

## Ex-Ante Evaluation

### 1. Name of the Project

Country: The Democratic Socialist Republic of Sri Lanka

Project: Rural Infrastructure Development Project in Emerging Regions

Loan Agreement: July 7, 2017

Loan Amount: 12,957 million yen

Borrower: The Government of the Democratic Socialist Republic of Sri Lanka

### 2. Background and Necessity of the Project

#### (1) Current State and Issues of the Rural Development Sector in Sri Lanka

Since the civil war ended in 2009, the Democratic Socialist Republic of Sri Lanka became a middle-income country, and has achieved remarkable economic growth with a real GDP growth rate exceeding an average 6% during the period of 2011-2015. However, there are considerable disparities in economic growth between Western Province which produces approximately 40% of the country's GDP, and the other eight provinces. While the poverty rate in 2013 was 2.0% for Western Province, the other provinces had a 6.0% or higher. In particular, the highest was 15.4% in Uva Province followed by Eastern Province (11.0%), and Northern Province (10.9%) (Ministry of National Policies and Economic Affairs, 2015).

Northern, Eastern, and the neighboring North-Central and Uva Provinces were heavily affected by the civil war that lasted for 26 years. Since the end of the conflict, efforts to rehabilitate and construct critical infrastructure have taken place mainly in urban and the outlying areas along the national roads. Meanwhile, the supports provided by the government of Sri Lanka and donors in basic infrastructure, which directly affect people's livelihoods and production activities (e.g. rural roads, medium and small-size irrigation, and potable water supply facilities), have been insufficient in the target four provinces. As a result, an absence or poor condition of such basic infrastructure is one of the factors hindering improvements in the living standards and livelihoods of the local people.

#### (2) Development Policies for the Rural Development Sector in Sri Lanka and the Priority of the Project

The economic policy statement of the Prime Minister Ranil Wickramasinghe in 2015 highlights reconstruction of the conflict-affected areas, promotion of local economy through improvement of basic infrastructure, and reduction of regional disparities between Western Province and the other eight provinces. Moreover, the government of Sri Lanka sets "Acceleration Growth with Social Inclusion" as broader theme of the budget for 2017, which focuses on reduction of the socioeconomic disparities between Northern and Eastern Provinces with the other provinces by 2020. The government also announced a budget allocation placed priority on rural road, medium

and small-size irrigation, and water supply sectors in rural areas. Moreover, the government of Sri Lanka declared that 2017 would be defined as “Year of Alleviating Poverty”, and the government plans to take intensive measures that focus on the areas with particularly high poverty rates, including the areas targeted by Rural Infrastructure Development Project in Emerging Regions (the Project).

The Project is identified as a priority project relevant to the government’s development policy, aiming to improve the living standards and livelihoods of local people through the development of basic infrastructure in the emerging regions.

### (3) Japan and JICA’s Policy and Operations in the Rural Development Sector

In Japan’s Country Assistance Policy to the Democratic Socialist Republic of Sri Lanka (2012), the government of Japan identifies “Development of Emerging Regions” as a priority area and indicates that Japan will assist in fostering agro-based and other industries, agriculture-related infrastructure development in order to promote the livelihoods of the people in emerging regions. Meanwhile, the JICA Country Analytical Paper for the Democratic Socialist Republic of Sri Lanka (2014) indicates reinforcement of the foundations of productivity and improvement of overall livelihoods through improving basic infrastructure related to production activities (e.g. rural roads, medium and small-size irrigation, and water supply) under the Program for Promotion of Regional Development in Emerging Regions.

Therefore, the Project is highly relevant to these policy and analysis.

JICA has supported small-scale infrastructure developments in rural areas, by implementing ODA Loan projects such as “Small-scale Infrastructure Rehabilitation and Upgrading Project (2003)”, “Small-scale Infrastructure Rehabilitation and Upgrading Project (II) (2004)” and “Pro-poor Advancement and Community Enhancement Project (2003)”.

### (4) Other Donors’ Activity

For basic infrastructure development in rural areas, the Asian Development Bank, the World Bank, the United Nations and other donors in order to improve the livelihoods of local people, contribute to the development of roads, drinking and sewage water systems, waste processing facilities and other basic infrastructures. These supports from the donors do not overlap with the Project.

### (5) Necessity of the Project

The Project is in line with the development policy of Sri Lanka and the assistance policy and analysis of Japan and JICA. Moreover, as it contributes to reduction of poverty, access to safe water and reduction of regional disparities, the Project is expected to contribute to the Sustainable Development Goals (SDGs): “End poverty in all its forms everywhere (Goal 1)”, “Ensure access to water and sanitation for all (Goal 6)” and “Reduce inequality within and among countries (Goal 10)”, through the basic infrastructure development. Therefore, it is highly necessary for JICA to implement the Project.

### 3. Project Description

#### (1) Project Objective

The Project is to construct and rehabilitate the basic infrastructure that directly affect daily life and production activities of the local people (e.g. rural roads, medium and small-size irrigation facilities, and potable water supply facilities) in the underdeveloped areas due to conflicts and other reasons (Northern, Eastern, North-Central, and Uva Provinces), aiming for the improvement of living conditions and livelihoods of local people in the four provinces, thereby contributes to the promotion of local economy, reduction of regional disparities and poverty reduction.

#### (2) Project Sites/Target Area

Northern Province, Eastern Province, North-Central Province, and Uva Province

#### (3) Project Components

- 1) Construction and rehabilitation of rural roads (estimated number of target sub-projects: 224)
- 2) Construction and rehabilitation of medium and small-size irrigation facilities (estimated number of target sub-projects: 121)
- 3) Construction and rehabilitation of potable water supply facilities (estimated number of target sub-projects: 73)
- 4) Consulting services (detailed design, supervision of construction work, and support to operation and maintenance)

#### (4) Estimated Project Cost (Loan Amount)

15,410 million yen (Loan Amount: 12,957 million yen)

#### (5) Schedule

July 2017 to August 2022 (62 months in total). Project completion is defined as when the facilities of all sub-projects are put in service (scheduled in September 2021).

- 1) Borrower: The Government of the Democratic Socialist Republic of Sri Lanka
- 2) Executing Agency: Ministry of Provincial Councils and Local Government  
Implementing Agency: Provincial Councils of the targeted four provinces
- 3) Operation and Maintenance: The local authorities (Pradeshiya Sabha) will be responsible for operation and maintenance of rural roads. Farmers' Organization (FO) will be responsible for daily operation and maintenance of irrigation facilities, while Irrigation Department of Provincial Council or Agrarian Development Department, Ministry of Agriculture, will take responsibility for large-scale repairs. Community-Based Organization (CBO) will be responsible for daily operation and maintenance of water supply facilities, while Pradeshiya Sabha and Commissioner for the Local Government of the provincial councils will provide support and supervision from the perspective of organizational operations. Department of Community Water Supply, Ministry of City Planning and Water Supply will provide

the technical support.

(6) Environmental and Social Consideration/Poverty Reduction/Social Development

1) Environmental and Social Considerations

i) Category: B

ii) Reason for Categorization: The Project is classified as Category B because it does not fall under the sector likely to have any significant impact on the environment nor have characteristics that are liable to cause adverse impacts or not located in or near sensitive areas as specified in the JICA Guidelines for Environmental and Social Considerations (published in April 2010).

iii) Environmental Permit: Preparation of the Environmental Impact Assessment (EIA) report for the Project is not mandated under the laws of Sri Lanka.

iv) Anti-Pollution Measures: The construction is likely to cause noise, vibration, dust, air pollution, water pollution and waste. These problems, however, can be controlled by measures such as sprinkling water during the construction works, installing sludge disposal sheets, waste separation and recycling, and limitations on night construction.

v) Natural Environment: The project site is not located in sensitive areas such as national parks, and adverse impact on the natural environment is assumed to be minimal.

vi) Social Environment: The Project will not involve land acquisition or involuntary resettlement since it is mainly focused on the rehabilitation of existing basic infrastructure. The Project will use public land if any new construction sites are necessary.

vii) Other/Monitoring: During construction, under supervision of Project Implementation Unit (PIU) established in the provincial council and the consultants, contractor will be in charge of daily monitoring.

2) Promotion of Poverty Reduction

The water supply sub-projects will consider the widows who lost family members due to the conflict or chronic kidney disease as socially vulnerable people, and examine the possibility of the measure that grants them an exemption of certain amount from water tariff.

3) Promotion of Social Development

i) Gender Perspectives

Considerations to gender perspective (e.g. encouraging women to participate as in certain percentages) will be taken during meetings for the project announcements with local people.

ii) Measures to Prevent Infectious Diseases Including HIV/AIDS

PIU will conduct awareness activities and the monitoring, although severe project-related impacts from HIV/AIDS are not expected.

iii) Participatory development

The Project encourages the beneficiaries, to participate in project announcements, management, formulation of operation/maintenance plans, and the handover of the facilities because CBO is taking an active role in operation and management of the basic infrastructure. Through these measures, the Project plans to raise ownership towards the operation and maintenance of the basic infrastructures.

(7) Collaboration with Other Donors: None in particular

#### 4. Targeted Outcomes

##### (1) Quantitative Effects

##### 1) Performance Indicators (Operation and Effect Indicators)

Sector	Indicator (*1)	Baseline (Actual Value in 2013) (*2)	Target (2023) [Expected Value 2 years after the project completion] (*2)
Rural roads	Total length of constructed rural roads (km) (224 sub-projects in total)	—	560
	Annual average traffic volume per day (cars/year) (Average of 44 samples)	391	469
	Average travel time (minute) (average of samples)	—	—
Irrigation	Total irrigation area (ha) (121 sub-projects in total)	14,709	17,735
	Average yield of rice (kg/ha) (Yala season) (*3) (Average of 24 samples)	3,217	4,219
	Average yield of rice (kg/ha) (Maha season) (*3) (Average of 24 samples)	3,719	4,323
Water supply	Population with access to water supply (persons) (73 sub-projects in total) (*4)	—	120,846
	Amount of water to be supplied (m <sup>3</sup> /day) (Average of 16 samples)(*5)	—	21
Income per household (rupees/year/household) (average of sub-projects)		—	—

Notes:

- (1) The three indicators of total length of constructed and rehabilitated rural roads, total irrigation area and population with access to water supply target all the sub-projects. For the other indicators, new samples will be selected from the sub-projects in the baseline survey. When selecting the sub-projects for the other indicators, regional distribution, construction scale and other factors will be considered, and 20 rural road sub-projects, 20 irrigation sub-projects, and 20 water supply sub-projects constructed on the early stage of the project will be included to the selection.
- (2) During project implementation, a baseline survey will be conducted as a part of consulting services in order to set actual values (to be updated in 2017) and target values (2023).
- (3) Yala season: Southwest monsoon (April through September) for the dry season in the target area  
Maha season: Northeast monsoon (October through March) for the rainy season in the target area
- (4) To be changed to the number of household connections, which can be collected easily in order to measure both actual and target values in the baseline survey.
- (5) The current target value for water supply indicates the amount of drinking water consumed by the target population. To be changed to the amount water supplied when conducting the baseline survey, and calculates target values.

## 2) Internal Rate of Return (IRR)

Since the Project is comprised of numerous small sub-projects, it is difficult to calculate reliable IRRs for all the sub-projects. Therefore, IRR is not calculated for the Project.

## (2) Qualitative Effects

Promotion of local economy, reduction of regional disparities and poverty reduction

## **5. External Factors and Risk Control**

### (1) External Factors: Not in particular

### (2) Risk Control

High incidence of chronic kidney disease has been reported in the target areas. Some studies indicate the possible causality between the disease and ground water pollution due to pesticide usage. Therefore, to ensure facilitated and appropriate water supply sub-projects, water quality of the source will be examined before starting the construction, and water purification measures will be employed, when necessary.

## **6. Lessons Learned from Past Projects**

### (1) Lessons learned from similar projects in the past

The ex-post evaluation of “Rural Areas Infrastructure Development Project (3)” in the Republic of Indonesia drew a lesson that it is imperative to establish and utilize a coherent management system throughout the entire process from central level to the field level managing small-scale and regional distributed projects. Meanwhile, the ex-post evaluations of “Small-scale Infrastructure Rehabilitation and Upgrade Project” and “Small-scale Infrastructure Rehabilitation and Upgrade Project (II)” in the Democratic Socialist Republic of Sri Lanka indicated that cooperation to capacity building should be employed from the early stage of project when there are concerns regarding the capacity for operation and management of the executing agency and CBOs .

### (2) Applying these lessons to the current project

In the Project, the scope of responsibilities of each stakeholder will be clearly defined. In addition, the Project will build a system to ensure information-sharing and collaborative work within all central and provincial stakeholders through regular meetings to discuss operation and management, under the central roles that Project Management Unit (PMU) of the executing agency (central government level) and PIUs (provincial level) will play. The Project will also support CBOs to take in charge of operation and maintenance after completion of the Project, under consulting services.

## **7. Plan for Future Evaluation**

### (1) Indicators for Future Evaluation

- Rural roads
    - 1) Total length of constructed roads (km)
    - 2) Annual average traffic volume per day (cars/year)
    - 3) Average travel time (minute)
  - Irrigation
    - 1) Total irrigation area (ha)
    - 2) Average yield of rice (kg/ha)
  - Water supply
    - 1) Population with access to water supply (persons)
    - 2) Amount of water to be supplied (m<sup>3</sup>/day)
  - Total
    - 1) Income per household (rupees/year/household)
- (2) Timing
- Two years after project completion