

<b>1. CAS/CPS Data</b>		
<b>Country: Sri Lanka</b>		
<b>CAS/CPS Year:</b> FY12	<b>CAS/CPS Period:</b> FY13 – FY16	
<b>CLR Period:</b> FY13 – FY16	<b>Date of this review:</b> June 16, 2016	
<b>2. Ratings</b>		
	<b>CLR Rating</b>	<b>IEG Rating</b>
<b>Development Outcome:</b>	<i>Moderately Satisfactory</i>	<i>Moderately Satisfactory</i>
<b>WBG Performance:</b>	<i>Good</i>	<i>Fair</i>

<b>3. Executive Summary</b>
<p>i. Sri Lanka is a lower middle income country with a GDP per capita of US\$ 3,795 in 2014, and has blend (IDA/IBRD) borrower status at the WBG. Sri Lanka endured three decades of civil war which ended in 2009. Its growth rate averaged 5 percent during the conflict period, and 6.4 percent since 2010. Sri Lanka has done better than its regional peers on most MDGs and ranked 73<sup>rd</sup> on the Human Development Index in 2014. The national poverty headcount declined from 22.7 to 6.7 percent between 2002 and 2012. The Gini index fell from 40.7 in 2006 to 36.2 in 2009. However, pockets of poverty persist in the northeast, southeast and the estate sector, and 2012 HIES data reveal that growth is no longer pro-poor. Sri Lanka experienced an increase in the trade deficit financed largely by remittances from poorly skilled emigrants. Reforms are urgently needed for Sri Lanka to transform its economy and sustain growth, but political economy pressures and social tensions undermine government commitment to reforms.</p> <p>ii. The government's vision for development over the period 2010-2016 was laid out in its updated development policy framework, <i>Mahinda Chintana Vision for the Future</i> (2010). The framework had three goals—doubling per capita income, shifting the structure of the economy to be more knowledge-based, globally and internally integrated, environmentally friendly, and increasingly urban; and ensuring improved living standards and social inclusion. The World Bank Group's (WBG) Country Partnership Strategy (CPS) was relevant to the government's development vision and focused on three matching areas of engagement—Facilitating Sustained Private and Public Investment; Supporting Structural Shifts in the Economy; and Improving Living Standards and Social Inclusion. Responding to client priorities, the 2014 CPS Progress Report added a fourth area – Improving Resilience to Climate and Disaster Risks to the three focus areas of the CPS.</p> <p>iii. The CPS was an ambitious program with new lending to supplement the existing portfolio and knowledge to strengthen the Bank Group's knowledge base for policy dialog and advisory services. The government's strategy was contingent on its ability to mobilize 30-35% of GDP from revenue and private investments per year. The CPS intended to support this objective with an Investment Policy Reform DPL and a Legal and Judicial Reform project, complemented by AAA by the World Bank and advisory services by IFC toward investment climate reform, and with IFC investments in financial intermediaries and advisory services to increase access for SMEs and farmers. However, despite its aspirations to higher middle income status, the government's interest in policy reforms wilted under</p>

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political economy pressures<sup>1</sup> resisting entitlement reform. The DPL had to be delayed and the judicial reform project dropped, significantly weakening WBG's ability to influence reforms. Revenue did not keep pace with changes in the economy, and fell from 19% of GDP in 1990 to 10.7% in 2014, weakening the government's ability to sustain public investment. Private investment was insufficient to fill the gap, and Foreign Direct Investment (FDI) was hampered by constraints in the investment climate. To meet its fiscal gap, Sri Lanka has been compelled to negotiate a new agreement with the IMF on a three-year SDR 1.1 billion Extended Fund Facility.

iv. A competitive external environment led to greater interest in transforming the economy by focusing on skills and education quality. With Bank support, the government has introduced systems to enhance the quality of higher education, and increased enrollment and education quality in Advanced Technological Institutes aimed at better preparing students for the evolving labor market. Greater attention to computer literacy and e-governance are setting the stage for increased productivity in the public and private sectors.

