

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 road transport subsector in Sri Lanka. While both ADB and JICA give financial assistance to the government to improve national, provincial and local authority roads, the World Bank has limited its interventions to national and provincial roads. These three development partners directly coordinate their strategies and collaborate on key focus areas. However, in recent years, bilateral development partners, such as China EXIM Bank and China Development Bank are also prominent in providing assistance to the road transport subsector; coordination between them and other multilateral and bilateral development partners occurs mainly through the government. ADB, through the National Planning Department (NPD) under the Ministry of Finance and Planning and the Ministry of Highways, Ports and Shipping (MOHPS), coordinated with implementing agencies to avoid resource duplication. Coordination between ADB, JICA and the World Bank at sector and project level is as follows:

- (i) **Sector level.** With respect to institutional and capacity strengthening, a coordinated strategy is in place to focus each partner's activities: institutional capacity strengthening by ADB, strengthening the capacity of domestic contractors by JICA, and road maintenance by the World Bank.
- (ii) **Project level.** With respect to project preparation, the government has used the ADB-funded Road Project Preparatory Facility to prepare projects to be funded by ADB and other development partners.¹ Both the World Bank and JICA have used the Road Project Preparatory Facility to prepare their investment projects. The arrangement has helped the three development partners harmonize project design and implementation arrangements. In terms of geographic coverage, ADB, JICA, and the World Bank conduct consultations to ensure wide geographic coverage, and avoid resource overlap. With respect to implementation efficiency, ADB, JICA, and the World Bank coordinate implementation arrangements in line with the resource capacity of the government's implementing agencies to maximize the use of existing resources. 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.

2. While the project has no cofinancing arrangements, the World Bank is providing parallel financing for RAM capacity building in the Road Development Authority (RDA) and provincial road agencies. The World Bank, under the provincial roads project, is establishing a RAM system at the Uva Provincial Road Development Authority and providing technical assistance to the Planning Division at RDA to enhance the RAM system. ADB coordinated with the World Bank on its area of intervention. The World Bank is concentrating on establishing software and hardware for the RAM system for RDA. ADB is engaged in training and staff developments. JICA is currently processing a project for developing capacity to manage bridges in national roads.

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).

3. The World Bank is financing rehabilitation of about 100 kilometers of provincial roads in the Jaffna district of Northern Province. For provincial roads in Northern Province, ADB coordinated with the World Bank on geographic coverage. The Northern Road Connectivity Project covers provincial council roads in two of the five districts in Northern Province: Mannar and Vavuniya.² The World Bank's project covers one district, Jaffna. The provincial council roads in two remaining districts, Mullaitivu and Kilinochchi, are covered by the additional financing. In addition, the World Bank, under the Provincial Road Project, is financing provincial roads in Uva Province and the Ampara District in Eastern Province. ADB finances the provincial council roads in the remaining two districts in Eastern Province (Trincomalee and Batticaloa) under the Eastern and North Central Provincial council Road Project.³

4. JICA is financing provincial council road rehabilitation in Central and Sabaragamuwa provinces and local authority roads rehabilitation in Eastern Province. 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 Southern, North Western, North Central, Sabaragamuwa, Central and Western Provinces. The table presents ongoing road transport subsector projects funded by major development partners.

Major Development Partners

| Development Partner | Project Name | Duration | Amount |
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| Sector: Transport, and information and communication technology (road transport) | | | |
| ADB | Eastern and North Central Provincial Road Project | Nov 2009–June 2014 | \$70 million |
| ADB | National Highway Sector Project – Additional Finance | Feb 2012–June 2016 | \$85 million |
| ADB | Road Project Preparatory Facility | Sep 2004–Jun 2015 | \$15 million |
| ADB | Northern Road Connectivity Project (NRCP) | Oct 2010–Dec 2015 | \$154.40 million |
| ADB | NRCP Additional Finance | May 2013–June 2018 | \$98 million |
| JICA | Provincial/Rural Road Development Project (Central and Sabaragamuwa Province) | Mar 2010–July 2015 | ¥9.156 billion |
| JICA | Greater Colombo Urban Transport Development Project (Outer Circular Highway) – Phase I | Mar 2007–May 2015 | ¥21.9 billion |
| JICA | Greater Colombo Urban Transport Development Project (Outer Circular Highway) –Phase II - I and II | July 2008–Nov 2012 (Time slice I) Mar 2011–July 2018 (Time slice II) | ¥5.718 billion (time slice I) + ¥31.688 billion (time slice II) |
| JICA | Manmunai Bridge (grant) | Sep 2011– Apr 2014 (Completed on schedule: opening ceremony 19 Apr 2014) | ¥1.2 billion |
| JICA | New bridge construction project over Kelani River | Mar 2014–2022 | ¥35.02 billion |
| World Bank | Provincial Roads Project | Dec 2009–Mar 2015 | \$105 million |
| World Bank | Road Sector Assistance Project | Dec 2005–Sep 2014 | \$100 million (original)+ \$98 million (supplementary) + |

² ADB. 2010. *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 Northern Road Connectivity Project*. Manila (Loan 2639-SRI for \$130.0 million and Loan 2640-SRI for \$24.4, approved on 18 June).

³ 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).

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| | | | \$100 million (supplementary) |
| China EXIM Bank | Northern Roads Rehabilitation Project | June 2011–Dec 2014 | \$424 million |
| China EXIM Bank | Southern Transport Development Project | April 2011–Dec 2014 | \$138 million |
| CDB | Priority Road Project -3 | Mar 2014–Mar 2017 | \$300 million |

ADB = Asian Development Bank, JICA = Japan International Cooperation Agency. CDB= China Development Bank
Source: Asian Development Bank estimates

B. Institutional Arrangements and Processes for Development Coordination

8. Regular meetings of development partners facilitate the coordination of major multilateral and bilateral development partners. As a practice, all processing missions meet and brief major development partners regarding the project details; in addition SLRM has regular sector-level meetings with development partners. Although institutional arrangements have not been formalized, the government organizes periodic meetings to discuss priorities and provide a forum for discussion and coordination. In addition, as the executive agency for all national road projects, MOHPS plays a major role in the coordination of major multilateral and bilateral development partners.

C. Achievements and Issues

9. ADB has a track record of active development coordination with major development partners in the road transport subsector. Recent experiences and noteworthy achievements include (i) the Southern Transport Development Project with parallel financing from ADB and JICA; ⁴ (ii) the Eastern and North Central Provincial Project with parallel financing from ADB, the World Bank, and JICA; and (iii) the Northern Road Connectivity Project and Additional Financing for Northern Road Connectivity Project, with parallel financing from ADB and the World Bank. In terms of capacity development, RDA has received significant external assistance during road project implementation, but the capacity of most provincial and local road agencies remains weak, with disorganized road asset management. While RDA can benefit from further road asset management, project management, and contract administration capacity building, it has begun informally transferring skills and knowledge to the provincial and local road agencies, with good results. A skills transfer program from RDA to provincial and local road agencies is needed to ensure Sri Lanka's experience and knowledge are maintained and disseminated.

D. Summary and Recommendations

10. The investment program'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. An issue that requires further and more robust coordination is harmonized procurement regarding the international competitive bidding threshold and domestic preference eligibility. Close coordination is necessary to ensure a consistent approach by major development partners.

⁴ 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).