



## Sri Lanka: Integrated Road Investment Program-Tranche 1

Project Name	Integrated Road Investment Program-Tranche 1	
Project Number	47273-003	
Country	Sri Lanka	
Project Status	Active	
Project Type / Modality of Assistance	Loan	
Source of Funding / Amount	<b>Loan 3171-SRI: Integrated Road Investment Program-Tranche 1</b> concessional ordinary capital resources lending / Asian Development Fund      US\$ 100.00 million	
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth	
Drivers of Change	Governance and capacity development Private sector development	
Sector / Subsector	<b>Transport</b> - Road transport (non-urban)	
Gender Equity and Mainstreaming	Effective gender mainstreaming	
Description	<p>The project proposed for financing under the requested PFR is a slice of Project 1, which is the project in Southern Province, under the Integrated Road Investment Program, including three components:</p> <p>(i) Road improvement in Southern Province: The component will improve and/or maintain 560 km of rural access roads and 130 km of national roads. The rural access roads, including 510 km of local roads and 50 km of provincial will be on access routes between the rural hubs and the trunk road network. The rural access roads will be improved to all-weather standards, and be maintained for three years. The national roads will connect the rural access roads to adjacent socioeconomic centers. About 110 km of national road corridor will be improved and maintained under road management contracts for seven years, and the other 20 km of national road sections will be improved together with the rural access roads and maintained for three years.</p> <p>(ii) Capacity development: The component will build the capacity of road agencies on road asset management, project management, and contract administration. The road agencies including the Ministry of Highways, Ports and Shipping (MOHPS), Road Development Authority (RDA), and the provincial and local road agencies. RDA will take lead in developing a harmonized road asset management approach in the level of central, provincial, and local governments. Individual consulting services will be engaged to assist the MOHPS and RDA in developing their own capacity and in the skill transfer program from RDA to provincial and local road agencies in Southern Province.</p> <p>(iii) Project preparation: The component will carry out feasibility study, and engineering design for the subsequent tranches. The scope will cover projects in Sabaragamuwa Province, Kalutara District of Western Province, Central Province, North Central Province, and North Western Province.</p>	
Project Rationale and Linkage to Country/Regional Strategy	<p>Sri Lanka occupies a strategic position near the main sea trade routes between Asia and Europe, which allowed Colombo to develop as an international port city, and subsequently as a transshipment point for cargo originating in or destined for the Indian subcontinent. The island country consists mostly of flat or rolling coastal plains, with mountains in the south-central core. About 85% of Sri Lanka's population (20.3 million in 2012) lives in rural and peri-urban areas.</p> <p>Sri Lanka has experienced strong economic growth following the end of civil conflict in May 2009. Economic growth was 8% in 2010 and 2011; slowed to 6.4% in 2012 due to weak external demand, drought, and floods; and then rebounded to 7.3% in 2013. It is envisaged that an improving external environment, higher investment, and a recovery in domestic consumption will sustain a rapid economic growth during 2014-2015. Sri Lanka's economic expansion has been driven by the industry and services sectors, which account for 89% of gross domestic product, followed by the agriculture sector, which contributed the remaining 11%. As a result of the robust growth, the national poverty headcount ratio fell to just below 9% in 2010 from over 15% in 2006. Nevertheless, less-developed areas did not exhibit consistently higher elasticity of poverty reduction (proportional change in poverty per unit growth in gross domestic product per capita). The poor transport infrastructure, in particular the provincial and local authority roads, has hindered the spread of economic activities and access to basic social resources.</p>	

Impact Improved connectivity between rural communities and socioeconomic centers

## Project Outcome

Description of Outcome Increased transport efficiency on project roads

Progress Toward Outcome To be assessed upon construction completion.

## Implementation Progress

Description of Project Outputs

1. Improved road conditions between the selected rural communities and socioeconomic centers in Southern Province
2. Enhanced capacity of road agencies
3. Preparation of projects completed for succeeding projects

Status of Implementation Progress (Outputs, Activities, and Issues) Civil work packages for 9 NCB contract under Southern Province and 3 Consultancy packages have been awarded.

