

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:	Disaster prevention and rehabilitation
Instrument type:	<input checked="" type="checkbox"/> Loan:80.00 US Dollar million <input type="checkbox"/> Guarantee	Co-financier(s):	
ES category:	B	Borrowing Entity:	Ministry of Finance, Sri Lanka
Implementing Entity:			
Project Team Leader:	Weimin Zhou (DG: Rajat Misra; Responsible Department: INF1)		
Project Team Members:	Aditi Khosla, Project Counsel; Shonell Robinson, OSD - Financial Management Specialist; Georgi Georgiev Dzhartov, OSD - Social Development Specialist; Chongwu Sun, OSD - Environment Specialist; Chang Tian, Team Member; Tomas Herrero Diez, Team Member; Yangzom Yangzom, OSD - Procurement Specialist; Tomas Herrero Diez, Back-up PTL; Chang Tian, Project admin;		
Completed Site Visits by AIIB:	<p>Nov, 2021 A virtual implementation review mission was conducted on November 23, 2021 to (i) review the project implementation progress, including civil works contracts and contractor supervision consultants; (ii) discuss a potential project restructuring; (iii) supervise social and environmental safeguard aspects; and (iv) discuss on fiduciary aspects.</p> <p>Mar, 2022 A virtual review meeting was conducted on March 10, 2022 to follow up the topics discussed during the November 2021 mission.</p>		
Planned Site Visits by AIIB:	<p>Jul, 2022 A virtual implementation review mission is planned for the beginning of July 2022 to monitor project implementation.</p> <p>Jun, 2022 A technical site visit is planned for June 2022 to supervise the civil works implementation progress and quality. This will be led by a Colombo-based AIIB Highway Engineer Consultant along with the Project Management Unit (PMU). Additional field visits may be conducted depending on the implementation progress.</p>		
Current Red Flags Assigned:	2		
Current Monitoring Regime:	Enhanced Monitoring- Level I		
Previous Red Flags Assigned:	1		
Previous Red Flags Assigned Date:	2021/09		

2. Project Summary and Objectives

The Project objective (PO) is to reduce risk and damage from landslides through the implementation of mitigation measures and enhancement of policy and regulation associated with landslide management. To assess the achievement of this objective, the following PO 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).

The Project has a total cost of USD110 million with USD80 million from AIIB and USD30 million from the GoSL. The Project has four 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 147 sites (USD97 million); (ii) Strengthening of policy, standards and institutional capacity related to landslide risk (USD3 million); (iii) Provision of essential facilities and laboratory equipment (USD2.5 million); and (iv) Technical support and project management (USD4.5 million).

3. Key Dates

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

4. Disbursement Summary (USD million)

Contract Awarded:	11.14	Cancellation (if any):	0.00
Disbursed:	5.43	Most recent disbursement (amount/date):	1.25/Apr. 27, 2022
Undisbursed:	74.57	Disbursement Ratio (%) ¹ :	6.79

5. Project Implementation Update

The project has been experiencing delays since the beginning. To date, the total amounts of awarded contracts are limited (only about USD 11.14 million), and the disbursement is only about 6.8% after almost three years of implementation. The delay is 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 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). It is expected due to the above events the implementation of improving landslide-prone sites would be further delayed.

On April 29, 2022, Government of Sri Lanka (GoSL) submitted an official letter to AIIB to request USD100 million fund to support urgent essential medical needs in view of the above-mentioned economic crisis. AIIB discussed with GoSL the possibility of restructuring two ongoing projects in Sri Lanka (RLVMMP and the Support to Colombo Urban Regeneration Project) to create an emergency health component under each project and reallocate USD100 million of unused loan proceeds from both projects. Due to the urgency of this request, a project change will be initiated in the near future for this project to add the emergency health component, and to reduce the project scope of the original activities.

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.

Through the site visits and virtual missions, it is estimated that the civil works of landslide improvement will likely be completed beyond the current project closing date (December 31, 2023). A potential loan closing date extension was discussed with PMU. Due to the reduction of the original scope of landslide sites mentioned-above, the closing date will be further examined. It was agreed to defer the discussion on the potential closing date extension until having addressed the health emergency component explained above.

