

## Sri Lanka : Reduction of Landslide Vulnerability by Mitigation Measures (RLVMM) Project

### 1. Project Information

Project ID:	P000124	Instrument ID:	L0124A
Member:	Sri Lanka	Region:	Southern Asia
Sector:	Multi-sector	Sub-sector:	Multi-subsector
Instrument type:	<input checked="" type="checkbox"/> Loan:80.00 US Dollar million <input type="checkbox"/> Guarantee	Lead Co-financier (s):	
ES category:	B	Borrowing Entity:	Ministry of Finance, Sri Lanka
Implementing Entity:	National Building Research Organization, Sri Lanka; Ministry of Health, Sri Lanka		
Project Team Leader:	Tomas Herrero Diez		
Responsible DG:	Rajat Misra		
Responsible Department:	INF1		
Project Team Members:	Nurul Mutmainnah, OSD - Financial Management Specialist; Susrutha Goonasekera, OSD - Social Development Specialist; Andres Pizarro, Team Member; Shonell Robinson, OSD - Financial Management Specialist; Chongwu Sun, OSD - Environment Specialist; Chang Tian, Team Member; Hari Bhaskar, Team Member; Christopher Damandl, Project Counsel; Ting Wang, Alternate Counsel; Yangzom Yangzom, OSD - Procurement Specialist; Weimin Zhou, Back-up PTL; Chang Tian, Project admin		
Completed Site Visits by AIIB:	Jan, 2023 A virtual project review meeting was conducted on January 11, 2023 to discuss, among others, the (i) project implementation progress; (ii) environmental and social compliance; (iii) fiduciary aspects; (iv) monitoring and evaluation aspects; and (v) a project restructuring, including a potential closing date extension. A list of agreed actions was prepared after the meeting.		
Planned Site Visits by AIIB:	Apr, 2023 An implementation review mission is planned for March/April 2023 to monitor the implementation of all the project's components, including the emergency health component. In addition, technical site visits are also planned along with the implementation review mission to supervise the civil works implementation progress and quality (this will depend on the progress achieved amid the current crisis the country is facing). Additional field visits may be conducted depending on the implementation progress.		
Current Red Flags Assigned:	1		
Current Monitoring Regime:	Regular Monitoring		
Previous Red Flags Assigned:	2		
Previous Red Flags Assigned Date:	2022/10		

### 2. Project Summary and Objectives

The Project objectives (POs) are to (i) reduce risk and damage from landslides through the implementation of mitigation measures and enhancement of policy and regulation associated with landslide management; and (ii) enhance the capacity of Sri Lanka to respond to the urgent medical needs. [The second part of the objective to address urgent medical needs was added through the project change in June 2022].

To assess the achievement of the objective, the following key indicators are monitored: (i) aggregated number of direct project beneficiaries (i.e. number of people directly protected from landslide hazards [disaggregated by gender]); (ii) area of road protected by the implementation of mitigation measures (square meters); (iii) length of railway protected by the implementation of mitigation measures (meters); (iv) climate resilience standards and specifications related to landslide mitigation adopted; (yes/no); (v) recommendations to enhance land use guidelines in landslide-prone areas submitted by the Steering Committee to the Government of Sri Lanka (GoSL) for endorsement process (yes/no); and (vi) aggregated number of planned resettlement to be avoided (number of households). In addition, other intermediate results indicators are/will be monitored: (vii) landslide mitigation schemes constructed to protect homes, agricultural land and economic activities using improved designs and standards (number); (viii) grievances registered related to delivery of project benefits has been resolved (percentage); and (ix) hospitals/health institutions benefitting from the emergency component (number). [The indicator (ix) was added through the project change in June 2022].

The Project has a total cost of USD101.3 million with USD80 million from AIIB and USD21.3 million from GoSL. The Project has five components: (i) Implementation of landslide mitigation measures, including field investigation, detailed designs, construction and supervision/management of civil works implementation to mitigate landslide risk in a minimum of 100 sites (USD59.2 million); (ii) Strengthening of policy, standards and institutional capacity related to landslide risk (USD2.5 million); (iii) Provision of essential facilities and laboratory equipment (USD2.1 million); (iv) Technical support and project management (USD4.5 million); and (v) Emergency health (USD30 million). [The Project's and components' costs were revised and the Component 5 was added through the Project's change approved in June 2022].

### 3. Key Dates

Approval:	Apr. 04, 2019	Signing:	Apr. 25, 2019
Effective:	Jul. 23, 2019	Restructured (if any):	Jun. 29, 2022
Orig. Closing:	Dec. 31, 2023	Rev. Closing (if any):	

### 4. Disbursement Summary (USD million)

Contract Awarded:	15.40	Cancellation (if any):	0.00
Disbursed:	13.03	Most recent disbursement (amount/date):	6.00/Oct. 18, 2022
Undisbursed:	66.97	Disbursement Ratio (%) <sup>1</sup> :	16.29

### 5. Project Implementation Update

To date, the total amount of awarded contracts is about USD15.4 M, and the disbursement is about USD13 M.

<sup>1</sup> Disbursement Ratio is defined as the volume (e.g. the dollar amount) of total disbursed amount as a percentage of the net committed volume.

Original components:

The Project has been experiencing delays since the beginning. These delays are mainly due to four unexpected events: (i) a series of bombings struck churches and hotels in Sri Lanka on April 21, 2019, which led to delays on some of the pre-construction activities, especially the field investigation, design, and procurement; (ii) COVID-19 situation in Sri Lanka contributed to further delays during civil works preparation and implementation, especially during two major outbreaks in May and August/September 2021; (iii) the institutional changes impacting on the National Building Research Organization (NBRO), where the Project Management Unit (PMU) is housed, causing additional delays to the procurement process; and (iv) the economic and political crisis, which triggered some civil unrest and led to shortage of supplies such as fuel or construction material from the second half of 2021 to the present, and to temporarily suspend servicing external public debt from April 12, 2022 (in principle, AIIB-financed projects will not be affected by this). Due to the above events, the implementation of the civil works could suffer further delays.

The civil works under the original project are progressing reasonably well, considering the challenges the country is facing. As per the January 2023 Procurement Plan, it is estimated that the civil works will be likely completed beyond the current Project's closing date. During the January 2023 virtual review meeting, NBRO confirmed that a 2-year closing date extension request has been submitted to the Department of External Resources (ERD) under the Ministry of Finance. The PMU mentioned that AIIB can expect to receive such a request during the first quarter of 2023.

Emergency health component:

Following the restructuring approved in June 2022 (to repurpose USD30 M to support the procurement of essential medicines and medical supplies), USD6 M were disbursed in October 2022, mainly for retroactive financing (the Bank approved USD16.38 M eligible for retroactive financing). The PMU of the Health System Enhancement Project (HSEP), funded by the Asian Development Bank (ADB), was strengthened by hiring additional staff (during preparation, it was agreed that the HSEP's PMU will implement the AIIB's Emergency Health Operation). The Project Delivery Strategy (PDS) and PP for the new packages were finalized in December 2022. The first procurements are expected to be initiated in January/February 2023.

Components	Physical Progress	Environmental & Social Compliance	Procurement
Component 5: Health emergency	MOH requested using retroactive financing for 39 packages procured by the State Pharmaceutical Corporation (SPC) with a total value of around USD38.74 M. AIIB Procurement Team post-reviewed 11 large contracts (with a total value of around USD26.84 M) and concluded that the Bank could consider	Complied	The first procurements are expected to be launched in January/February 2023 and most of them should be finalized over 2023.

	<p>USD16.38 M eligible for retroactive financing for expenses incurred under 34 contracts from the 39 submitted. In October 2022, USD6 M were disbursed to retroactively financing part of these eligible contracts.</p> <p>The PDS and PP for the new packages were finalized in December 2022. Draft Request for Quotation (RFQ) and Standard Procurement Documents (SPDs) are being finalized by the PMU, with AIIB's support.</p>		
<p>Component 1: Implementation of landslide mitigation measures</p>	<p>Packages 1 and 2 were completed and handed over to the PMU in February and August 2022, respectively.</p> <p>Package 3 is well advanced (as of January 2023, its progress was 98%) and it is expected to be completed at the end of January 2023.</p> <p>Packages 4A, 4B and 4C are ongoing with a physical progress of 35%, 70% and 52%, respectively (as of January 2023). They are facing delays mainly due to the lack of construction materials, and fuel shortages. They are expected to be completed during the first quarter of 2023. NBRO is discussing closing date extensions with the contractors.</p> <p>Package 9 was awarded in November 2022 and is ongoing with a physical progress of 14% (as of January 2023). It is</p>	<p>Complied.</p>	<p>The January 2023 Procurement Plan includes 20 civil works packages: 7 have been awarded (1, 2, 3, 4A, 4B, 4C and 9), 6 are expected to be awarded in February 2023 (7A, 7B, 7C, 7D, 7E, and 7F) and the remaining 7 (5A, 5B, 5C, 5D, 5E and 6 and 8) are expected be awarded in July 2023. NBRO is also considering requesting splitting Package 6 into smaller packages to enable more domestic contractors to participate and expedite the procurement process.</p> <p>The completion of the procurement process for the Construction Supervision Consultants (CSC) for Package 7 is expected during the first semester of 2023 and for Packages 5,6 and 8 during the second semester of 2023. CSCs for Packages 5 and 6 may be merged to reduce administrative burden and expedite procurement. NBRO will deploy its own staff to bridge potential supervision</p>

	expected to be completed in July 2023.		gaps.
Component 2: Strengthening of policy standards and institutional capacity	Due to the similar nature of the works proposed, the 3 technical assignments (TAs) originally envisaged under Component 2 have been merged into 1 only TA. Joint terms of reference (TORs) have been prepared and shared with AIIB in January 2023.	Complied	A draft Request for Expression of Interest (REOI) was prepared by NBRO and shared with AIIB in January 2023. The procurement process is expected to be completed during the second semester of 2023.
Component 3: Provision of essential facilities	5 contracts out of 9 under this Component have been awarded and implemented. The goods were received by NBRO in 2019 and 2020.	Complied	The other 4 packages will be procured in 2023.
Component 4: Technical support and project management	The web-based project monitoring support program has been developed and is operational.	Complied	Project management is being supported by GoSL funds.

**Financial Management:**

There continues to be an existing financial management system in place, which is deemed to be adequately functioning.

Original components:

The Interim Financial Report (IFR) for the quarter ended September 30, 2022 was submitted in a timely manner and deemed to be acceptable to the Bank. The PMU has satisfactorily followed up the recommendations of the Management Letter for the 2021 Audit Report. Currently, a withdrawal application (WA) for USD1.1 M is being processed. During the January 2023 review meeting, NBRO indicated that another WA for USD1.7 M will be submitted to AIIB by mid-March 2023.

Emergency health component:

The first IFR for this component (Q4 2022) is due on January 31, 2023. In December 2022, it was agreed with ERD and the PMU that a separate additional audit report will be prepared for the USD100 M allocated to the emergency health components under this project (USD30 M) and the Support to Colombo Urban Regeneration Project (USD70 M). The 2022 Audit Report is expected to be received by AIIB by June 30, 2023.

**6. Status of the Grievance Redress Mechanism (GRM)**Original components:

A GRM is in place to register feedback/grievance from the impacted people and redress their concerns in a

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stipulated time frame. The GRM is accessible to all the Project-affected people. Information on the GRM was provided during the socialization of the ESMPs. Feedback/grievance boxes are available at each District Office. Alternatively, users are invited to submit their feedbacks/grievances in writing, by e-mail, by telephone, through the Project's website, and in person (through the contractors or members of the local governments). Contact details are published in the Project's website.

As of January 2023, 18 feedbacks/grievances – related mainly to minor design revisions to enhance accessibility, drainage systems, construction of small water tanks, and heritage protection – have been received (with 0 of them received during this reporting period, i.e. November 2022 – January 2023). All of them have been already resolved (the majority of them are resolved within a couple of weeks). All these feedbacks/grievances and related recommendations and outcomes are provided in the bi-annual E&S monitoring reports.

Emergency health component:

The Component 5 is implemented by MOH. Potential complaints related to Component 5 will be handled by the existing GRM under MOH.

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**7. Results Monitoring (please refer to the full RMF, which can be found on the last page of this PIMR)**

Original components:

Due to the above-mentioned implementation delays, limited physical progress has occurred and, as of January 2023, only Packages 1 and 2 have been completed.

It was agreed with NBRO that the actual values for the indicators will be updated only after the total completion of each package.

Most of the targets have been revised in line with the Project's restructuring approved in June 2022.

Emergency health component:

The PMU is developing a methodology to monitor the achievement of the indicator on the number of health institutions/hospitals benefitting from AIIB's support.

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**Remarks:**

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Project Indicators	Objective	Indicator level	Unit Measure	Cumulative Target Values												Frequency	Responsibility	Comments	
				Baseline		2020		2021		2022		2023		End Target					
				Year	Value	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Year	Target				Actual
Number of project beneficiaries		Project	Number	2020	0	0		4020		6700		10000			10000		Bi-annual	PMU (NBRO)	
Number of female project beneficiaries		Project	Number	2020	0	0		2010		3350		5000			5000		Bi-annual	PMU (NBRO)	
Area of road protected by implementation of mitigation measures		Project	square meters	2020	0	0		5280		11880		23000			23000		Bi-annual	PMU (NBRO)	
Length of railway protected by implementation of mitigation measures		Project	meters	2020	0	0		500		1000		2280			2280		Bi-annual	PMU (NBRO)	
Adopted Climate resilience standards and specifications related to landslide mitigation		Project	Y/N	2020	N	N		N		Draft design standards partially adopted		Y			Y		Bi-annual	PMU (NBRO)	
Land use guidelines in landslide prone area has been reviewed and recommendations have been submitted by the Steering Committee to the government for endorsement process		Project	Y/N	2020	N	N		N		N		Y			Y		Bi-annual	PMU (NBRO)	
Aggregated number of the planned resettlement to be avoided		Project	Number	2020	0	0		1020		2040		3400			3400		Bi-annual	PMU (NBRO)	

Project Intermediate Indicators	Indicator level	Unit of Measure	Cumulative Target Values												Frequency	Responsibility	Comments		
			Baseline		2020		2021		2022		2023		End Target						
			Year	Value	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Year	Target				Actual	
Landslide mitigation schemes constructed to protect homes, agricultural land and economic activities using improved designs and standards		Project	Number	2020	0	0		34		61		100			100		Bi-annual	PMU (NBRO)	

Grievances registered related to delivery of project benefits has been resolved	Project	Percentage	2020	0	0		60		80		100			100		Bi-annual	PMU (NBRO)	
Number of health institutions/hospitals benefitting from the Emergency Component	Project	Number	2020	0	0		0		50		210			210		Bi-annual	PMU (HSEP)	