

## SBF Project Implementation Monitoring Report

### Sri Lanka: Support to Colombo Urban Regeneration

#### 1. Project Information

Project ID:	000081	Investment Number:	L0081A
Member:	Sri Lanka	Region:	Southern asia
Sector:	Urban	Sub-sector:	Urban housing
AIIB Financing Type:	Loan: 200 USD million	Co-financier(s):	Stand-alone
E&S category:	A	Borrower:	The Socialist Republic of Sri Lanka
Red Flags Assigned:	1	Monitoring Regime:	Regular Monitoring
Implementing Agency:	Urban Development Authority(UDA)		
Project Team Leader:	Hubert Jenny		
Project Team Members:	Michaela Bergman, Principal Social Development Specialist; Susrutha Goonasekera, Senior Social Development Specialist Georgi Georgiev Dzhartov, Social Development Specialist; Yangzom, Procurement Specialist; Shonell Robinson, Financial Management Specialist; Aditi Khosla, Counsel – Investment Operations; Dhammika Herath, Social Development Consultant.		
Completed Site Visits by AIIB:	Jul, 2019 Project launch mission: July 1 to 5, 2019  Oct, 2019 Supervision mission: October 14-21, 2019  Dec, 2019 Visit to brief the new Secretary of project status: December 16-17, 2019  Jan, 2020 Technical mission focusing on social issues: January 20-23, 2020  Several visits during the COVID-19 lockdown to the PMU and sites by Colombo-based Bank staff and the local consultant.  Jul, 2020 Virtual Mission on July 3, 9 and 10, 2020		
Planned Site Visits by AIIB:	Subject to lifting of travel restriction		

#### 2. Project Summary and Objectives

The project supports the Government of Sri Lanka's (GoSL) Urban Regeneration Program (URP), launched in 2011, aimed at improving housing conditions and services as well as reducing inefficient land use in the city of Colombo by resettling roughly 50,000 low-income and lower-middle-income households from low-rise neighborhoods into high-rise apartment complexes. This is intended to free up centrally located land for public purposes such as urban infrastructure and parks as well as commercial redevelopment. The proposed Project is supporting Phase III of the URP and will also address key technical, financial, environmental, social and other policy issues with the aim of improving the efficiency, equity and sustainability of the larger program.

#### 3. Key Dates

Approval:	Apr. 4, 2019	Signing:	Apr. 25, 2019
Effective:	Jul. 22, 2019	Restructured (if any):	
Orig. Closing:	Dec. 31, 2025	Rev. Closing (if any):	

#### 4. Disbursement Summary (USD million)

a) Committed:	200	b) Cancellation (if any):	
c) Disbursed:	5.3	d) Most recent disbursement:	2.2, Oct. 15, 2020

		(amount / date)	
e) Undisbursed:	194.7	f) Disbursement Ratio(%) <sup>1</sup> :	2.7

<sup>1</sup> Disbursement Ratio is defined as the volume (i.e. the dollar amount) of total disbursed amount as a percentage of the net committed volume, i.e.,  $f = c / (a - b)$

## 5. Project Implementation Update

The project has faced some delays with regards to procurement and preparation of the first two Resettlement Action Plans (Obeyesekerapura and Madampitiya). The government's decision in January 2020 to replace the Project Director as well as the impacts of COVID-19 have resulted in further delays in 2020 still not replaced.

With the appointment of Acting Projector Director in April 2020 and the lifting of some of the movement restrictions, implementation progress has since resumed but the PMU remains understaffed and Project Management Support Consultants (PMSC) to the PMU is not yet mobilized due to vacuum at the PMU level with an Acting Project Director following the departure of the Project Director as well as understaffed PMU without anyone dedicated to process the several steps of recruiting the PMSC.

As a result, the project is behind schedule by 6 months:

- For Phase 1, work contracts are awarded and pending resettlement issues are being resolved through proper channels as agreed in the Grievance Redressing Mechanism, so that the contractors can mobilize on site and start construction.
- For Phase 2, it is unlikely that Phase 2 proceeds considering that a key (external) project to rehabilitate the solid waste landfill is not going ahead.