Components	Physical Progress	Environmental & Social Compliance	Procurement
Component 1: Implementation of landslide mitigation measures	<p>Package 1 was completed and handed over to the PMU in April 2022 and packages 2 and 3 should have been completed in February 2022, but they are facing delays due to the lack of construction materials (as of February 2022, their progress is 76.76 and 56.21 percent, respectively). The civil works were also initiated in packages 4A, 4B and 4C, but the progress is still modest (less than 5 percent as of February 2022).</p> <p>The designs for packages 5 and 8 have been finalized and for packages 6 and 9 are being initiated.</p>	Complied.	<p>Of the initial nine packages (packages 1 to 9), package 4 was divided into 3 packages (4A, 4B and 4C) and package 7 was divided into 6 lots (7.1, 7.2, 7.3, 7.4, 7.5 and 7.6) leading to a total of 16 civil works packages (as captured in the November 2021 Procurement Plan).</p> <p>Six civil work packages (1, 2, 3, 4A, 4B and 4C) have been awarded.</p> <p>As above-mentioned, package 7 was divided into 6 lots to attract not only international firms, but also domestic ones to mitigate the risk pertaining to COVID-19 travel restrictions. Tender evaluation for package 7 is ongoing. It is expected to complete the procurement for the 6 lots under package 7 during the first half of 2022. The procurement process to hire the construction supervision consultant (CSC) for package 7 is also ongoing.</p> <p>The procurement of package 5 and 8 is expected to be completed during 2022; and for packages 6 and 9 in 2023. As above-mentioned, some of these packages may be cancelled or reduced to contribute to address the health</p>

			emergency.
Component 2: Strengthening of policy standards and institutional capacity	Terms of reference (TORs) have been prepared for one out of the three main technical assignments (TAs) to be implemented under this Component. TORs for the other two TAs are being prepared by the NBRO.	Complied	The procurement process for one TA is expected to be completed during the second half of 2022 and the other two TAs will be procured in 2023.
Component 3: Provision of essential facilities	Five contracts out of nine under this Component have been awarded and implemented.	Complied	The other four packages will be procured in 2022.
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. The PMU has no outstanding financial reports and remains in compliance with the financial management (FM) covenants. The draft financial statements for the year ended on December 31, 2021 were submitted and reviewed by the AIIB. AIIB provided a set of comments for the enhancement of the report. The finalized 2021 Audit Report is expected to be received in October 2022.

In respect to the reporting of eligible expenditures, the PMU has been reporting Category 1 expenditures at 86.27% contrary to the Loan Agreement amount of 84.00%. Consequently, for each withdrawal application submitted, the expenditures for Category 1 have been reduced by 2.27% for processing the eligible expenditures as per the Loan Agreement. The total deduction to date is US\$64,668.75. The AIIB team agreed with the PMU that the cumulative excess 2.27% should be continuously tracked.

6. Status of the Grievance Redress Mechanism (GRM)

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 Environmental and Social Management Plans (ESMP). 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.

A three-tiered GRM has been developed. The project offices act as first tier/point of contact of the GRM. Upon receipt, the Environmental and Social (E&S) team from the CSC reviews and tries to resolve the feedback/grievance. If this is not possible, the feedback/grievance is referred to the PMU (GRM tier 2) where it will be discussed by a PMU-level committee, comprising the Project Director, and the senior E&S experts from both PMU and CSC. A set of actions are recommended by this committee to address the feedback/grievance. More complex feedbacks/grievances will be reviewed and discussed by a Grievance Redress Committee (GRC), GRM tier 3, comprising the Grama Niladhari, the Divisional Secretary, representatives from the local authorities, religious leaders of the affected party and other relevant officers. The response/resolution is provided verbally for GRM tiers 1 and 2 and in writing (within 4 weeks) for GRM tier 3.

All the feedback/grievance are registered and indexed by the PMU. As of December 2021, six feedbacks/grievances

– related mainly to minor design revisions to enhance accessibility, drainage systems and heritage protection – have been received over the life of the project (with two of them received during this reporting period, i.e. November 2021 – April 2022). 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.

7. Results Monitoring

Due to the above-mentioned implementation delays, limited physical progress has occurred and, as of December 31, 2021, civil work packages were only partially completed. Consequently, the actual values for most of the indicators remain zero.

Project Objective Indicators #1

Aggregated number of direct project beneficiaries (of which female number)

Year	Target	Actual	Comments, if any
Dec. 31, 2019	0	0	
Dec. 31, 2020	2,000 (1,000)	0	
Dec. 31, 2021	6,000 (3,000)	0	
Dec. 31, 2022	10,000 (5,000)	N/A	
Dec. 31, 2023	15,000 (7,500)	N/A	

Project Objective Indicators #2

Area of road protected by implementation of mitigation measures (square meters)

Year	Target	Actual	Comments, if any
Dec. 31, 2019	0	0	
Dec. 31, 2020	3,000	0	
Dec. 31, 2021	8,000	0	
Dec. 31, 2022	18,000	N/A	
Dec. 31, 2023	35,000	N/A	

Project Objective Indicators #3

Length of railway protected by implementation of mitigation measures (meters)

Year	Target	Actual	Comments, if any
Dec. 31, 2019	0	0	
Dec. 31, 2020	0	0	
Dec. 31, 2021	500	0	The railway sections to be protected from landslides are part of the package 8, which is being designed.
Dec. 31, 2022	1,000	N/A	
Dec. 31, 2023	2,280	N/A	

Project Objective Indicators #4

Adopted Climate resilience standards and specifications related to landslide mitigation has been adopted.

Year	Target	Actual	Comments, if any
Dec. 31, 2019	No	No	
Dec. 31, 2020	Draft design standards (testing)	No	
Dec. 31, 2021	Final design standards (testing)	No	As flagged in the table of the Section 5, TORs to mobilize consultancy services to review relevant policies, laws, institutional arrangements and, provide policy recommendations to strengthen the regulatory mechanisms and enhance inter-agency coordination for Landslide Risk Management have been prepared and approved by AIIB. The procurement process for this package is expected to be conducted during the second half of 2022.
Dec. 31, 2022	Final design standards (Adopted)	N/A	
Dec. 31, 2023	Adopted	N/A	

Project Objective Indicators #5

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 (Yes/No)

Year	Target	Actual	Comments, if any
Dec. 31, 2019	No	No	
Dec. 31, 2020	Reviewed	No	
Dec. 31, 2021	Draft Guidelines Developed	No	As flagged in the table of the Section 5, TORs to mobilize consultancy services to prepare engineering design standards and polices for environmental and social safeguards, including landslide-induced resettlement, are being prepared by NBRO. The procurement process for this package is expected to be conducted in 2023.
Dec. 31, 2022	Draft Guidelines Developed	N/A	
Dec. 31, 2023	Final Guidelines Developed	N/A	

Project Objective Indicators #6

Aggregated number of the planned resettlement to be avoided

Year	Target	Actual	Comments, if any
Dec. 31, 2019	0	0	
Dec. 31, 2020	500	0	
Dec. 31, 2021	1,500	0	
Dec. 31, 2022	3,000	N/A	
Dec. 31, 2023	5,000	N/A	

Intermediate Result Indicators #1

Landslide mitigation schemes constructed to protect homes, agricultural land and economic activities using improved designs and standards

Year	Target	Actual	Comments, if any
Dec. 31, 2019	0	0	
Dec. 31, 2020	20	0	
Dec. 31, 2021	50	0	
Dec. 31, 2022	90	N/A	
Dec. 31, 2023	147	N/A	

Intermediate Result Indicators #2

Grievances registered related to delivery of project benefits has been resolved (percentage)

Year	Target	Actual	Comments, if any
Dec. 31, 2019	0	0	This indicator will be measured at mid-term & completion.
Dec. 31, 2020	N/A	0	This indicator will be measured at mid-term & completion.
Dec. 31, 2021	50	100	The Project Document (PD) proposed this indicator to be only measured at mid-term and completion. However, as the list of the grievances received and their status is included under the bi-annual E&S monitoring reports, this indicator will be monitored on an annual basis.
Dec. 31, 2022	N/A	N/A	
Dec. 31, 2023	80	N/A	

Remarks: