

ADB

NEWS FROM SRI LANKA

A quarterly newsletter of the ADB's Sri Lanka Resident Mission

News from Sri Lanka is a quarterly newsletter of ADB's Sri Lanka Resident Mission. It aims to enhance communications between ADB and its clients and provide a forum on development issues in Sri Lanka. Articles in the newsletter, however, do not necessarily reflect official ADB views.

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Resident Representative
John R. Cooney

Message from the ADB Resident Representative

At the request of the Government of Sri Lanka, ADB set up a Sri Lanka Resident Mission (SLRM) in Colombo in 1997. SLRM facilitates ADB operations and supports the implementation of ADB's loan and technical assistance portfolio in Sri Lanka. SLRM provides a country-specific perspective to project design and facilitates policy dialogue with the Government, funding agencies, nongovernment organizations, private sector, and ADB's headquarters in Manila. For more information about ADB operations in Sri Lanka, please visit the ADB web site at <http://www.adb.org/SLRM> or contact SLRM. ■

ADB Intensifies Poverty Reduction in Sri Lanka

The Asian Development Bank (ADB) is a multilateral development finance institution dedicated to reducing poverty in Asia and the Pacific. Established in 1966, ADB is now owned by 59 members, mostly from the region. The two main shareholders are the United States and Japan, which each have 15.9 percent of the shares.

ADB's development work focuses on improving the welfare of the people of Asia and the Pacific, especially the 900 million poor who live on less than a dollar a day. While reducing poverty has always been one of ADB's fundamental purposes, ADB adopted in 1999 an explicit new poverty reduction strategy. The strategy rests on three pillars: pro-poor, sustainable economic growth; social development; and good governance.

ADB's operations are diverse, covering agriculture and natural resources, energy, finance, industry and nonfuel minerals, social infrastructure, transport and communications, and activities involving multiple sectors.

ADB lends to governments and to public and private enterprises in developing member countries. ADB's principal tools are loans and technical assistance, which are provided to governments for specific high-priority

development projects and programs. ADB's lending supports and promotes investment for development based on the priorities in a country.

ADB started its operations in Sri Lanka in 1968. Since then, 94 public sector loans amounting to US\$2.5 billion and 7 private sector loans/equity investments amounting to US\$85.2 million have been approved by ADB.

ADB's operations in Sri Lanka are guided by the country operational strategy finalized in 1999. The strategy focuses on assisting the country's poverty reduction efforts through improved efficiency, more sustainable pro-poor economic growth, and better development opportunities for the poor. These objectives are achieved by supporting policy and institutional reforms to promote private sector development and

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Education is key to reducing poverty in Sri Lanka.

Southern Provincial Road Improvement Project Provides Better Access to Rural Communities

The Southern Provincial Road Improvement Project (SPRIP), funded by the Asian Development Bank (ADB), has had significant impact on improving rural transport communications in southern Sri Lanka.

This four-year Project, which began in 1998, will rehabilitate 96 roads and 9 bridges amounting to US\$43 million. ADB is financing 70 percent of the total cost of the Project, and the Government the balance. Local contractors are undertaking the 550 km road rehabilitation program as part of ADB's program to develop domestic private sector construction capacity.

The first phase of the Project is nearing completion. The roads that have been completed and handed over to the Southern Provincial Road Development Authority (SPRDA) are now benefiting communities by reducing transport costs; improving access to markets, schools and jobs; and enhancing road safety.

This was designed as a pilot project in rural road improvement in Sri Lanka. The lessons learned are already being incorporated in formulating a second ADB-supported provincial road project. This new project covers four additional provinces: Western Province, North Central Province, North Western Province, and Uva Province. The transfer of information between SPRIP and SPRDA has been facilitated as they are both being undertaken by the same consulting team, Cardno MBK of Australia in

association with two Sri Lankan firms: Engineering Consultants Limited and M. G. Consultants.

Capacity building within SPRDA is also underway to create an efficient maintenance regime based on the use of private road maintenance contractors, planned and controlled using a recently created Road Maintenance Management Database from annual inspections by SPRDA. The satisfactory performance of the national contractors involved in

SPRIP achieves the project objectives of improving the capacity of the local road contracting industry.

ADB recently approved a fifth phase extension of the project which includes the addition of a second spray and chip seal to the original single seal surfacing. This will not only protect the investments already made in rehabilitation but will also assist in developing specialist asphalt surfacing contractors within the construction industry. ■



A rehabilitated road in Southern Province

Ongoing ADB Projects in Sri Lanka

Agriculture
Plantation Reform
North Central Province Rural
Development
Second Perennial Crop
Tea Development

Forestry and Natural Resource
Management
Fisheries Sector
Upper Watershed Management
Forestry Resources Management
Water Resources Management

Coastal Resources Management
Wildlife Conservation and Protected
Area Management

Urban Development and Water Supply
Third Water Supply and Sanitation
Urban Development and Low-Income
Housing

Education
Secondary Education Modernization
Science and Technology Personnel
Skills Development

Energy
Power System Expansion II

Industry and Finance
Private Sector Development Program

Transport
Third Road Improvement
Southern Provincial Road Improvement
Road Network Improvement
Southern Transport Development

Listening to the Poor: ADB's Experience in Sri Lanka

In early 2000, a special fund was created to support participatory activities in the Asian Development Bank's (ADB's) programs and projects, especially those relating to poverty reduction. Part of the fund was used to carry out a series of consultations with the poor in several of Sri Lanka's poorest districts.

Major issues were to be identified, such as the current statistical database or existing poverty literature. Key poverty challenges were also to be identified for ADB's poverty analysis and poverty partnership agreement with Sri Lanka. Most importantly, the consultations were designed to help ADB gain a better appreciation of poverty issues and the development needs and priorities of the poorest people in Sri Lanka—as perceived by the poor themselves. The consultations provided unique qualitative data on the situation of the poor. The Poverty Impact Monitoring Unit (PIMU), a Sri Lankan research organization specializing in poverty analysis, worked with ADB.

No consensus exists on areas that are the “poorest” districts in Sri Lanka; poverty indicators differ in terms of income and human development levels. Four “poorer” districts to cover sociocultural, political and economic differences—Moneragala, Hambantota, Badulla, and Trincomalee—were selected for the consultations held between July and September 2000. A total of 160 households were consulted by a team of anthropologists



and economists through a participatory methodology, using an open-ended questionnaire and focus group discussions.

The poor identified five major poverty challenges in Sri Lanka: (i) ending the armed conflict; (ii) redressing regional disparities; (iii) developing infrastructure to reach the poor; (iv) creating employment and income opportunities; and (v) improving education and skills training.

Four poverty issues were identified by ADB for future monitoring. These include assessing how well targeted the poor are in receiving state and nongovernment organization (NGO) assistance, the impact of pro-poor growth versus social welfare programs, gender and poverty, and the impact of state and NGO antipoverty programs. Important lessons were learned from the consulta-

Consultations helped ADB gain a better appreciation of poverty issues as perceived by the poor themselves.

tions. Consultations not only help institutions like ADB in identifying and understanding the nonincome manifestations of poverty and lend a face to the statistics, but they also highlight the poor as a source of valuable insights on issues affecting them. This activity is useful for project and policy design. The poor perceive poverty as a multidimensional phenomenon and tend to speak of how poor they are rather than why they are poor.

As a result, ADB's poverty strategy and poverty partnership agreement with Sri Lanka will be based on a process that was truly participatory. ■

ADB Intensifies Poverty Reduction

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improve public sector management; supporting human development to address the gap in marketable skills and thereby improve employment and income levels, especially in areas where the poor are concentrated; enhancing the country's infrastructure by public and private investment and an improved sector policy and regulatory environment; preserving the country's natural

resource base; and instituting measures to mitigate the social and environmental impact of economic transition.

In the past, agriculture had been the primary focus of ADB assistance in Sri Lanka. There has recently been a more balanced intervention across sectors, with greater emphasis given to the roads sector, where ADB has a leading role among external donors.

In 2000, ADB approved 6 loans for about US\$234.7 million, targeting the areas of forestry and natural resources, education and transportation, and promotion of private sector development. The sources of funding were ADB's concessional Asian Development Fund (US\$193.7 million) and its ordinary capital resources (US\$41 million). ■

ADB to Assist North East Rehabilitation

The Asian Development Bank (ADB), like all of Sri Lanka's development partners, has long been concerned about the impact of the long-running civil conflict on the country's development. Recently, the Government requested ADB to help improve the well-being of people affected by the conflict, particularly those who have been displaced and are now scattered



Children at a welfare center

throughout the north east in welfare centers or with friends and relatives.

In response, ADB is starting to prepare the North East Community Restoration and Development Project, which will cover all eight districts of the northern and eastern provinces.

Information has been gathered through an ADB-financed technical assistance grant, and the proposed project loan of US\$25 million will be discussed by ADB's Board of Directors in October. The project's scope will include shelter, education, health, water supply and sanitation, income generation, and several others. ADB's partners in project financing and implementation will be the Sri Lanka Government, the governments of Germany and the Netherlands, and the OPEC fund among others. The project will engage beneficiaries—the affected people themselves—in all aspects of project design, implementation, and monitoring. The project will be managed by the Ministry of Provincial Councils and Local Government and will be implemented by the North East Provincial Council based in Trincomalee. The project will also coordinate with other government and funding agency-assisted programs in the area, reflecting the critical need to avoid overlap and duplication. ■

Workshop Held on Indo-Lanka Free Trade Agreement

Hearing from the Stakeholders

Twenty-one participants from the Government, private sector, chambers of commerce and industry, labor unions, academic and research communities, and the Asian Development Bank joined a one-day dialogue workshop on the Indo-Lanka Free Trade Agreement.

The consultations were aimed at gaining insights from the stakeholders, particularly those from small- and medium-enterprise (SME) sector, on the

impact of the agreement, suggestions for improving its implementation, and ADB assistance in the pipeline to the SME sector.

The workshop was preceded by a series of preparatory sessions organized for the private sector, academics, and government participants. Participants were engaged in a series of lively discussions and working group sessions, from which many constructive and useful recommendations emerged. ■

Publications on Sri Lanka

Women in Development Country Briefing Papers: Women in Sri Lanka—The publication forms part of a series that provides information on the status and role of women in Sri Lanka. ISBN 971-561-297-0

Sri Lanka National Immunization Program Financing Assessment—The report provides in-depth information about financing and managing immunization programs in Sri Lanka. ISBN 971-561-349-7

Social Sector Development in Sri Lanka: Issues and Options—This study was prepared for the 1998–2001 country operational strategy for Sri Lanka. It examines the social sector and two important crosscutting issues—gender and poverty. ISBN 971-561-167-2

Sri Lanka: Responding to New Social Challenges—This profile analyzes three major social sectors in Sri Lanka: health and nutrition, water and sanitation, and education and training along with the crosscutting dimensions of gender and poverty. ISBN 971-561-133-8

Other Publications

Asian Development Outlook 2001

Annual Report 2000

Country Assistance Plan 2001–2003

Guide on Bid Evaluation

Guide on Prequalification of Civil Works Contractors

Sample Bidding Documents: Design Build and Turnkey Contracts

Sample Bidding Documents: Procurement of Civil Works

Sample Bidding Documents: Procurement of Civil Works (Small Contracts)



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