Sri Lanka: Integrated Road Investment Program

**Project Name**
Integrated Road Investment Program

**Project Number**
47273-002

**Country**
Sri Lanka

**Project Status**
Active

**Project Type / Modality of Assistance**
Loan

**Source of Funding / Amount**

<table>
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<tr>
<th>Description</th>
<th>Amount</th>
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<tr>
<td>Concessional ordinary capital resources lending</td>
<td>US$ 134.00 million</td>
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<tr>
<td>Ordinary capital resources</td>
<td>US$ 666.00 million</td>
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**Strategic Agendas**
Environmentally sustainable growth
Inclusive economic growth

**Drivers of Change**
Governance and capacity development
Private sector development

**Sector / Subsector**
Transport - Transport policies and institutional development

**Gender Equity and Mainstreaming**
Effective gender mainstreaming

**Description**
The investment program will improve the accessibility of the road network in rural areas of Sri Lanka, and thereby increase the involvement of the rural population in nationwide economic and social development. An integrated road network will support long-term rural development. The investment program will upgrade and maintain about 2,200 kilometers (km) of rural access roads to all-weather standard; rehabilitate and maintain to a good condition about 400 km of national roads; and improve the capacity of road agencies including the Ministry of Highways, Ports and Shipping (MOHPS), the Road Development Authority (RDA), provincial road agencies, and local authorities with respect to road asset management, project management, and contract administration. The investment program will play a catalytic role in the sustainable development of Sri Lanka.

**Project Rationale and Linkage to Country/Regional Strategy**
Sri Lanka occupies a strategic position near the main sea trade routes between Asia and Europe, which allowed Colombo to develop as an international port city, and subsequently as a transshipment point for cargo originating in or destined for the Indian subcontinent. The island country consists mostly of flat or rolling coastal plains, with mountains in the south central core. About 85% of Sri Lanka’s population (20.3 million in 2012) lives in rural and peri-urban areas.

Sri Lanka has experienced strong economic growth following the end of civil conflict in May 2009. Economic growth was 8% in 2010 and 2011; slowed to 6.4% in 2012 due to weak external demand, drought, and floods; and then rebounded to 7.3% in 2013. It is envisaged that an improving external environment, higher investment, and a recovery in domestic consumption will sustain a rapid economic growth during 2014-2015. Sri Lanka’s economic expansion has been driven by the industry and services sectors, which account for 89% of gross domestic product, followed by the agriculture sector, which contributed the remaining 11%. As a result of the robust growth, the national poverty headcount ratio fell to just below 9% in 2010 from over 15% in 2006. Nevertheless, less-developed areas did not exhibit consistently higher elasticity of poverty reduction (proportional change in poverty per unit growth in gross domestic product per capita). The poor transport infrastructure, in particular the provincial and local authority roads, has hindered the spread of economic activities and access to basic social resources.

**Impact**
Improved connectivity between rural communities and socioeconomic centers in Sri Lanka

**Description of Outcome**
Increased transport efficiency on project roads

**Progress Toward Outcome**

**Implementation Progress**

**Description of Project Outputs**
Improved road conditions between the selected rural communities and socioeconomic centers
Enhanced capacity of road agencies

**Status of Implementation Progress (Outputs, Activities, and Issues)**

**Geographical Location**

**Summary of Environmental and Social Aspects**

**Environmental Aspects**
Safeguard due diligence have been conducted according to ADB’s Safeguard Policy Statement (2009). An environmental review assessment framework has been prepared for the investment program. For individual tranches, resettlement plans, initial environment examination and environment management plan will be prepared.

**Involuntary Resettlement**
A resettlement framework has been prepared.

**Indigenous Peoples**
An indigenous peoples planning framework has been prepared.

**Stakeholder Communication, Participation, and Consultation**

**During Project Design**
Stakeholder participation and consultation include workshops, community mobilization, and consultation conducted for discussion on the potential needs of the community, social-related issues such as gender, HIV/AIDS, human trafficking, child labor, environment and social safeguard issues. Active CSOs are present in the project area. CSOs will be identified and engaged as appropriate for livelihood restoration activities outlined in the resettlement planning documents.

Poor and excluded affected persons impacted by land acquisition are consulted and surveyed. Additional assistance and provisions such as livelihood rehabilitation will be outlined in Resettlement Plans.
During Project Implementation
The EA will be required to ensure that women and men are given equal opportunities for employment on the project. Contractors will be required to ensure equal payment for equal work. A specific clause will be included in the bidding documents of the civil works. Monitoring mechanisms will be developed to monitor these actions in the due course. Potential practical and implementable gender-specific initiatives will be explored during due diligence.

Business Opportunities
Consulting Services
Consultants will be recruited, as firms or individuals, to support the project implementation and capacity development in accordance with ADB's Guidelines on the Use of Consultants (2013, as amended from time to time).

Procurement
Consulting firms and individual consultants will be selected to assist the project implementation unit in project management, contract administration, and capacity development programs. Contractors will be selected for civil works involved in rural road development, national road rehabilitation, and road network maintenance and operation.
To expedite project implementation, advance contracting and retroactive financing will be used to procure the civil works and consulting services. Procurement of civil works and equipment will be carried out in accordance with ADB Procurement Guidelines (2013, as amended from time to time). The works contracts will adopt the international or national competitive bidding procedure, using the output and performance-based road contract mode. The bidding and contract documents will use the one developed by the World Bank, with modification to comply with ADB requirements.

Responsible ADB Officer
Aruna Uddeeptaha Nanayakkara

Responsible ADB Department
South Asia Department

Responsible ADB Division
Transport and Communications Division, SARD

Executing Agencies
Ministry of Highways & Road Development and Petroleum Resources Development
8th Floor, Denzil Kobbekade, Mawatha, Koswata, Battaramulla, Sri Lanka

Timetable
Concept Clearance
27 Sep 2013

Fact Finding
05 May 2014 to 16 May 2014

MRM
13 Jun 2014

Approval
25 Sep 2014

Last Review Mission
-

Last PDS Update
24 Nov 2014

MFF Facility Concept 0086-SRI

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Project Page
https://www.adb.org/projects/47273-002/main

Request for Information
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