v. The WBG has also supported the government's strong interest in improving living standards in lagging regions through a series of investments to improve connectivity to secondary cities, and expand services to disadvantaged groups. WBG assistance included support for reintegration of internally displaced persons, strengthening local government ability to provide services in conflict-affected areas, and livelihoods support for selected disadvantaged group. While security and services have been restored, underlying grievances remain unresolved and the trauma caused by conflict has left lasting scars on society<sup>2</sup>. The new government, elected in 2015, has indicated its interest in renewing attention to reconciliation. Its effectiveness in doing so will depend on how it can manage political economy pressures from various ethnic and political groups.

vi. The program as designed had mixed results. The country has aspirations to higher middle income status but is reluctant to reform its welfare systems which are increasingly becoming unaffordable. WBG contribution to higher education quality and skills development was innovative and can have lasting positive effects on the economy provided this is complemented by labor market and entitlement reforms, currently resisted by trade unions and student lobbies. The WBG is supporting schools in education quality and improvements in health services. While on most MDG indicators, Sri Lanka outperforms its regional peers, malnutrition continues to be a problem. The World Bank's support for local authorities to deliver services and local infrastructure in a more responsive and accountable manner is innovative but results on service quality are yet to be assessed. Since Sri Lanka's access to IDA is likely to be limited in relation to the country's needs, improved revenue effort remains vital to sustain these services.

vii. Following the 2004 Tsunami, WBG analytical work on climate risks helped Sri Lanka recognize the need for a catastrophe mitigation plan. The mid-program review provided the opportunity for the World Bank to add a new focus area on resilience to climate and disaster risk. This is complemented by IFC support for weather-index based insurance for crops. Financing for a Catastrophe DPL with a Deferred Draw-Down Option (Cat DDO – the first of its kind in South Asia), and a Climate Resilience Improvement Program is helping the development of mitigation investment plans in several river basins to complement its work on dam safety. The Cat DDO is now effective, however, other projects have been affected by implementation delays.

viii. The CPS was responsive to the government's development policy framework but could have exercised greater selectivity in its development objectives. The CPS included several objectives (for example on public investment, and nutrition) that were not backed by sufficient interventions to attribute meaningful results. The CPSPR brought more realism but one important operation (Investment Policy Reform DPL) was delayed, and three operations (including the Legal and Judicial Reform project) were

<sup>1</sup> *Sri Lanka Strategic Assessment 2016*. The Asia Foundation.

<sup>2</sup> See *Still Counting the Dead: Survivor's of Sri Lanka's Hidden War* by Frances Harrison and *This Divided Island* by Samantha Subramanian.



dropped indicating weak ownership for policy reforms. Analytical work and technical assistance complemented lending in several sectors. Recent analytical work on revenue and PERs has laid the basis for a more meaningful engagement in the next CPF period in areas where Bank response has been slow. The poverty assessment and the social protection AAA may result in renewed attention to shared prosperity. The program demonstrated flexibility by adding a new focus area on climate resilience, but the revisions to the results framework led to a dilution of focus from outcomes to outputs, weakening the ability to assess results. IFC's investments and advisory services complemented the Bank's role on investment climate, access to finance, and climate resilience. Overall portfolio quality was mixed. Project approvals were slow in the earlier years of the CPS and the disbursement ratio, which was higher at the start, slowed in the later years of the CPS. The outcomes could not be fully achieved due to slower implementation or identification of inappropriate indicators.

ix. IEG broadly concurs with the CLR lessons on flexibility, the continued challenges on investment climate and the fiscal space, the importance of social inclusion, the need for a more realistic results framework, and the potential contribution of a robust analytical program, provided it is timely. In addition, IEG's offers the following lessons: (a) Planned investments that are vital to the achievement of essential program objectives (such as the Investment Policy Reform DPL) should be integrated in the results framework so that its contribution to the program is measurable, demonstrable and attributable to WBG support; (b) As with CPS priorities, the results framework would benefit from greater selectivity of objectives with corresponding outcome indicators instead of reporting on a long list of activities and outputs. Reporting on country level results is useful where a clear link can be established to substantial activities supported by the WBG, and where the results chain justifies some degree of attribution; (c) Streamlining the results framework at the progress review stage can help to focus WBG objectives on areas of its comparative advantage as long as the addition of new objectives does not divert government attention from key reform priorities and dilute essential program objectives; (d) In a risky environment when the client appears to be less interested in reforming policies that are constraining development outcomes the WBG should prepare for future policy opportunities by investing early in AAA to be able to offer relevant policy advice in a timely manner when opportunities arise; (e) More transparent recognition of the role of other development partners, in sectors/areas where they provide substantial support, such as ADB's role in the transport sector and support to the northeast, would help provide a more realistic assessment of the WBG's contribution; (f) IFC needs to systematically ensure that investees strengthen monitoring and evaluation of benefits from financial services to the rural poor, particularly women, in post conflict areas, and improve risk management. The over-arching lessons are the need for selectivity, clarity of WBG objectives and outcomes and a realistic results framework with an explicit and credible results chain.

