

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	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; 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</p>		
Completed Site Visits by AIIB:	<p>Oct, 2022 The AIIB's Highway Design Consultant, along with NBRO staff, visited the site #148 (Hatton – Maskeliya – Delhouse Road; B-149) on October 6, 2022. The site visit was conducted following a large landslide that closed the sole access for visitors to the Sri Pada / Adam's Peak site; and consisted of (i) a technical review of the site, (ii) interviews with local stakeholders and residents, (iii) discussions with local leadership and other stakeholders, and (iv) a pre-bid site visit for all interested contractors. A technical report to document the AIIB team's observations and recommendations from this site visit was prepared and shared with NBRO. A virtual project review meeting was conducted on October 11, 2022 to discuss, among others, the (i) project implementation progress; (ii) environmental and social compliance; (iii) fiduciary aspects; (iv) monitoring and evaluation aspects; and (v) potential closing date extension. A list of agreed actions was prepared after the meeting.</p>		
Planned Site Visits by AIIB:	<p>Dec, 2022 In principle, a technical site visit is planned for December 2022/January 2023 to supervise the civil works implementation progress and quality (this will depend on the progress achieved amid the current crisis the country is facing). This would be led by a Colombo-based AIIB's Highway Design Consultant along with NBRO's staff. Additional field visits may be conducted depending on the implementation progress.</p> <p>Jan, 2023 A virtual implementation mission is planned for mid-January 2023 to monitor project implementation.</p>		
Current Red Flags Assigned:	2		
Current Monitoring Regime:	Enhanced Monitoring- Level I		
Previous Red Flags Assigned:	2		
Previous Red Flags Assigned Date:	2022/07		

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 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:	15.00	Cancellation (if any):	0.00
Disbursed:	12.81	Most recent disbursement (amount/date):	6.00/Oct. 18, 2022
Undisbursed:	67.19	Disbursement Ratio (%) ¹ :	16.01

5. Project Implementation Update

To date, the total amount of awarded contracts is about USD15 M (during 2023, it is expected to award contracts for USD10 M more), and the disbursement is about USD12.8 M.

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.

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.

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 Project Management Unit (PMU) of the Health System Enhancement Project (HSEP), funded by the Asian Development Bank (ADB), has been strengthened to support the implementation of the AIIB's Emergency Health Operation by hiring additional staff (during preparation, it was agreed that the HSEP's PMU will implement the AIIB's Emergency Health Operation).

The civil works under the original project are progressing reasonably well, considering the challenges the country is facing. A new package was added in September 2022 to support the implementation of mitigation measures to restore the access to Adam's Peak (a major religious, and tourist destination); the related Environmental and Social Management Plan (ESMP) was disclosed on the project's website. As per the September 2022 Procurement Plan, it is estimated that the civil works will be likely completed beyond the current Project's closing date. During the October 2022 virtual review meeting, NBRO mentioned that they are considering to request a loan closing date extension soon.

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 (the Component 5 under RLVMMMP enables retroactive financing up to USD6 M). AIIB Procurement Team post-reviewed 11 large contracts (with a total value of around USD26.84 M) and concluded that for most of them, the bid evaluations were carried out in accordance with the	Complied	In October 2022, the Preliminary Procurement Delivery Strategy and Procurement Plan were prepared by the PMU. AIIB is providing support to finalize both documents as well as the Standard Procurement Documents to be used.

	<p>disclosed criteria in the bidding documents, and therefore, the awards can be considered eligible for retroactive financing. Currently, AIIB Procurement Team is working with the PMU to finalize the list of the contracts eligible for retroactive financing.</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 October 2022, its progress was 83%) and it is expected to be completed in November 2022.</p> <p>Packages 4A, 4B and 4C are ongoing with a physical progress of 19%, 54% and 38%, respectively (as of October 2022). They are facing delays due to the lack of construction materials, fuel shortages, and contractor's internal cash flow issues (Package 4A). In principle, they were expected to be completed before the end of 2022, but NBRO is discussing closing date extensions with the contractors.</p> <p>Packages 7 and 9 are expected to be awarded in November 2022. For Packages 5, 6 and 8, the tender documents are being prepared, the procurement processes are expected to start during Q4 2022. The implementation period for each of these</p>	<p>Complied.</p>	<p>The September 2022 Procurement Plan includes 16 civil works packages: 6 have been awarded (1, 2, 3, 4A, 4B and 4C), 7 are expected to be awarded in November 2022 (7A, 7B, 7C, 7D, 7E, 7F and 9) and the remaining 3 (5, 6 and 8) are expected to be awarded over Q4 2022/Q1 2023. In September 2022, NBRO requested to split packages 5 and 6 into smaller packages to enable more domestic contractors to participate and expedite the procurement process. AIIB requested NBRO to provide evidence of the lack of interest of international contractors before approving this procurement strategy.</p> <p>The completion of the procurement process for the Construction Supervision Consultants (CSC) for Packages 5, 6, 7 and 8 is expected during the first semester of 2023. NBRO will deploy its own staff to bridge potential supervision gaps.</p>

	packages will be around 1 year, except for Package 9 that due to its urgent nature is expected to be completed in 8 months.		
Component 2: Strengthening of policy standards and institutional capacity	Terms of reference (TORs) have been prepared for 1 out of the 3 activities to be implemented under this Component. For the other 2 activities, TORs are being developed.	Complied	During the review meeting conducted in October 2022, it was agreed to merge the 3 technical assignments (TAs) envisaged under Component 2 into 1 only TA due to the similar nature of the works proposed and to reduce administrative burden. It was agreed that NBRO will send a proposal to AIIB at the beginning of November 2022 and a new procurement timeline will be discussed.
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 2022/2023.
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. The Interim Financial Report for the quarter ended June 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. The Bank requested the PMU to share the revised Financial Statement for 2021 by October 31, 2022. During the October 2022 review meeting, NBRO indicated that a withdrawal application will be submitted by December 2022/January 2023 for USD1.2 M.

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 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.

A three-tiered GRM has been developed. The Project's 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 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 October 2022, 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 over the life of the project (with 3 of them received during this reporting period, i.e. August – October 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.

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

7. Results Monitoring

Due to the above-mentioned implementation delays, limited physical progress has occurred and, as of October 2022, 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.

Project Objective Indicators #1

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

Year	Target	Actual	Comments, if any
Jan. 01, 2020	0	0	
Jan. 01, 2021	1,340 (670)	0	
Jan. 01, 2022	4,020 (2,010)	0	
Jan. 01, 2023	6,700 (3,350)	1,337 (1,113)	The actual value is as of October 2022
Jan. 01, 2024	10,000 (5,000)	N/A	

Project Objective Indicators #2

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

Year	Target	Actual	Comments, if any
Jan. 01, 2020	0	0	
Jan. 01, 2021	1,980	0	
Jan. 01, 2022	5,280	0	
Jan. 01, 2023	11,880	7,161	The actual value is as of October 2022
Jan. 01, 2024	23,000	N/A	

Project Objective Indicators #3

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

Year	Target	Actual	Comments, if any
Jan. 01, 2020	0	0	
Jan. 01, 2021	0	0	
Jan. 01, 2022	500	0	
Jan. 01, 2023	1,000	0	The actual value is as of October 2022. The railway sections to be protected from landslides are under the Package 8, for which the contractor is to be procured.
Jan. 01, 2024	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
Jan. 01, 2020	No	No	
Jan. 01, 2021	Draft design standards (testing)	No	
Jan. 01, 2022	Final design standards (testing)	No	
Jan. 01, 2023	Final design standards (Adopted)	Draft design standards (partially adopted)	As of October 2022, NBRO has prepared and partially adopted draft design standards to be finalized with the TA under Component 2.
Jan. 01, 2024	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
Jan. 01, 2020	No	No	
Jan. 01, 2021	Reviewed	No	
Jan. 01, 2022	Draft Guidelines Developed	No	
Jan. 01, 2023	Draft Guidelines Developed	No	Actual value as of October 2022. 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.
Jan. 01, 2024	Final Guidelines Developed	N/A	

Project Objective Indicators #6

Aggregated number of the planned resettlement to be avoided

Year	Target	Actual	Comments, if any
Jan. 01, 2020	0	0	
Jan. 01, 2021	340	0	
Jan. 01, 2022	1,020	0	
Jan. 01, 2023	2,040	65	The actual value is as of October 2022
Jan. 01, 2024	3,400	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
Jan. 01, 2020	0	0	
Jan. 01, 2021	14	0	
Jan. 01, 2022	34	0	
Jan. 01, 2023	61	11	The actual value is as of October 2022
Jan. 01, 2024	100	N/A	

Intermediate Result Indicators #2

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

Year	Target	Actual	Comments, if any
Jan. 01, 2020	0	0	This indicator will be measured at mid-term & completion.
Jan. 01, 2021	N/A	0	This indicator will be measured at mid-term & completion.
Jan. 01, 2022	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.
Jan. 01, 2023	60	100	As of October 2022
Jan. 01, 2024	80	N/A	

Intermediate Result Indicators #3

Number of health institutions/hospitals benefitting from the Emergency Component

Year	Target	Actual	Comments, if any
Jan. 01, 2023	50	0	The first disbursement under Component 5 was conducted in October 2022 and the PMU is working on the methodology to monitor the achievement of this indicator.

Jan. 01, 2024	210	N/A	
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Remarks:
