

DEVELOPMENT COORDINATION

A. Major Development Partners: Strategic Foci and Key Activities

1. The Asian Development Bank (ADB) has supported a range of investments in Sri Lanka, including safe water, sanitation, transport, energy, and education. However, the proposed Mahaweli Water Security Investment Program under the Ministry of Mahaweli Development and Environment (MMDE) will be ADB's largest investment in Sri Lanka's agriculture, natural resources and rural development sector since the Kirindi Oya Irrigation and Settlement Project (1978–1992).¹ However, there are many other development partner-funded projects that have been, or are being, undertaken in the sector:

- (i) The World Bank has provided support for dam safety and climate change resilience projects.
- (ii) Since 2013, the Government of the People's Republic of China has emerged as the top lender to state projects. The China Development Bank is assisting Sri Lanka across many sectors, including irrigation and natural resources development. It is financing the construction of the Moragahakanda Reservoir, which interfaces with the investment program's Upper Elahera Canal Project. China Exim Bank is funding more than 21 infrastructure development projects in Sri Lanka, with a total investment of \$1.6 billion.
- (iii) The Kuwait Fund for Arab Economic Development is cofinancing construction of the Kalu Ganga Reservoir, which also interfaces with the Upper Elahera Canal Project. It has funded more than 10 development projects in Sri Lanka in various sectors, including the Hambantota Irrigation Rehabilitation Project. Development of the Kalu Ganga Reservoir is being cofinanced by the Saudi Fund for Development and The OPEC Fund for International Development. The Saudi Fund for Development also provided Sri Lanka with financial assistance for the Mahaweli River Development Project (System B) in 1981.
- (iv) The Export Development Bank of Iran is financing the Uma Oya Multipurpose Project, which includes hydropower, irrigation, and domestic water supply components in Sri Lanka's southeastern dry zone areas.
- (v) The Government of Japan has been one of Sri Lanka's key development partners, and is one of the country's largest bilateral development partners. Japan International Cooperation Agency (JICA) is financing the Pro-poor Economic Advancement and Community Enhancement (PEACE) Project, which aims at reducing poverty, increasing farmers' productivity, and achieving sustainable agricultural development through rehabilitation of irrigation facilities, income-generating activities, and training, among others, in the North Western, North Central, Northern, and Eastern provinces. JICA is also planning to assist MMDE in preparing a master plan for rehabilitation and upgrading of major and minor irrigation systems in the North Central Province, scheduled for 2015–2017, followed by a possible investment project in 2018.
- (vi) Since 1978, the International Fund for Agricultural Development (IFAD) has committed a total of \$238.9 million for 16 projects, with the aim of empowering rural poor people to overcome poverty. IFAD is planning a new investment project with the Ministry of Economic Development to develop rural agribusiness entrepreneurs in the investment program area. The investment project will

¹ ADB. 1977. *Report and Recommendation of the President to the Board of Directors: Proposed Loan to Sri Lanka for the Kirindi Oya Irrigation and Settlement Project*. Manila.

- support field-level initiatives to promote crop diversification to higher value crops, the use of precise irrigation, and improving marketing and supply chains.
- (vii) The Food and Agricultural Organization of the United Nations has permanent representation in Sri Lanka since 1979, and has financially and technically assisted the development of agriculture, livestock, fisheries, forestry, and the environment in the country.

Major Development Partners

Development Partner	Project Name	Duration	Amount (\$ million)
Asian Development Bank	Water Resources Development Investment Program	2015–2024	350.0
	Kirindi Oya Irrigation and Settlement Project	1978–1995	45.0
	Southern Province Rural Economic Advancement Project	2002–2010	25.0
	North East Community Restoration and Development Project	2002–2012	75.0
	Jaffna–Kilinochchi Water Supply and Sanitation	2011–2016	164.0
	Dry Zone Water Supply and Sanitation	2009–2014	113.0
	Secondary Towns and Rural Community-Based Water Supply and Sanitation	2003–2014	259.0
	Greater Colombo Wastewater Management Project	2009–2014	100.0
	Jaffna–Kilinochchi Water Supply and Sanitation	2009–2015	100.0
China Development Bank	Moragahakanda Reservoir project	2007–2016	558.0
Export Development Bank of Iran	Uma Oya Multipurpose Development Project	2008–2016	450.0
Government of Australia	Greater Anuradhapura North Integrated Water Supply Project	2015–2017	342.0
Government of France	Greater Trincomalee Water Supply Project	2008–2012	40.0
Japan International Cooperation Agency	Poor Economic Advancement and Community Enhancement (PEACE) Project	2006–2013	40.0
	Kalu Ganga Phase I, Stage II, and Non-revenue Water Reduction in Colombo City	2008–2012	109.0
	Eastern Province Water Supply Development Project	2010–2013	60.0
	Anuradhapura North Water Supply Project Phase 1	2014–2017	42.5
Kuwait Fund for Arab Economic Development	Kalu Ganga Reservoir project	2014–2018	37.0
OPEC Fund for International Development	Kalu Ganga Reservoir project	2014–2018	16.0
	Southern Province Rural Economic Advancement Project	2002–2010	5.0
	North East Community Restoration and Development Project	2002–2009	4.0
Saudi Fund for Development	Kalu Ganga Reservoir project	2014–2018	46.0
World Bank	Dam safety and water resources planning project	2008–2015	65.0
	Dam safety extension project	2014–2018	83.0
	Climate resilience project	2014–2018	110.0
	Community Livelihoods in Conflict-Affected Areas	2009–2014	117.0

Sources: Ministry of Mahaweli Development and Environment, National Water Supply and Drainage Board, National Planning Department.

B. Institutional Arrangements and Processes for Development Coordination

2. Development coordination is led by the Ministry of Policy Planning, Economic Affairs, Child, Youth and Cultural Affairs—specifically, its Department of External Resources, which is responsible for mobilizing and coordinating external assistance to Sri Lanka, and its National Planning Department, which is responsible for planning Sri Lanka’s development objectives highlighted in the government’s Public Investment Strategy.² Under the direction of the Ministry of Policy Planning, Economic Affairs, Child, Youth and Cultural Affairs, MMDE is mainly responsible for developments within the Mahaweli System and within the irrigation and water-based natural resources management subsectors in coordination with the Ministry of Irrigation, Ceylon Electricity Board, and provincial governments. Development coordination is also carried out by development partners through regular meetings, email exchanges, and videoconferences to maximize alignment and complementary activities in the sector.

C. Achievements and Issues

3. During project processing, ADB missions met regularly with the World Bank, JICA, China Development Bank, the International Fund for Agricultural Development, Korean Eximbank, the French Agency for Development and the European Investment Bank to coordinate ongoing and planned activities in Sri Lanka, and to discuss possible cofinancing for the investment program.

4. The major Moragahakanda Reservoir and Kalu Ganga Reservoir development projects are scheduled to be completed by 2019. The Upper Elahera Canal Project and the North Western Province Canal Project are both key water conveying systems related to these two reservoir projects. The government is committed to start the Mahaweli Water Security Investment Program in 2015.

D. Summary and Recommendations

5. Many planned and future development projects will rely on the outcome of the investment program—increased water availability in the northern dry zone region. Effective coordination will be essential to ensure clarity and consistency in planning, coordinating, and implementing these projects. The investment program will help the government improve water management practices that will have potential for wider replication within other projects. The government will ensure effective coordination, and ADB missions will continue to meet and correspond with development partners.

² Government of Sri Lanka, Ministry of Finance and Planning. 2013. *Public Investment Strategy, 2014–2016*. Colombo.