

## 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:	<p>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;  Rahman Towshik, Team Member;  Weimin Zhou, Back-up PTL;  Chang Tian, Project admin</p>		
Completed Site Visits by AIIB:	<p>May, 2023  The AIIB's Highway Design Consultant, along with NBRO staff and construction contractors, visited 14 sites from Package 4A, Package 7 (Lots 2, 3, and 4), and Package 9 on May 30 and 31, 2023. The main objectives of the visits were to assess the implementation progress and quality of civil works and to supervise social and environmental safeguard aspects. A comprehensive report was prepared.</p> <p>Jun, 2023  The AIIB's Sr. Social Development Specialist, along with NBRO staff and construction contractors, visited 6 sites on June 26 and 27, 2023. The main objectives of the visits were to assess and monitor the project's social performance and provide support to the implementation of the project for social aspects. A brief note was prepared.</p> <p>Jul, 2023  As part of the implementation review mission conducted from July 10-14, 2023, the AIIB's PTL, along with NBRO staff and construction contractors, visited 15 sites from packages 1, 2, 4, 5 and 7 on July 11-12, 2023. The main objectives of the visits were to assess the implementation progress and quality of civil works and to supervise social and environmental safeguard aspects. The main findings from these site visits were reflected in the mission Aide Memoire.</p>		
Planned Site Visits by AIIB:	<p>Oct, 2023  A virtual review meeting is planned for October 2023 to monitor the implementation of all the project's components, including the emergency health component. In addition, further technical site visits may be also conducted to supervise the civil works implementation progress and quality (this will depend on the progress achieved).</p>		
Current Red Flags	1		

Assigned:	
Current Monitoring Regime:	Regular Monitoring
Previous Red Flags Assigned:	1
Previous Red Flags Assigned Date:	2023/01

## 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:	33.28	Cancellation (if any):	0.00
Disbursed:	17.28	Most recent disbursement (amount/date):	2,594,306.25/Jun. 07, 2023

Undisbursed:	62.72	Disbursement Ratio (%) <sup>1</sup> :	21.60
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### 5. Project Implementation Update

For the entire project, the total amount of awarded contracts is USD33.28 M, and the disbursement is USD17.28 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 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).

The civil works under the original project are progressing reasonably well, considering the challenges the country is facing. As per the June 2023 Procurement Plan (PP), it is expected that all the packages will be awarded during 2023 and most of them will be finalized during 2024. A 2-year closing date extension request was received by the Bank in June 2023 and is being processed.

#### 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 USD25+ M are being tendering, only USD5-6M will be committed for new contracts by the end of July 2023.

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 June 2023, USD14.3	Complied	The current PP has 243 packages. Although, currently, USD25+ M are being tendered, the procurement process has been slower than expected mainly due to (i) frequent changes to the PP as proposed by the Medical

<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.

	<p>M out of the USD20 M has been spent.</p> <p>The PDS and PP for the new packages were finalized in December 2022.</p> <p>As of June 2023, 11 new packages have been awarded for almost USD2 M, and it is expected that USD3-4 M more will be awarded by the end of July 2023.</p>		<p>Supplies Division, (ii) lengthy approval processes by the Technical Evaluation Committee, (iii) limited procurement capacity at the PMU, (iv) high quoted prices, and (v) sub-standard and reduced responses received.</p>
Component 1: Implementation of landslide mitigation measures	<p>4 packages (1, 2, 3 and 4B) have been completed. 3 packages (4A, 4C and 9) are well advanced with a progress as of June 2023 of more than 80%, and they are expected to be completed by the end of July 2023. In addition, the Package 5B and the 6 lots under the Package 7 are ongoing and will be finalized during the first semester of 2024. The remaining packages (5A, 5C, 5D, 5E, 6A, 6B, 6C, 6D, 6E, 6F, 8A, 8B and 8C) are under tendering and it is expected that they will be awarded during the second half of 2023. All the civil works are expected to be completed during 2024.</p>	Complied.	<p>The June 2023 Procurement Plan includes 27 civil works packages: 4 have been completed (1, 2, 3 and 4B), 10 have been awarded and are ongoing (4A, 4C, 5B, 7 Lot 1, 7 Lot 2, 7 Lot 3, 7 Lot 4, 7 Lot 5, 7 Lot 6, and 9), 4 are expected to be awarded in August 2023 (5A, 5C, 5D, and 5E) and the remaining 9 (6A, 6B, 6C, 6D, 6E, 6F, 8A, 8B and 8C) are expected be awarded during Q4 2023.</p> <p>The procurement process for the Construction Supervision Consultants (CSC) for Package 7 was completed in July 2023. For the other CSC packages, the procurement is expected to be finalized, in November 2023 (5 and 6) and January 2024 (8). 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 have been merged into 1 only TA. Joint terms of reference (TORs) have been prepared.</p>	Complied	<p>A draft Request for Expression of Interest (REOI) and Request for Proposal (RFP) were prepared by NBRO. The procurement process is expected to be completed in Q1 2024.</p>

