

Project Implementation Monitoring Report (#11)

Reporting Period From 2023/08 To 2024/01

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: | Others | 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; Chongwu Sun, OSD - Environment Specialist; Chang Tian, Team Member; Hari Bhaskar, Team Member; Christopher Damandl, Project Counsel; Ting Wang, Alternate Counsel; Rizal Rivai, OSD - Procurement Specialist; Md Towshikur Rahman, Team Member; Weimin Zhou, Back-up PTL; Chang Tian, Project admin | | |
| Current Red Flags Assigned: | 1 | | |
| Current Monitoring Regime: | Regular Monitoring | | |
| Previous Red Flags Assigned: | 1 | | |
| Previous Red Flags Assigned Date: | 2023/07 | | |

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

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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: | 34.01 | Cancellation (if any): | 0.00 |
| Disbursed: | 21.71 | Latest disbursement (amount/date): | 3.75/Sep. 28, 2023 |
| Undisbursed: | 58.29 | Disbursement Ratio (%) ¹ : | 27.14 |

5. Project Implementation Update

For the entire project, the total amount of awarded contracts is USD34.01 M, and the disbursement is USD21.71 M.

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 in 2019 (which led to delays on some of the pre-construction activities); (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 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. Despite all these challenges, the project has progressed reasonably well over the last months. In terms of civil works, 52 percent of the packages have been already awarded, with 26 percent completed and 26 percent ongoing. All the remaining packages are expected to be awarded during the first half of 2024. A 2-year closing date extension was approved in October 2023. In December 2023, one of the on-duty security officers

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

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assigned to the site no. 74 (Kaluwaragahakoratuwa/Thenipita) under the Lot 1 of the Package 7 succumbed to death because of a wasps/hornets attack. As above-mentioned, a fact-finding mission was conducted in January 2024 to validate the findings and recommendation of the RCA prepared by the PMU and discuss the preparation of a Safeguard Corrective Action Plan to prevent similar accidents in the future.

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 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 the first PP for the new packages were finalized in December 2022. The procurement process has been slower than expected and although by the end of January 2024, USD51+ M is under procurement, only USD11 M has been awarded for new contracts (with USD1 M paid and USD10 M to be paid upon supply). The Bank is in discussions with ERD and MOH on a potential repurposing of the unused balance of this component.

| Components | Physical Progress | Environmental & Social Compliance | Procurement |
|--|--|---|--|
| Component 5: Health emergency | In October 2022, USD20 M (USD6 M from this project and USD14 M from the Support to Colombo Urban Regeneration Project) were disbursed for retroactive financing. As of January 2023, USD15.5 M out of the USD20 M has been spent (USD14.5 M for retroactive financing and USD1 M for new packages). As of January 2023, USD10 M has been awarded and USD41 M are being procured. | As below. | The PDS and PP for the new packages were finalized in December 2022. Although, currently, USD51+ M is being tendered, the procurement process has been very slow, due to long evaluation processes, limited interest from the market, and frequent mistakes made by potential suppliers. This has contributed to a low level of competition, high prices, and consequently, the cancelation and re-invitation of lot of tenders. |
| Component 1: Implementation of landslide mitigation measures | Out of 27 packages, 7 packages (1, 2, 3, 4A, 4B, 4C, and 9) have been fully completed. Another 7 packages (5B, and 7 (lots 1 to 6)) are currently ongoing and are expected to be completed by the first semester of 2024. As of mid-January 2024, the progress of these packages ranges from 40 to 90 percent. The remaining 13 packages will be procured during | Based on two social field visits undertaken in March and June 2023, the compliance on social aspects had been rated as Moderately Unsatisfactory. The mission recommendations are said to have been taken up, but no mechanism of reporting back to AIIB. A Social Consultant has been onboarded since November 2023 but The environmental supervision and monitoring have been conducted by the Environment Consultant regularly in line with the | The January 2024 Procurement Plan includes 27 civil works packages: 14 have been awarded (7 completed and 7 ongoing), 3 are ready for signing (5A, 5C, and 5D), 3 are expected to be signed in February 2024 (8; Lots 1 to 3), and the remaining 7 (5E, 6A, 6B, 6C, 6D, 6E, and 6F) are expected to be awarded before Q2 2024. For the remaining 3 CSC packages: 1 (linked to |

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| | | | |
|---|--|---|--|
| | <p>the first semester of 2024 and finalized before Q2 2025.</p> <p>The procurement process for the Construction Supervision Consultants (CSC) for Package 7 was completed in July 2023 and the consultant is on board now.</p> | <p>requirement in the ESMPs. Some non-compliance was noted during the July 2023 mission. Corrective measures have been proposed.</p> <p>More frequent monitoring and reporting of E&S aspects are needed.</p> | <p>Package 5) is expected to be awarded in February 2024, and the others 2 (linked to packages 6 and 8) are expected to be awarded in the second half of 2024. NBRO will deploy its own staff and individual consultants to bridge potential supervision gaps.</p> |
| Component 2: Strengthening of policy standards and institutional capacity | <p>Due to the similar nature of the works proposed, the 3 technical assignments (TAs) originally envisaged under Component 2 were merged into only one TA. Joint terms of reference (TORs) have been prepared.</p> | N/A | <p>A draft Request for Expression of Interest (REOI) and Request for Proposal (RFP) have been prepared by NBRO. The procurement process is expected to be initiated in Q1 2024. The initial plan was to complete the procurement by October 2024. However, NBRO is revisiting the plan and planning to expedite the process.</p> |
| Component 3: Provision of essential facilities | <p>The procurement of 5 contracts out of 10 under this Component have been completed. The goods were received by NBRO in 2019 and 2020.</p> | As above. | <p>The remaining 5 packages are expected to be procured and delivered within 2024.</p> |
| Component 4: Technical support and project management | <p>The web-based project monitoring support program has been developed and is operational.</p> | As above. | <p>Project management is being supported by GoSL funds.</p> |

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 Q2 2023 and Q3 2023 were submitted in a timely manner and deemed to be acceptable to the Bank. The IFR Q4 2023 will be due for submission on February 15, 2023. The current disbursement progress is 31.69 percent. The most recent withdrawal application (WA) was submitted in September 2023 for USD3.75 M. The Bank is currently reviewing another WA for USD3.88 M. The 2023 Audit Report (including the Management Letter) will be due by June 30, 2024. The PMU will closely coordinate with the National Audit Office to ensure timely submission for the Audit Report.

Emergency health component:

IFRs for Q2, 2023 and Q3, 2023 were submitted in a timely manner and deemed to be acceptable to the Bank. The IFR Q4 2023 will be due for submission on February 15, 2023. The current disbursement progress is 20.00 percent. The most recent WA was submitted in October 2022 for USD6 M. The PMU is currently finalizing another WA to request and advance of USD2 M. The 2022 audited financial statement

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and the Management Letter were submitted with a delay of several weeks, with a clean opinion. The 2023 Audit Report including the management letter is expected to be submitted by June 30, 2024.

6. Status of the Grievance Redress Mechanism (GRM)

Original components:

A GRM is in place to register feedback/grievances from the project affected people (PAPs) and redress their concerns in a stipulated time frame. The GRM is accessible to all PAPs. Information on the GRM was provided during the socialization of the ESMPs. Feedback/grievance boxes are available at each site. Alternatively, users are invited to submit their feedback/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 on the Project's website.

As of mid-January 2024, a total of 101 feedback/grievances, related mainly to minor design revisions to enhance accessibility, temporary access interruption, drainage systems, water supply, and slope protection, have been received. The functionality of the GRM has significantly improved in comparison to the last PIMR as all issues (both major and minor) related to the project's implementation are being registered .

The majority of the complaints have already been resolved (approximately 80 percent). The remaining complaints (i) are beyond the scope of the project (e.g., requests for implementing mitigation measures in sites not supported under the project) (15 percent) and (ii) will be resolved with progress of some sub-projects (e.g., requests for fencing that will be undertaken at the end of mitigation works) (5 percent). The Bank continued to advise to keep a clear signboard reflecting the details of the Project's GRM and the Bank's Project-affected People's Mechanism (PPM) at each of the ongoing landslide sites. All the feedback/grievances and related recommendations and outcomes are and will be provided in the bi-annual E&S monitoring reports.

Emergency health component:

It was agreed with the PMU and ADB that the GRM established for the ADB-funded HSEP will be used to handle the potential complaints pertaining to this Component. The Bank requested the PMU to include a link to the HSEP's GRM on the project's website page.

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

Original components:

It was agreed with NBRO that the actual values for the indicators will be updated only after the total completion of each package. As above-mentioned, as of January 2024, 7 packages were completed (1, 2, 3, 4A, 4B, 4C, and 9). This has significantly contributed towards achieving most of the targets linked to Component 1 (e.g., almost 50 percent of the number of targeted project beneficiaries (including females) has been almost achieved, and the target for the area of road protected by the implementation of mitigation measures has been almost fully achieved (20,211 m2 vis-à-vis 23,000)). The progress of other indicators linked to the Component 1 (e.g., length of railway protected by implementation of mitigation measures) or those linked to the Component 2 will be only measured when the respective works will be finalized. For further details, see the Results Monitoring Framework provided at the end of this document. The relatively high percentage of female beneficiaries in 2022 and 2023 is mainly because a good portion of the rectification works in those years took place in and around the estate/plantation sector, where a higher female to male ratio can be seen due to economic migration.

Emergency health component:

During July 2023, the PMU provided the number of health institutions/hospitals benefitting from AIB's support

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(705), which exceeds the agreed target (700).

Remarks:

| Project Objective Indicators | Indicator level | Unit of Measure | Cumulative Target Values | | | | | | | | | | | | | | | | | Frequency | Responsibility | Comments |
|---|-----------------|-----------------|--------------------------|-------|--------|--------|--------|--------|--------|--|--|--|--|--|--|--------|------------|--------|------|-----------|----------------|----------|
| | | | Baseline | | 2020 | | 2021 | | 2022 | | 2023 | | 2024 | | 2025 | | End Target | | | | | |
| | | | Year | Value | Target | Actual | Target | Actual | Target | Actual | Target | Actual | Target | Actual | Target | Actual | Target | Actual | Year | | | |
| Number of project beneficiaries | Project | Number | 2020 | 0 | 0 | 0 | 900 | 800 | 1600 | 1337 | 2600 | 2482 | 6000 | 4358 | 10000 | | 2025 | 10000 | | Bi-annual | PMU (NBRO) | |
| Number of female project beneficiaries | Project | Number | 2020 | 0 | 0 | 0 | 450 | 458 | 800 | 1113 | 1300 | 1743 | 3000 | 2404 | 5000 | | 2025 | 5000 | | Bi-annual | PMU (NBRO) | |
| Area of road protected by implementation of mitigation measures | Project | square meters | 2020 | 0 | 0 | 0 | 3500 | 3801 | 7500 | 7161 | 12500 | 11065 | 18000 | 20211 | 23000 | | 2025 | 23000 | | Bi-annual | PMU (NBRO) | |
| Length of railway protected by implementation of mitigation measures | Project | meters | 2020 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 500 | 0 | 2280 | | 2025 | 2280 | | Bi-annual | PMU (NBRO) | |
| Adopted Climate resilience standards and specifications related to landslide mitigation | Project | Y/N | 2020 | N | N | N | N | N | | Draft design standards partially adopted | Draft design standards partially adopted | Draft design standards partially adopted | Draft design standards partially adopted | Draft design standards partially adopted | Draft design standards partially adopted | Y | 2025 | 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 | N | N | N | N | N | N | N | N | Y | 2025 | Y | | Bi-annual | PMU (NBRO) | |
| Aggregated number of the planned resettlement to be avoided | Project | Number | 2020 | 0 | 0 | 0 | 35 | 32 | 80 | 65 | 200 | 175 | 350 | 197 | 605 | | 2025 | 605 | | Bi-annual | PMU (NBRO) | |

| Project Intermediate Indicators | Indicator level | Unit of Measure | Cumulative Target Values | | | | | | | | | | | | Frequency | Responsibility | Comments |
|---------------------------------|-----------------|-----------------|--------------------------|------|------|------|------|------|------|------------|--|--|--|--|-----------|----------------|----------|
| | | | Baseline | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | End Target | | | | | | | |

| | | | Year | Value | Target | Actual | Target | Actual | 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 | 0 | 5 | 4 | 10 | 11 | 20 | 17 | 35 | 25 | 100 | | 2025 | 100 | | Bi-annual | PMU (NBRO) | |
| Grievances registered related to delivery of project benefits has been resolved | Project | Percentage | 2020 | 0 | 0 | 0 | 60 | 100 | 80 | 100 | 100 | 100 | 100 | 100 | 100 | | 2025 | 100 | | Bi-annual | PMU (NBRO) | |
| Number of health institutions/hospitals benefitting from the Emergency Component | Project | Number | 2020 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 210 | 755 | 700 | 755 | 700 | | 2025 | 700 | | Bi-annual | PMU (HSEP) | |