



## EA Progress Report

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Loan 2790  
2013

# Sri Lanka: Local Government Enhancement Sector Project

Prepared by the Ministry of Local Government and Provincial Councils  
Colombo 02, Sri Lanka

Asian Development Bank



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Ministry of Local Government & Provincial Councils  
மாகாண சபைகள் உள்ளுராட்சி அமைச்சு



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புறநெகும  
**Local Government Enhancement Sector Project**  
Loan No. 2790 SRI (SF)

**Project Management Unit**

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03 June 2013

Mr. Fei Yue,  
Director, South Asia Department,  
Urban Development and Water Division,  
Asian Development Bank,  
Manila – Philippines

1) OIC, PAU (KT) June 2013  
2) VP  
3) Sue

Attn : Mr. Vijay Padmanabhan, Sr. Urban Development Specialist

Dear Mr. FeiYue,

**Sub: Loan No. 2790 SRI – Quarterly Progress Report – (Jan – March 2013) Local Government Enhancement Sector Project.**

Please find the copy of the Quarterly Progress Report for Quarter Ending March 2013.

Though this report was due to be submitted by 30 April 2013, the pressing works in the project were the reasons for the delay in its submission.

A full detailed Quarterly Report would be submitted on time from the next Quarter.

Best Regards,

  
Ananda Gamage,  
Project Director

Local Government Enhancement Sector Project.

ASIAN DEVELOPMENT BANK

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05 JUN 2013

PAU  
SOUTH ASIA URBAN DEV'T. AND  
WATER DIVISION



May2013

## Local Government Enhancement Sector Project

**ADB Loan Number: Loan 2790-SRI**



05 JUN 2013

PAU  
SOUTH ASIA URBAN DEV'T. AND  
WATER DIVISION

**Project Management Unit**  
**Local Government Enhancement Sector Project**  
**27/2, Rosmead Place, Colombo 07, Sri Lanka**

## ABBREVIATIONS

ADB	-	Asian Development Bank
CLG	-	Commissioner of Local Government
DPR	-	Detailed Project Report
DMF	-	Design Monitoring Framework
FLIP	-	Financial and Local Improvement Plan
GoSL	-	Government of Sri Lanka
IA	-	Imprest Account
ICB	-	International Competitive Bidding
IEE	-	Initial Environmental Examination
S	-	Shopping
LA	-	Local Authority
LCS	-	Least Cost Selection
LLDF	-	Local Loans and Development Fund
MC	-	Municipal Council
MoFP	-	Ministry of Finance and Planning
MLGPC	-	Ministry of Local Government and Provincial Councils
NPPD	-	National Physical Planning Board
NSC	-	National Steering Committee
NCB	-	National Competitive Bidding
NWSDB	-	National Water Supply and Drainage Board
NSWMS	-	National Solid Waste Management Support Centre
O&M	-	Operation and Maintenance
PAM	-	Project Administration Memorandum
PAU	-	Project Appraisal Unit
PC	-	Provincial Council
PCR	-	Project Completion Report

PCU	-	Project Coordination Unit
PCUC	-	Project Coordination Unit Consultants
PDA	-	Project Development Assistance
PMU	-	Project Management Unit
PMC	-	Project Management Consultants
PPMS	-	Project Performance Management System
PS	-	PradeshiyaSabha
QCBS	-	Quality Cost Based System
QPR	-	Quarterly Progress Report
RRP	-	Report and Recommendation of the President
SGIA	-	Second Generation Imprest Account
SLILG	-	Sri Lanka Institute of Local Governance
SOE	-	Statement of Expenditures
SPCU	-	Subproject Coordination Unit
SPCUC	-	Sub Project Coordination Unit Consultants
UC	-	Urban Council
UDA	-	Urban Development Authority
SP	-	Southern Province
WP	-	Western Province
NCP	-	North Central Province
UVAP	-	Uva Province
SABP	-	Sabaragamuwa Province
CP	-	Central Province
NWP	-	Northwestern Province

#### **GLOSSARY**

PradeshiyaSabha	-	Semi urban area local authority
Loan Covenants	-	Points agreed for implementation

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Table 1: Financing Plan

Table 2: Contract Awards and Disbursements

## Quarterly Progress Report (January – March 2013)

### PuraNeguma – Local Government Enhancement Sector Project (LGESP)

#### I. Introduction

1. The Local Government Enhancement Sector Project (LGESP) – PuraNeguma is envisaged to improve the effective delivery of local infrastructure and services in selected local authorities in less-developed areas of Sri Lanka. Under the project, 108 Local Authorities have been selected in seven provinces (excluding the Northern and Eastern provinces), whose reform plans are reviewed and confirmed by the government, will implement subprojects for roads and bridges, water supply and sanitation, drainage, solid waste management, and other basic facilities, including buildings or enhancing health-care centers and public markets.
2. The project will support the institutional strengthening of the local authorities for improved and sustainable service delivery through business process reengineering and capacity development of Local Authorities.

#### II. Project Components:

Component 1: Local Government Infrastructure and Service Delivery Improvement.

Component 2: Local Government Policy Reform and Capacity Building Support.

Component 3: Project Management and Administration Support

#### III Project Financing

3. The Project is funded jointly by ADB and GoSL in the following proportions.

Table 1 Financing Plan

Source	Amount(\$ million)	Share of Total (%)
Asian Development Bank	59.00	85.79
Government	9.77	14.21
<b>Total</b>	<b>68.77</b>	<b>100.00</b>

Source: RRP of ADB for the Project

#### IV Project Administrative Structure

4. The Ministry of Local Government and Provincial Councils (MLGPC) is the Executing Agency of the Project and implements the Project by establishing a Project

Management Unit (PMU) to oversee and coordinate the overall implementation of the Project. The PMU is headed by the Project Director who in turn is supported by Engineering, Accounts, Administrative and other concerned staff. At Provincial Level the Project is Co-ordinated by Sub Project Co-ordination Units (SPCU). The SPCUs are headed by the Provincial Project Director (PPD) ex officio Commissioner of Local Government (CLG) who is supported by Engineering, Accounts, Administrative and other concerned staff. The SPCUs work closely with the selected Local Authorities of their Province for smooth implementation of the Project.

5. At the central level, the Project is supported by Project Management Consultants (PMC) to advise the Project Authorities on project implementation and capacity building of the Project and other concerned staff. The Local Authorities are provided the required support of preparation of feasibility reports, designs, estimates, construction drawings, bid documents and safe-guard reports through Design and Supervision Consultants (DSC). The DSC also assists in evaluation of bids and supervision of work.
6. A National Level Steering Committee (NSC) is established to oversee the implementation and take policy decisions on the implementation of the Project. In addition to this, a Ministerial Committee is established to review reports and issue various approvals in the Project.
7. In addition, Provincial Level Procurement Committees and Technical Evaluation Committees are established at each level for approval of designs, estimates and bid documents and Bid Evaluation Reports (BERs)

**V. Project Progress Details as at reporting Period (Cumulative report as on date of submission)**

8. Project Management Unit Established. Main Staff appointed and appointment of balance staff is taken on fast track.
9. Sub Project Coordination Units Established in all Seven Provinces. Main staff appointed and appointment of balance staff has been taken up on fast track
10. National Steering Committee, Provincial Procurement Committees and Ministerial Committee constituted.
11. Standard Bidding Documents for the Project for
  - (i) Procurement of Civil Works
  - (ii) Procurement of Goods
  - (iii) Shoppinghave been prepared and got approved by Asian Development Bank.
12. First Five Reform Plans prepared and have been cleared by Asian Development Bank. Other Reform Plans being finalized. Draft of around 80 reform plans ready.