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. The list of goods to be supplied under this Component is currently being reviewed by NBRO, and the related packages may be slightly restructured.	Complied	The remaining packages will be procured in 2023/4.
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 Q4 2022 and Q1 2023 were submitted in a timely manner and deemed to be acceptable to the Bank. The current disbursement and expenditure progresses are 23% and 16%, respectively. The most recent withdrawal application (WA) was submitted in June 2023 for USD2.6 M. During the July 2023 mission, NBRO indicated that another WA for USD3.7 M will be submitted to AIIB by mid-August 2023. The 2022 Audit Report (including the Management Letter) was submitted to the Bank on time, with a clean opinion.

Emergency health component:

The first IFR for this component (Q4 2022) was submitted on time. The second IFR (Q1 2023) was submitted with a week of delay. Both were deemed to be acceptable to the Bank. The current disbursement and expenditure progresses are 20% and 15%, respectively. During the July 2023 mission, the PMU estimated to disburse USD14 M more during the second half of 2023. Procurement needs to be expedited to meet that target. The audited financial statement for 2022 was submitted with a delay of two weeks, and the Management Letter is expected to be received during July 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 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 site. 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 on the Project's website.

As of June 2023, 54 feedbacks/grievances – related mainly to minor design revisions to enhance accessibility, drainage systems, water supply, slope protection, and heritage protection – have been received. The number of complaints has significantly increased respect to the January 2023 PIMR because during the site visit conducted in June 2023, the AIIB's Sr. Social Development Specialist advised the PMU to also register the minor issues raised during project's implementation. Most of the complaints have been already resolved (the majority of them are resolved within a couple of weeks), and the others are being addressed using the GRM. During the July 2023 mission, the Bank requested the PMU to submit the updated list of complaints, and it was agreed to develop a clear signboard reflecting the details of the Project's GRM and the Bank's Project-affected People's Mechanism (PPM) to be displayed at each of the ongoing landslide sites. All the feedbacks/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. During the July 2023 mission, 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 June 2023, only 4 packages were completed (1, 2, 3 and 4B).

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

Emergency health component:

During the July 2023, the PMU provided for the first time, the number of health institutions/hospitals benefitting from AIIB's support. The Bank requested the PMU to share the detailed methodology to estimate that figure.

**Remarks:**

Some targets (proposed during the project's design in 2019) may be slightly adjusted during the upcoming project restructuring.

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	0	4020	800	6700	1337	10000	2482		10000		Bi-annual	PMU (NBRO)		
Number of female project beneficiaries	Project	Number	2020	0	0	0	2010	458	3350	1113	5000	1743		5000		Bi-annual	PMU (NBRO)		
Area of road protected by implementation of mitigation measures	Project	square meters	2020	0	0	0	5280	3801	11880	7161	23000	11065		23000		Bi-annual	PMU (NBRO)		
Length of railway protected by implementation of mitigation measures	Project	meters	2020	0	0	0	500	0	1000	0	2280	0		2280		Bi-annual	PMU (NBRO)		
Adopted Climate resilience standards and specifications related to landslide mitigation	Project	Y/N	2020	N	N	N	N	Draft design standards partially adopted	Draft design standards partially adopted	Draft design standards partially adopted	Y	Draft design standards partially adopted	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	Y	N		Y		Bi-annual	PMU (NBRO)		
Aggregated number of the planned resettlement to be avoided	Project	Number	2020	0	0	0	1020	32	2040	65	3400	175		3400		Bi-annual	PMU (NBRO)		

Project Indicators	Intermediate	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	0	34	4	61	11	100	17		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		Bi-annual	PMU (NBRO)	
Number of health institutions/hospitals benefitting from the Emergency Component	Project	Number	2020	0	0	0	0		50		210	755		700		Bi-annual	PMU (HSEP)	This value might need to be adjusted after receiving and reviewing the methodology for its estimation.