

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>Shonell Robinson, OSD - Financial Management Specialist; Georgi Georgiev Dzhartov, OSD - Social Development Specialist; Chongwu Sun, OSD - Environment Specialist; Chang Tian, Team Member; Tomas Herrero Diez, 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>Jul, 2022 The AIIB's Highway Design Consultant, along with NBRO staff, visited 10 sites from Packages 3 and 7 on July 7, 2022. A virtual implementation review mission was conducted on July 14, 2022 to (i) discuss the project changes approved in June 2022; (ii) review the project implementation progress, including civil works contracts and contractor supervision consultants; (iii) assess progress toward achieving the Project's objective and indicator targets; (iv) discuss the key findings of the site visits conducted in June and July 2022; (v) supervise social and environmental safeguard aspects; and (vi) discuss on fiduciary aspects.</p> <p>Jun, 2022 The AIIB's Highway Design Consultant, along with NBRO staff, visited 16 sites from Packages 4A, 4B, 4C, 5, 8, and 9 on June 10-11, 2022.</p>		
Planned Site Visits by AIIB:	<p>Oct, 2022 A virtual implementation review mission is planned for the beginning of October 2022 to monitor project implementation.</p> <p>Sep, 2022 In principle, a technical site visit is planned for September 2022 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>		
Current Red Flags Assigned:	2		
Current Monitoring Regime:	Enhanced Monitoring- Level I		
Previous Red Flags Assigned:	2		

Previous Red Flags Assigned Date:	2022/04
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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:	11.94	Cancellation (if any):	0.00
Disbursed:	6.81	Most recent disbursement (amount/date):	1.25/Apr. 27, 2022
Undisbursed:	73.19	Disbursement Ratio	8.51

		(%) ¹ :	
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5. Project Implementation Update

The Project has been experiencing delays since the beginning. To date, the total amount of awarded contracts is about USD 12 million, and the disbursement is about 8.5%. 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.

In June 2022, the Project, along with the Support to Colombo Urban Regeneration Project [SCURP], were restructured, following the request received from GoSL in May 2022, to repurpose USD100 million of unused loan proceeds to support the procurement of essential medicines and medical supplies (USD30 million from RLVMMMP and USD70 million from SCURP). A new emergency health component was created, the Project's objective, scope, costs and results framework were slightly revised, and the Ministry of Health (MOH) was added as the implementing agency for the new component for both RLVMMMP and SCURP. These Projects' changes were approved by AIIB's Board on June 29, 2022.

As per the June 2022 Procurement Plan, it is estimated that the civil works will be likely completed beyond the current Project's closing date. A potential loan closing date extension was discussed with PMU during the July 2022 virtual mission. Due to the unstable political and economic context that the country is facing, it was agreed to defer the discussion on the loan closing date extension until the next mission.

Components	Physical Progress	Environmental & Social Compliance	Procurement
Component 1: Implementation of landslide mitigation measures	<p>Package 1 was completed and handed over to the PMU in February 2022.</p> <p>Packages 2 and 3 are well advanced (as of July 2022, their progress was 94% and 75%, respectively) and are expected to be completed in August and September 2022, respectively.</p> <p>Packages 4A, 4B and 4C are ongoing with a</p>	Complied.	<p>The June 2022 Procurement Plan includes 15 civil works packages: six have been awarded (1, 2, 3, 4A, 4B and 4C), six are expected to be awarded in July 2022 (packages 7A, 7B, 7C, 7D, 7E and 7F) and the remaining three (packages 5, 6 and 8) will be awarded over the next months and before March 2023.</p> <p>The completion of the procurement process for the Construction Supervision Consultants</p>

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.

	<p>physical progress of 14%, 39% and 46% (as of July 2022). They are facing delays due to the lack of construction materials, fuel shortages, and contractor's internal cash flow issues (Package 4A), but are expected to be completed before the end of 2022.</p> <p>NBRO needs to request closing date extensions for all the ongoing packages.</p> <p>The designs for Package 5 have been finalized and for Packages 6 and 8 are being prepared.</p>		<p>(CSC) is expected in October 2022 (Package 7), December 2022 (Package 5), and February 2023 (Package 6 and 8). NBRO will deploy its own staff to bridge potential supervision gaps.</p>
Component 2: Strengthening of policy standards and institutional capacity	<p>Terms of reference (TORs) have been prepared for one out of the three main technical assignments (TAs) to be implemented under this Component.</p> <p>TORs for the other two TAs are being prepared by the NBRO.</p>	Complied	<p>As per the June 2020 Procurement Plan, the procurement process for one TA is expected to be completed in September 2022 and the other two TAs will be procured in 2023. During the mission, AIIB suggested NBRO to merge the three TAs envisaged under Component 2 into one only assignment due to the similar nature of the works proposed and to reduce administrative procedures. It was agreed that NBRO will internally discuss that and get back to AIIB.</p>
Component 3: Provision of essential facilities	<p>Five contracts out of nine under this Component have been awarded and implemented. The goods were received by NBRO in 2019 and 2020.</p>	Complied	<p>The other four packages will be procured in 2022/2023.</p>
Component 4: Technical support and project	<p>The web-based project monitoring support program has been</p>	Complied	<p>Project management is being supported by GoSL funds.</p>