13. Technical Evaluation of bids received for 3 vehicle / equipment Packages have been cleared by ADB. Financial opening of the same has been done and the evaluation is in progress.
14. Bid Notification issued for retendering of 2 Vehicle / equipment Packages.
15. First two Detailed Project Reports were sent to Asian Development Bank. Comments of ADB received and revised documents also sent to ADB after attending the comments. Bidding for Civil works would commence from April 2013.
16. Architectural Drawings of thesome Projects prepared by Design and Supervision Consultants (Urban Development Authority) – being reviewed and finalized.
17. Grievance Redressal Mechanism prepared and approved by Asian Development Bank.
18. Project website developed and launched. [www.puraneguma.lk](http://www.puraneguma.lk)
19. The ADB Mission visited the Project from 28 Feb to 05 March 2013 and many project issues were discussed.
20. It is planned to appoint Design and Supervision Consultants for works not attended by Urban Development Authority– Quantum of work and Estimates will be finalized by 20 February 2013 and sent to ADB for clearance along with revision in Procurement Plan as necessary. Appointment will be carried in accordance with Asian Development Bank guidelines. ADB's approval was received for the appointment of Design and Supervision Consultants. The Notification requesting Expression of Interest was notified during 11 March 2013.
21. The procurement plan was revised to incorporate the changes including the procurement of the design and supervision consultants.
22. A software on Financial Accounting System has been developed..
23. Project Awareness was created amongst general public by displaying the project details in the DeyataKirula Exhibition.
24. Efforts made by discussion with SPCUs and LA to finalize the sub-projects to be implemented and send the final list of subprojects to ADB. – Necessary justifications for various subproject changes were prepared for submission to ADB for approval of subproject changes.
25. UDA commenced the preparation of Detailed Project Reports for subprojects assigned to it.
26. Meetings were held with CDTA consultants, MLGPC officers coordinating software being prepared by ICTA to demarcate the BPR tasks to be performed by ICTA and CDTA consultants.

27. The Pilot towns for implementation of the Business Process Re-engineering (BPR) activities were discussed and finalized. The list of Pilot towns identified and finalized for implementation of the BPR activities is provided vide Annexure 1.
28. Many Workshops / Meetings held to brief various stakeholders on Project Procedures and ensure proper implementation of the Project.
29. The Project is being monitored by MLGPC and Provincial Administration on a continuous basis and all efforts would be made to complete the project as scheduled.
30. National Steering Committee meetings were held during 18 January 2013 and 08 March 2013 to review the progress of the work and take policy decisions on the project.

(Quarterwise progress will be given from Next QPR – The progress reporting will be made Province wise / Category wise for more clarity from next quarter)

## VI. Awards and Disbursements (2013)

31. The details of progress on awards and disbursements are given in the following table.

### Contract Awards and Disbursements (\$'million): 2013

2013 CONTRACT AWARDS					
	1Q	2Q	3Q	4Q	TOTAL
<b>PROJ</b>	1.000	1.000	1.000	3.000	6.000
<b>ACTUAL</b>	-	-	-	-	-

2013 DISBURSEMENTS					
	1Q	2Q	3Q	4Q	TOTAL
<b>PROJ</b>	0.502	0.200	0.200	0.400	1.302
<b>ACTUAL</b>	-	-	-	-	-

Efforts would be made to speed up award and disbursements during next quarter.

## **VII. Project Consultants**

### **(i)Project Management Consultants:**

32. M/s Egis International have been appointed as the Project Management Consultants for this Project. The consultant team mobilized during 09 August 2012 and they were fully mobilized by November 2012.

33. The Project Management consultants have since mobilization worked towards the progress of the Project. Some of Major contributions as on date are listed below:

- (a) Development and Launching of Project Website – [www.puraneguma.lk](http://www.puraneguma.lk)
- (b) Preparation of Standard Bidding Documents for Project
  - (i) Standard Bidding Documents for procurement of Civil Works
  - (ii) Standard Bidding Documents for procurement of Goods
  - (iii) Standard Bidding Documents for procurement through Shopping
- (c) Preparation of Grievance Redressal Mechanism for the project
- (d) Assisting the Project in preparation of Social and Environmental Safeguard reports for a few sub projects in support of design work.
- (e) Assisting PMU in preparing the project procedure manual and distribution to all the stakeholders.
- (f) Revisiting the format of Reform Plan and revision including assisting in getting approval from Asian Development Bank.
- (g) Preparation of Monthly Reports of consultants
- (h) Preparation of the Quarterly Progress Reports
- (i) Assisting PMU in discussions and meetings for the progress of the Project.
- (j) Assisting PMU in preparation of all progress reports required by Ministry and ERD and ADB.
- (k) Assisting PMU in updating of procurement plan.
- (l) Assisting PMU in day to day project administration
- (m) Preparation of specific bid documents for procurement of vehicles / equipment for the following packages

Sl. No.	Package Number	Package Name
1.	PMU-VE-EQ-01	Procurement of (i) 31 Nos. - Four Wheel tractors with trailers'; (ii) 1 No. - Four Wheel Tractor Engine only; (iii) 1 Nos.- Four Wheel Tractor with Bowser Mounted Trailer; and (iv) 2 Nos. Bowser Mounted Trailer
2.	PMU-VE-02	Procurement of 6 Nos. of Refuse Collect Compaction Vehicle
3.	PMU-VE-03	Procurement of 3 Nos. of Tractor Mounted Gully Bowsers
4.	PMU-VE-04	Procurement of 12 Nos. of Tippers
5.	PMU-VE-05	Procurement of 4 Nos. of Tractor Mounted Water Bowsers

- (n) Assisting PMU in finalizing the first five reform plans to be sent to ADB
- (o) Assisting PMU in finalizing the first two Detailed Projects of LA facilities to be sent to Asian Development Bank.
- (p) Assisting PMU in finalization of the subproject changes with justifications for submission to ADB.
- (q) Assisting PMU in project awareness workshops for Project staff and other stake holders.
- (r) Assisting PMU in works related to procurement of Design and Supervision Consultants.
- (s) and many other works on a day to day basis.

**(ii) Design and Supervision Consultants:**

The Government decided on obtaining the services of Urban Development Authority (UDA) for the Design and Supervision of work of the Project through direct selection. But since this was a government agency, ADB cleared the proposal of appointment of Urban Development Authority as Design and Supervision Consultants with a condition that the payments to the UDA will not be made from the loan proceeds.

In anticipation of the finalization of the agreement, UDA commenced the services and now has prepared Architectural Drawings for a some subprojects. The respective Provincial engineering department will follow with the structural designs and estimates.

Meanwhile the Government has decided to appoint private consultants following ADB procedures on procurement of consultants for the work that has not commenced by UDA.

The issue was discussed with ADB during its Mission during the reporting quarter and ADB has concurred with the procurement of the consultants into seven packages (one per province). The Expression of Interest has been invited from interested consultants on 11 March 2013 and the Eols are due to be received on 11 April 2013.

The work of procurement of consultants will be taken on fast track to commence the design activities.

### **VIII Loan Covenants and PPMS**

A detailed reporting on the Loan Covenants and PPMS will commence from the next Quarterly Project Report.

As various activities are firming up in this quarter, the next quarterly report will be with full details on all issues.



**T Ananda Gamage**  
Project Director,  
Local Government Enhancement Sector Project

## Annexure 1

**List of Pilot Local Authorities identified for Business Process Re-Engineering Activities under Local Government Enhancement Sector Project – PuraNeguma**

Sl.No.	Name of the Local Authority	Province
1	HarispattuwaPradeshiyaSabha	Central Province
2	MedadumbaraPradeshiyaSabha	
3	UdadumbaraPradeshiyaSabha	
4	DambullaPradeshiyaSabha	
5	RattotaPradeshiyaSabha	
6	MatalePradeshiyaSabha	
7	AmbagamuwaPradeshiyaSabha	
8	GalnewaPradeshiyaSabha	North Central Province
9	KuliyapitiyaPradeshiyaSabha	North Western Province
10	KeagallePradeshiyaSabha	Sabaragamuwa Province
11	HambantotaPradeshiyaSabha	Southern Province
12	TissamahamaharamaPradeshiyaSabha	
13	HakmanaPradeshiyaSabha	
14	KamburupitiyaPradeshiyaSabha	
15	Matara Municipal Council	
16	Weligama Urban Council	
17	WeerakatiyaPradeshiyaSabha	
18	KataragamaPradeshiyaSabha	Uva Province
19	DiwulapitiyaPradeshiyaSabha	Western Province
20	Minuwangoda Urban Council	
21	AgalawattaPradeshiyaSabha	
22	DodangodaPradeshiyaSabha	
23	MatugamaPradeshiyaSabha	
24	Sri Jayawardanapura Municipal Council	
25	Maharagama Urban Council	
26	Kesbewa Urban Council	