E&S is in full compliance

Components	Physical Progress	Environmental & Social Compliance	Procurement
Component 1: Construction of 5,500 housing units across 8 or 9 multi-storey apartment complexes. (USD180m)	Contractors mobilized	Project Affected Households (PAHs) on Obeyesekerapura site relocated. The revised RAP is being implemented. Madampitiya RAP being finalized. Survey to identify PAH for remaining sites is being prepared.	All 4 works contracts in Phase 1 have been signed and the remaining 2 works contracts under Phase 2 are on hold.
Component 2: Provisions for planning, basic infrastructure, and marketing (in the case of commercial redevelopment) to facilitate redevelopment of newly vacated land. (USD45m)	Not started	E&S due diligence of PPP pilot site under Component 2 is on-going.	Procurement subject to on-boarding of land redevelopment consultants under Component 3.
Component 3: Technical Support and Project Management (USD16m)	Consultancy not started	Consultancy for 3.4 at RFP stage; additional consultancies for socio-economic/land surveys, land redevelopment, and IT support are being prepared.	PMU established though with a number of critical vacancies still to be filled at the end of 2020. Key consultant contract under final stage of evaluation.

Financial Management:

Component 1: Financial management arrangements are in place but need to be improved by acquiring and implementing an automated accounting system. Once system is acquired, chart of accounts needs to be designed to capture and report on project transactions by component, sub-component and categories.

The PMU complies with the agreed financial management and audit arrangements. The last quarterly financial report 2020 Q3 was received and cleared by the Bank. 2020 Q4 interim report is due in February 2021. The Final Audit Report for 2020 is due by June 2021.

## 6. Status of the Grievance Redress Mechanism (GRM)

A three-tier GRM is being used. The bottom two tiers at the local and Ministry level, respectively, are operational. The third tier has just been established including representatives from various ministries, an independent lawyer and a civil society group representative. It has met once, to date, for training.

The GRM is active and includes 35 cases, of which 3 are outstanding with 2 being addressed to being in the process of closing and 1 going to the Appeal Committee with the PMU monitoring the outcome.

## 7. Results Monitoring

The project incurred delays due to COVID-19 lockdown and containment measures but also because of understaffed PMU with key positions still under recruitment including the project director, especially for the Quarterly Project Monitoring Report.

The result framework does not show much progress but all the Phase 1 work contracts have been awarded with some delays because of COVID-19 lockdown and full compliance with AIIB E&S policies, especially for resettlement.

Some of the policy actions are due in the final year of the project implementation and are reported as work in progress.

Baseline Year: Apr. 1, 2019 End Target Year: Apr. 1, 2025

Project Objective Indicators	Year	Target	Actual	Others, if any
1. Aggregated number of beneficiaries (households) that move from underserved settlements to newly constructed housing with improved utilities and facilities and under improved resettlement practice	Apr. 1, 2019	Baseline : 0	N/A	
1. Aggregated number of beneficiaries (households) that move from underserved settlements to newly constructed housing with improved utilities and facilities and under improved resettlement practice	Apr. 1, 2020	0	N/A	
1. Aggregated number of beneficiaries (households) that move from underserved settlements to newly constructed housing with improved utilities and facilities and under improved resettlement practice	Apr. 1, 2021	0	N/A	
1. Aggregated number of beneficiaries (households) that move from underserved settlements to newly constructed housing with improved utilities and facilities and under improved resettlement practice	Apr. 1, 2022	0	N/A	
1. Aggregated number of beneficiaries (households) that move from underserved settlements to newly constructed housing with improved utilities and facilities and under improved resettlement practice	Apr. 1, 2023	2,000	N/A	
1. Aggregated number of beneficiaries (households) that move from underserved settlements to newly constructed housing with improved utilities and facilities and under improved resettlement practice	Apr. 1, 2024	4,000	N/A	
1. Aggregated number of beneficiaries (households) that move from underserved settlements to newly constructed housing with improved utilities and facilities and under improved resettlement practice	Apr. 1, 2025	5,000	N/A	
2. New URP policies (with improvement on the housing allocation, transfer and management and acceptable to the Bank) adopted (Yes/No)	Apr. 1, 2019	Baseline: No	N/A	Work in progress
2. New URP policies (with improvement on the housing allocation, transfer and management and acceptable to the Bank) adopted (Yes/No)	Apr. 1, 2020	No	N/A	Work in progress
2. New URP policies (with improvement on the housing allocation, transfer and management and acceptable to the Bank) adopted (Yes/No)	Apr. 1, 2021	No	N/A	Work in progress
2. New URP policies (with improvement on the housing allocation, transfer and	Apr. 1, 2022	Yes	N/A	Done

management and acceptable to the Bank) adopted (Yes/No)				
2. New URP policies (with improvement on the housing allocation, transfer and management and acceptable to the Bank) adopted (Yes/No)	Apr. 1, 2023	Yes	N/A	Done
2. New URP policies (with improvement on the housing allocation, transfer and management and acceptable to the Bank) adopted (Yes/No)	Apr. 1, 2024	Yes	N/A	Done
2. New URP policies (with improvement on the housing allocation, transfer and management and acceptable to the Bank) adopted (Yes/No)	Apr. 1, 2025	Yes	N/A	Done
3. % of value increase of the land made available for redevelopment under the project compared with the government's baseline price	Apr. 1, 2019	Baseline: N/A	N/A	
3. % of value increase of the land made available for redevelopment under the project compared with the government's baseline price	Apr. 1, 2020	N/A	N/A	
3. % of value increase of the land made available for redevelopment under the project compared with the government's baseline price	Apr. 1, 2021	N/A	N/A	
3. % of value increase of the land made available for redevelopment under the project compared with the government's baseline price	Apr. 1, 2022	30%	N/A	
3. % of value increase of the land made available for redevelopment under the project compared with the government's baseline price	Apr. 1, 2023	30%	N/A	
3. % of value increase of the land made available for redevelopment under the project compared with the government's baseline price	Apr. 1, 2024	30%	N/A	
3. % of value increase of the land made available for redevelopment under the project compared with the government's baseline price	Apr. 1, 2025	30%	N/A	
4. Updating the City Guidance Plan of Colombo (P=in Preperation, A=Adopted)	Apr. 1, 2019	Baseline: N/A	N/A	
4. Updating the City Guidance Plan of Colombo (P=in Preperation, A=Adopted)	Apr. 1, 2020	P	No	
4. Updating the City Guidance Plan of Colombo (P=in Preperation, A=Adopted)	Apr. 1, 2021	P	N/A	
4. Updating the City Guidance Plan of Colombo (P=in Preperation, A=Adopted)	Apr. 1, 2022	P	N/A	
4. Updating the City Guidance Plan of Colombo (P=in Preperation, A=Adopted)	Apr. 1, 2023	A	N/A	
4. Updating the City Guidance Plan of Colombo (P=in Preperation, A=Adopted)	Apr. 1, 2024	A	N/A	
4. Updating the City Guidance Plan of Colombo (P=in Preperation, A=Adopted)	Apr. 1, 2025	A	N/A	

Intermediate Result Indicators	Year	Target	Actual	Others, if any
1. Aggregated number of housing units constructed using the improved technical design and standards	Apr. 1, 2019	Baseline: 0	N/A	
1. Aggregated number of housing units constructed using the improved technical design and standards	Apr. 1, 2020	0	0	
1. Aggregated number of housing units constructed using the improved technical design and standards	Apr. 1, 2021	0	N/A	
1. Aggregated number of housing units constructed using the improved technical design and standards	Apr. 1, 2022	2,000	N/A	
1. Aggregated number of housing units constructed using the improved technical design and standards	Apr. 1, 2023	3,500	N/A	
1. Aggregated number of housing units constructed using the improved technical design and standards	Apr. 1, 2024	4,500	N/A	
1. Aggregated number of housing units constructed using the improved technical design and standards	Apr. 1, 2025	5,500	N/A	
2. Area of redeveloped land used for public and high-value uses (Acres)	Apr. 1, 2019	Baseline: 0	N/A	
2. Area of redeveloped land used for public and high-value uses (Acres)	Apr. 1, 2020	10	0	
2. Area of redeveloped land used for public and high-value uses (Acres)	Apr. 1, 2021	20	N/A	
2. Area of redeveloped land used for public and high-value uses (Acres)	Apr. 1, 2022	35	N/A	
2. Area of redeveloped land used for public and high-value uses (Acres)	Apr. 1, 2023	55	N/A	
2. Area of redeveloped land used for public and high-value uses (Acres)	Apr. 1, 2024	75	N/A	
2. Area of redeveloped land used for public and high-value uses (Acres)	Apr. 1, 2025	92	N/A	
3. Percentage of SWM grievances addressed.	Apr. 1, 2020	N/A	N/A	
3. Percentage of SWM grievances addressed.	Apr. 1, 2021	N/A	N/A	
3. Percentage of SWM grievances addressed.	Apr. 1, 2022	50	N/A	
3. Percentage of SWM grievances addressed.	Apr. 1, 2023	N/A	N/A	
3. Percentage of SWM grievances addressed.	Apr. 1, 2024	N/A	N/A	
3. Percentage of SWM grievances addressed.	Apr. 1, 2025	80	N/A	

**Remarks:** Since contractors did not start work awaiting for the resolution of pending resettlement issues, the result framework indicators are the same as previous PMIR. We expect progress for the next reporting period. Policy Actions are YES/NO and very difficult to include interim milestones.