#### 4. Strategic Focus

##### Relevance of the WBG Strategy:

1. **Congruence with Country Context and Country Program.** Sri Lanka is a lower middle income country with a GDP per capita of US\$ 3,795 in 2014, and has blend (IDA/IBRD) borrower status at the WBG. Sri Lanka faced 26 years of civil war which ended in 2009, reintegration of refugees and reconciliation among ethnic groups being residual challenges. Growth averaged 5 percent during the conflict period, and 6.4 percent since 2010. Sri Lanka has done better than its regional peers on most MDGs and ranked 73<sup>rd</sup> on the Human Development Index in 2014. The national poverty headcount declined from 22.7 to 6.7 percent between 2002 and 2012. Extreme poverty fell to 3.2% using the \$1.25-a-day poverty line, while moderate poverty fell to 32.1% using the \$2.50-a-day poverty line.<sup>3</sup> The Gini coefficient measuring inequality fell from 0.40 in 2002 to 0.36 in 2009/10 but increased to 0.39 in 2012/13 indicating growth is no longer pro-poor. Pockets of poverty persist in the east, north, southeast and the estate sector. The trade deficit increased (17% of GDP in 2011), financed largely by remittances

<sup>3</sup> Sri Lanka, *Ending Poverty and Promoting Shared Prosperity: A Systematic Country Diagnostic* (2015).



(9% of GDP). The key challenges for the government during the CPS period were to maintain a high investment rate to sustain growth, move to a more knowledge-based, integrated and competitive economy, and enhance living standards and social inclusion. Revenues, which historically depended on taxing plantations and trade, did not keep pace with changes in the economy, and fell from 19% of GDP in 1990 to 10.7% in 2014, weakening the government's ability to sustain public investment. Private investment, (22% of GDP in 2010) was insufficient to fill the gap, and FDI (1.4% in 2012) was hampered by constraints in the investment climate. This was further compounded by political economy pressures likely to resist entitlement reform, social tensions arising from unresolved ethnic issues, and an inadequate social safety net. The government's development goals for the period 2010-2016 were laid out in the *Mahinda Chintana Vision for the Future*. The government aimed to double per capita income by improving the investment climate and increasing fiscal space and efficiency of public spending; shifting the economy to be more knowledge-based, supporting international and domestic integration, competition and urbanization; and increase quality of services, and social inclusion and equity of access. It aimed to mobilize 33-35 percent of GDP from revenue and private investments per year. The CPS responded to the government's priorities with lending and non-lending interventions to support private and public investment, structural shifts in the economy, and enhance living standards and social inclusion including services and assistance for reintegration of displaced groups and community livelihoods. The CPSPR delayed or dropped key lending operations intended to support the private and public investment area due to government's lack of interest in reform but added a fourth area of Bank Group support for disaster risk management and fiscal resilience to climate related disasters.

2. **Relevance of Design.** The relevance of the WBG Program was substantial, on balance. Planned WBG and IFC programs were designed to address the CPS objectives identified for Private and Public Investment by providing lending and knowledge support to improve the investment climate and access to finance. IEG is not convinced that the proposed activities to enhance accountability and transparency of public funds alone were adequate support for the government's development goal of increasing fiscal space and increasing efficiency of public spending by increasing revenue and lowering expenditures. The delay in the FY14 IDA Investment Policy Reform DPL beyond the CPS period, and the dropping of the Legal and Judicial Reform project in the CPSPR was a significant deviation from the CPS design, affecting its ability to contribute to this focus area. The CPS was over-optimistic about its ability to influence reform. The underlying AAA was not undertaken until FY15 and FY16, and the DPL had to be delayed. The Justice Sector Review was completed in FY13 but the expected project had to be dropped because of the controversial impeachment of the judiciary's leadership in 2013. The remaining country program was mostly well designed to support the government's development strategies. One objective, to reduce prevalence of malnutrition in Focus Area 3, received too little support to have any impact on the government's goal of reducing malnutrition rate of children from a third to 12-15 percent. It may have been better to opt out of this activity entirely. Analytical work and technical assistance complemented lending in several sectors—health, education, ICT, education, governance, environment, transport and urban—as well as in cross-cutting areas of gender, climate change. Recent analytical work on revenue and PERs has laid the basis for a more meaningful engagement in the next CPF period in areas where Bank response has been slow, and AAA on poverty assessment and the Samurdhi program may result in renewed attention to shared prosperity in the next CPF.

3. The IFC Program addressed CPS Focus Area 1, through various financial intermediaries. IFC investments and advisory service projects cohesively addressed the key constraint of access to finance for SMEs and farmers. While the CLR did not track it specifically, these IFC projects contributed to the equity of access objective under CPS Focus Area 3, Living Standards and Social Inclusion. IFC was successful in using a similar intermediation structure for other services (e.g. in retail) but the results framework lacked indicators to monitor results of these initiatives.

#### Selectivity

4. The CPS was ambitious and gave the impression of attempting to respond to all of the government's development goals; it could have been more selective drawing on WBG's comparative advantage. To some extent this may have been driven by the expectations of in-country stakeholders,



since IDA was one of the main sources of development aid. Despite its stated intention to concentrate on fewer larger projects, the CPS included several objectives (for example on public investment, and nutrition) that were not backed by sufficient interventions to attribute meaningful results. One crucial operation (Investment Policy Reform DPL) was delayed, and three operations (including the Legal and Judicial Reform project) were dropped but the CPSPR missed the opportunity to streamline the results framework and added four more objectives with output indicators under the new Focus Area 4, making it even more difficult to assess outcomes. The inclusion of livelihoods and service delivery programs for conflict-affected and other disadvantaged populations builds on an area where the World Bank has established a track record. The WBG country program included substantial activities to support institution building in governance and local accountability, education quality, health systems, road management, financial sector and climate risk management. All of this is, however, subject to Sri Lanka being able to generate revenue to sustain a high rate of public investment needed for its middle income strategy, an issue where the Bank has been conspicuously absent. In the short run, Sri Lanka had to negotiate a second Standby Agreement with the IMF in 2016 to meet its fiscal gap.

#### Alignment

5. Although the CPS was produced before the WBG adopted its twin goals, the program design was well aligned at the strategic level. It envisaged continued support for Sri Lanka's remarkable ability to reduce poverty and provide a level of social services that stands out among its regional peers. Poverty has declined from 22 percent in 2002 to 6.7 percent in 2012, and Sri Lanka has met most of the MDGs. But the apparent success in achieving the second goal of shared prosperity proved to be short-lived and the decline in the Gini coefficient from 0.41 to 0.36 between 2002 and 2009, reported in the CPSPR, has been reversed and the increase in Gini to 0.387 in 2012/13 indicates that growth is no longer inclusive. Going forward, the growth agenda will need to be balanced with attention to the political economy to ensure sustainability of the middle income development path.

## **5. Development Outcome**

### Overview of Achievement by Objective:

6. The original FY2013-16 CPS had three focus areas: Private and public investment; Structural shifts in the economy; and Living standards and social inclusion. A fourth focus area—Improve resilience to climate and disaster risks—was added in 2014 at progress report stage.

### **Focus Area I: Private and Public Investment**

7. The CPS objectives in this area were to: improve the investment environment, and improve access to finance. In the CPSPR, the second objective was narrowed to "improved access to finance for SMEs and farmers." The WBG intended to continue a program of investments and advisory services by IFC and Trust Funds, add a World Bank DPL and investment operation, and provide AAA and technical assistance.