Geographical Location

## Safeguard Categories

Environment B

Involuntary Resettlement B

Indigenous Peoples C

## Summary of Environmental and Social Aspects

Environmental Aspects Tranche 1 involves rehabilitation and maintenance of existing rural and national roads and hence has been designated as category B. A consolidated provincial-level initial environmental examination (IEE) report including a standard EMP has been prepared. An environmental assessment and review framework has been prepared to guide compliance with the environmental safeguard requirements of the government and ADB's Safeguard Policy Statement in succeeding tranches.

Involuntary Resettlement A Resettlement Framework has been prepared to guide the screening and preparation for the investment program. Project roads financed under Tranche 1 will all be improved within the existing right of way. No involuntary resettlement impacts were identified.

Indigenous Peoples No indigenous people will be impacted under Tranche 1. An Indigenous Peoples Planning Framework has been prepared to guide the screening and preparation for the investment program.

## Stakeholder Communication, Participation, and Consultation

During Project Design Meaningful consultation and social surveys were conducted along all project roads, which included 4,899 household surveys (approximately 38% of the households along project roads), and 14 focus group discussions in public areas. The community participation was undertaken to increase awareness of the project, to determine people's needs and concerns, and obtain suggestions for enhancing benefits and mitigating negative impacts. Community groups were identified and consulted during project preparation. Detailed community consultation guidelines for finalizing the detailed design of rural roads have been prepared and piloted during project preparation; these emphasize the participation of the poor and vulnerable.

During Project Implementation For the rural road component, continued consultation will take place throughout the implementation period, including by using community participatory approaches to finalize road designs, especially with respect to (i) improving road safety, (ii) minimizing environmental impact, and (iii) minimizing construction impact. A grievance redressal mechanism will be set up in all project areas. Project information will be disclosed to the public through various venues. Project information and will be readily available to civil society. Civil society organizations along the project roads will be engaged as part of community participation in finalizing road design, and will be part of the grievance redressal mechanism. Local communities (including at least 40% women) will be consulted in the final design of rural access roads, including issues regarding the construction impact, social and environment impact, and road safety.

## Business Opportunities

Consulting Services Consulting firms and individual consultants will be selected to assist the project implementation unit in project management, contract administration, and capacity development programs. Consultants will be recruited, as firms or individuals, to support the project implementation and capacity development in accordance with ADB's Guidelines on the Use of Consultants (2013, as amended from time to time).

Procurement To expedite project implementation, advance contracting and retroactive financing will be used to procure the civil works and consulting services. Procurement of civil works and equipment will be carried out in accordance with ADB Procurement Guidelines (2013, as amended from time to time). The works contracts will adopt the international or national competitive bidding procedure, using the output and performance-based road contract mode. The bidding and contract documents will use the one developed by the World Bank, with modification to comply with ADB requirements.

## Responsible Staff

Responsible ADB Officer	Nanayakkara, Aruna Uddeeptha
Responsible ADB Department	South Asia Department
Responsible ADB Division	Sri Lanka Resident Mission
Executing Agencies	<i>Ministry of Higher Education and Highways INFO@MOHSL.GOV.LK 8th Floor, Denzil Kobbekaduwa Mawatha, Koswata, Battaramulla, Sri Lanka</i>

## Timetable

Concept Clearance	-
Fact Finding	-
MRM	13 Jun 2014
Approval	03 Oct 2014
Last Review Mission	-
Last PDS Update	14 Mar 2017

## Loan 3171-SRI

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
03 Oct 2014	05 Nov 2014	07 Jan 2015	30 Sep 2021	-	-

Financing Plan			Loan Utilization			
	Total (Amount in US\$ million)		Date	ADB	Others	Net Percentage
Project Cost	118.00		Cumulative Contract Awards			
ADB	100.00		03 Oct 2014	72.34	0.00	80%
Counterpart	18.00		Cumulative Disbursements			
Cofinancing	0.00		03 Oct 2014	70.50	0.00	78%

Status of Covenants						
Category	Sector	Safeguards	Social	Financial	Economic	Others
Rating	-	-	-	-	-	Satisfactory

Project Page	<a href="https://www.adb.org/projects/47273-003/main">https://www.adb.org/projects/47273-003/main</a>
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