial roads project, established a RAM system at the Uva Provincial Road Development Authority and provided technical assistance to the RDA Planning Division to enhance its RAM system. ADB is engaged in training and staff development at the RDA. In the first Integrated Road Investment Program, 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.

6. The World Bank, under the Provincial Road Project, also financed the rehabilitation of provincial roads in Uva Province and the Ampara District in Eastern Province. ADB financed the

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 (Loan 2080-SRI, \$15 million, approved on 13 April 2004).

provincial council roads in the remaining two districts in Eastern Province (Trincomalee and Batticaloa) under the Eastern and North Central Provincial Council Road Project.² The World Bank's Road Sector Assistance Project covered the rehabilitation of selected national roads in Eastern, North Central, Southern, and Uva provinces.³ The World Bank is coordinating with ADB on geographic coverage, and financing national road rehabilitation in the Northern, North Central, Southern, and Western provinces under the Northern Road Connectivity Project, Additional Financing for Northern Road Connectivity Project, Additional Financing for National Highway Sector Project, and Southern Road Connectivity Project.

7. JICA also financed provincial council roads rehabilitation in Central and Sabaragamuwa provinces and local authority roads rehabilitation in Eastern Province. JICA has recently shifted its strategic focus to urban transport in Colombo (e.g., construction of a Kelani River bridge, and the Light Rail Transit project).⁴

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

9. In the railway subsector, China EXIM bank provides financial assistance for the construction of a new Matara–Beliatta–Kataragama railway line; India, through the Indian Line of Credit Facility, financed the rehabilitation of the Vavuniya–Kankasanthurai line. In the early 2000s, Austria assisted the Sri Lankan government in rehabilitating railway bridges.

10. The following table lists ongoing transport projects funded by major development partners.

Major Development Partners' Ongoing Transport Sector Projects			
Development Partner	Project Name	Duration	Amount
Sector: Transport, and information and communication technology (road transport)			
ADB	Transport Project Preparatory Facility	Dec 2016–Jun 2023	\$24.42 million
ADB	Northern Road Connectivity Project Additional Finance	May 2013–June 2018	\$98.00 million
ADB	Southern Road Connectivity Project	May 2013–June 2018	\$75.00 million
ADB	Integrated Road Investment Program (MFF)	Sep 2014–Mar 2024	\$800.00 million
JICA	Greater Colombo Urban Transport Development Project (Outer Circular Highway): Phase II, Time slices I and II	July 2008–Nov 2012 (Time slice I) Mar 2011–July 2018 (Time slice II)	¥5.79 billion (Time slice I) + ¥31.69 billion (Time slice II)
JICA	Major bridge construction project on the national highway network	Mar 2013–May 2021	¥12.38 billion
JICA	Landslide disaster protection project for the national road network	Mar 2013–July 2020	¥7.62 billion

² ADB. 2009. *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 Eastern and North Central Provincial Project*. Manila (Loan 2546-SRI, for \$70 million, approved on 16 September).

³ World Bank. 2011. Sri Lanka–Road Sector Assistance Project–Second Additional Financing. <http://www.worldbank.org/projects/P116742/sri-lanka-road-sector-assistance-project-second-additional-financing?lang=en>

⁴ JICA started a feasibility study on the Light Rail Transit project in Colombo in 2017.

Development Partner	Project Name	Duration	Amount
JICA	New bridge construction project over Kelani River	Mar 2014–2022	¥35.02 billion
World Bank	Transport Connectivity and Asset Management Project	May 2016–June 2026	\$125.00 million
PRC (China EXIM Bank)	Colombo Outer Circular Project Phase III	Dec 2014–Aug 2019	\$494.00 million
PRC (China EXIM Bank)	Extension of Southern Expressway Project	Oct 2015–Jun 2021	\$1.60 billion
PRC (China EXIM Bank)	Hambantota Port Improvement Project	Jan 2016–Sep 2019	\$200.00 million
PRC (China EXIM Bank)	Matara–Beliatta–Kataragama New Rail Line: Implementation	Aug 2014–Aug 2019	\$278.00 million
PRC (CDB)	Priority Road Project 3	Mar 2014–Mar 2017	\$300.00 million

ADB = Asian Development Bank, CDB = China Development Bank, JICA = Japan International Cooperation Agency, MFF = multitranche financing facility, PRC = People's Republic of China.
Source: Asian Development Bank estimates.

B. Institutional Arrangements and Processes for Development Coordination

11. Coordination among major multilateral and bilateral development partners is facilitated through regular meetings. All project processing missions generally meet and brief major multilateral and bilateral development partners on project details. The ADB Resident Mission in Sri Lanka 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

12. ADB has actively coordinated with major development partners in the road transport subsector, including in (i) the Southern Transport Development Project, cofinanced by ADB and JICA;⁵ (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.

D. Summary and Recommendations

13. The project's scope, implementation arrangements, and strategy reflect constructive development coordination. This should be continued during project implementation, and lessons should be applied to the design of future projects.

14. An issue that requires further and more robust coordination is harmonization of procurement, particularly regarding the international competitive bidding threshold and domestic preference eligibility. Closer coordination is necessary on a regular basis to ensure a consistent approach by major development partners.

⁵ 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 (Loan 1567-SRI, \$30 million, approved on 30 October 1997).