management	developed and is operational.		
Component 5: Health emergency	The implementation of this Component is expected to be initiated as soon as the legal documents to formalize the Project's restructuring are finalized (likely in July/August 2022).	Complied	A preliminary list to procure essential medicines and medical supplies (including pharmaceuticals, surgical consumables, laboratory reagents, and radiotherapy consumables) has been prepared by MOH and shared with AIIB. Currently, MOH is finalizing that list, after which, a draft Procurement Plan and Project Delivery Strategy will be prepared.

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 March 31, 2022, was submitted in a timely manner and deemed to be acceptable to the Bank.

A partial submission of the audit report for the financial year which ended on December 31, 2021, was done, while the management letter remains outstanding. To finalize the submission, NBRO indicated that the management letter is expected to be submitted by July 31, 2022.

During the July 2022 mission, NBRO indicated that a withdrawal application will be submitted by mid-August 2022 (USD1.2 million) and mid-December 2022 (USD2.0 million). In respect to the reporting of eligible expenditures, the PMU has been reporting Category 1 expenditures at 86.27% contrary to the Loan Agreement percentage of 84.00% due to a discrepancy between the Project Document and the Loan Agreement. AIIB has paid 84.00% for each withdrawal application submitted, but has agreed with PMU to continuously track this 2.27%, which is USD96,228.72 to the date.

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 Environmental and Social Management Plans (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 July 2022, eight 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 two of them received during this reporting period, i.e. May – July 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.

Component 5 will be implemented by MOH. The established PMU of the Asian Development Bank (ADB)'s Health System Enhancement Project (HSEP) will also implement this component. 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 July 2022, only **Package 1** has 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
Dec. 31, 2019	0	0	
Dec. 31, 2020	1,340 (670)	0	
Dec. 31, 2021	4,020 (2,010)	0	
Dec. 31, 2022	6,700 (3,350)	800 (458)	The actual value is as of July 2022
Dec. 31, 2023	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
Dec. 31, 2019	0	0	
Dec. 31, 2020	1,980	0	
Dec. 31, 2021	5,280	0	
Dec. 31, 2022	11,880	3,801	The actual value is as of July 2022
Dec. 31, 2023	23,000	N/A	

Project Objective Indicators #3

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

Year	Target	Actual	Comments, if any
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Dec. 31, 2019	0	0	
Dec. 31, 2020	0	0	
Dec. 31, 2021	500	0	
Dec. 31, 2022	1,000	0	The actual value is as of July 2022. The railway sections to be protected from landslides are under the Package 8, which is being designed.
Dec. 31, 2023	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
Dec. 31, 2019	No	No	
Dec. 31, 2020	Draft design standards (testing)	No	
Dec. 31, 2021	Final design standards (testing)	No	
Dec. 31, 2022	Final design standards (Adopted)	Draft design standards (partially adopted)	As of July 2022, NBRO has prepared and partially adopted draft design standards to be finalized with the TA under Component 2.
Dec. 31, 2023	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
Dec. 31, 2019	No	No	
Dec. 31, 2020	Reviewed	No	
Dec. 31, 2021	Draft Guidelines Developed	No	
Dec. 31, 2022	Draft Guidelines Developed	No	Actual value as of July 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.
Dec. 31, 2023	Final Guidelines Developed	N/A	

Project Objective Indicators #6

Aggregated number of the planned resettlement to be avoided

Year	Target	Actual	Comments, if any
Dec. 31, 2019	0	0	
Dec. 31, 2020	340	0	

Dec. 31, 2021	1,020	0	
Dec. 31, 2022	2,040	32	The actual value is as of July 2022
Dec. 31, 2023	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
Dec. 31, 2019	0	0	
Dec. 31, 2020	14	0	
Dec. 31, 2021	34	0	
Dec. 31, 2022	61	4	The actual value is as of July 2022
Dec. 31, 2023	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
Dec. 31, 2019	0	0	This indicator will be measured at mid-term & completion.
Dec. 31, 2020	N/A	0	This indicator will be measured at mid-term & completion.
Dec. 31, 2021	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.
Dec. 31, 2022	60	100	As of July 2022
Dec. 31, 2023	80	N/A	

Intermediate Result Indicators #3

Number of health institutions/hospitals benefitting from the Emergency Component

Year	Target	Actual	Comments, if any
Dec. 31, 2022	50	0	The implementation of this Component is expected to be initiated as soon as the legal documents to formalize the Project's restructuring are finalized (likely in July/August 2022).
Dec. 31, 2023	210	N/A	

Remarks: