

 Early Warning System

ADB-51107-003

Health System Enhancement Project - Additional Financing



Quick Facts

Countries	Sri Lanka
Financial Institutions	Asian Development Bank (ADB)
Status	Approved
Bank Risk Rating	U
Voting Date	2021-09-30
Borrower	Democratic Socialist Republic of Sri Lanka
Sectors	Education and Health
Investment Amount (USD)	\$ 113.00 million



Project Description

The Health System Enhancement Project (the original project), for \$60 million (comprising \$37.5 million in concessionary loan and \$12.5 million grant, and \$10 million equivalent from the Government of Sri Lanka in counterpart funds), was approved in October 2018, effective since February 2019 and is due to close on 30 November 2023. The original project aims to improve efficiency, equity, and responsiveness of the primary health care (PHC) system based on the concept of providing universal access and continuum of care to provide high quality package of essential health services. The original project pursues an equity perspective by targeting underserved populations access to PHC.

Due to the coronavirus disease (COVID-19) pandemic affecting Sri Lanka in March 2020, \$15 million was reallocated from the original project (\$10 million from the concessionary loan and \$5 million from the grant) via memos dated 25 March and 10 April 2020 to meet the urgent financing requirements on curtailing the COVID-19 pandemic. The government made this reallocation request from the original project as COVID-19 related interventions are coming under the scope of the project which included interventions to improve communicable disease surveillance and strengthen IHR (output 2). The reallocated resources were requested for meeting the emergency activities related to scaling up of molecular biology laboratory capacity, increasing the accessibility to emergency medical equipment at hospitals, expanding high dependency and intensive care units, expanding oxygen accessibility, and increasing the availability of consumables like surgical masks, personal protection equipment and reagents and other consumables for polymerase chain reaction (PCR) testing and screening of COVID-19.

The exponential increase of COVID-19 cases in all provinces since April 2021 has created an emergency need to scale up services across the entire country to better respond to COVID-19 patients without compromising care of patients due to other illnesses. A comprehensive assessment has been undertaken by PMU, PIUs and the ADB consultation mission in November 2020 in addition to follow-on consultations with the government in May 2021, which confirmed the requirement of \$110 million additional financing to immediately address the emergency needs due to increasing COVID-19 burden while also ensuring the overall project (original project plus additional financing) successfully completes its targets on-time and on-budget. Furthermore, under HSEP many contracts for the second round of civil works are ready to be awarded by Q4 2021. More funds are required to make the payments for the first round of ongoing civil works as many of those are near completion. The additional financing should be ready by September 2021 to continue the ongoing project progress.

The additional financing provided by the proposed investment is the most appropriate and efficient modality to finance the scale up of the outputs of a well performing ongoing project, addressing the government's urgent financing requirements to support and manage the third wave of COVID-19 pandemic, and the replenishment of reallocated funds approved in 2020 to complete the originally planned activities mainly related to PHC development.



Investment Description

- Asian Development Bank (ADB)



Contact Information

Responsible ADB Officer Jayasundara, Herathbanda
Responsible ADB Department South Asia Department
Responsible ADB Division Sri Lanka Resident Mission
 Ministry of Health
 Dr. Nihal G. Wijesooriya
 Inland Revenue Bldg.
 Sir Chittamplam A. Gardiner Mawatha
 P.O. Box 513, Colombo 2, Sri Lanka

Executing Agencies Ministry of Health
 Mr. W.M. Piyasena
 PMU@HSEP.LK
 Suwasiripaya, No.385, Rev.Baddegama
 Wimalawansa Thero Mawatha

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Bank Documents

- [Grant Agreement \(Externally Financed - Japan Fund for Poverty Reduction\) for Grant 9222-SRI: Health](#) [Original Source]
- [Health System Enhancement Project - Additional Financing: Environmental Assessment and Review Framework](#) [Original Source]
- [Health System Enhancement Project - Additional Financing: Gender Action Plan](#) [Original Source]
- [Health System Enhancement Project - Additional Financing: Initial Environmental Examination](#) [Original Source]
- [Health System Enhancement Project - Additional Financing: Procurement Plan](#)
- [Health System Enhancement Project - Additional Financing: Project Administration Manual](#) [Original Source]
- [Health System Enhancement Project - Additional Financing: Report and Recommendation of the President](#) [Original Source]
- [Health System Enhancement Project - Additional Financing: Updated Project Administration Manual](#) [Original Source]
- [Loan Agreement \(Ordinary Operations\) for Loan 4121-SRI: Health System Enhancement Project - Addition](#) [Original Source]
- [Project Disclosure PDF](#) [Original Source]