### **Objective 1: Improved Investment Environment.**

8. This objective had two indicators—(1) time taken to register a property (target 50 days), and (2) time taken to obtain a construction permit (target 180 days). Actual World Bank support for this objective was limited to the Warehouse Receipts RETF project, and a non-Bank financial sector AAA, and an FDI Policy Note (both in FY15). A South-South Knowledge Exchange AAA initially focused on construction permits but the milestone of twinning arrangements with relevant agencies in Malaysia and Thailand, specified in the results framework, was not achieved. The AAA for the DPL was undertaken in FY16 and Investment Policy Reform DPL was delayed beyond the CPS period. The Justice Sector Review was carried out in FY13 but the expected Legal and Judicial Reform project dropped at the CPSPR stage. IFC support to the private sector has continued through strategic investments and advisory services. The



numerical targets for both indicators were met. Time taken to register property is on target at 51 days, but Sri Lanka's ranking on this Doing Business indicator declined from 136<sup>th</sup> to 153<sup>rd</sup> place, as its competitors are doing even better. The time taken to obtain a construction permit dropped to 116 days (versus the target of 180 days), and Sri Lanka's ranking in Doing Business on this indicator improved from 116 to 77. A third indicator, "time taken to enforce a contract" was dropped at the CPSPR stage, presumably because of the elimination of the Legal and Judicial Reform project. The delay in the DPL and the dropping of the Legal and Judicial Reform project are evidence of lack of ownership for substantive reforms. The numerical indicators specified in the CPSPR results framework have been met but in the absence of WBG interventions that are envisaged to contribute significantly to this objective IEG finds it difficult to attribute results to Bank interventions. This objective is therefore rated as Partially Achieved.

**Objective 2: Improved access to finance for SMEs and farmers.**

9. This objective had two indicators—(1) volume of lending to SMEs through institutions receiving WBG support, with a target of \$28 million; and (2) number of farmers accessing credit from the Warehouse Receipts Financing system, with a target of 20,000. A credit line and risk sharing facility for SMEs, financed by the World Bank led to loans of about \$45 million, more than achieving the relatively modest target. The CLR reports that IFC advisory services and financing to MSMEs indirectly contributed to \$3.3 billion loans to 139,000 SMEs during the credit period. Attribution of this result to IFC is difficult, and this goes beyond the results chain of the CPSPR results framework. The target of lending to SMEs was exceeded under the IFC advisory services (AS) project with the National Development Bank (NDB). However, in other instances, the CLR appears to be overstating IFC's role. For example, in SANASA, IFC has an equity stake of just 2.38 percent. SANASA, with close to US\$400 million in assets, repaid all loans made before the review period. The secured transactions registry/moveable collateral project, mentioned in the CLR, is expected to be completed in FY16 but project outcomes have been very modest to date. The evidence is unclear for the claim that IFC has "contributed to the establishment of a credit rating industry" during this review period. In 1999, it made a US\$100,000 equity investment in what is now Fitch Sri Lanka. A Credit Information Bureau AS project initiated by IFC in FY14 was terminated after it had no supervision missions and no expenditures. The second indicator intended to monitor outcomes of the Warehouse Receipts project aimed at providing quality storage facilities for agricultural products was not achieved. Only 825 loans have been disbursed, less than 5 percent of the target, due to slow implementation. The ICR prepared by Management rates the Outcome for this operation Unsatisfactory. IEG rates this outcome as Partially Achieved.

**Objective 3: Enhanced accountability and transparency in the use of public funds.**

10. This objective had two indicators—(1) financial audits by Auditor General Department, with a target of all audits being in compliance with International Standard Supreme Audit Institutional framework (ISSAI); and (2) at least 10 performance audits reported to Parliament each year. The objective was intended to contribute to the government's goal of increasing fiscal space and increased efficiency of public spending. It was supported by the World Bank's Public Sector Capacity Building (FY08) project, which was found by IEG to be Moderately Unsatisfactory at exit. WBG support for knowledge included a Revenue and Incidence Analysis Note and a RoSC Audit and Accounting Update in FY15. The first indicator was achieved by 2014. The 2015 Auditor General's report indicates that all audits are in compliance with the ISSAI framework. The second indicator was partially achieved with half of the targeted number of performance audits of public institutions undertaken and shared with Parliament. Audit reports were also made publicly available through websites, thereby increasing transparency. Although the Public Sector Capacity Building project helped achieve the CPS objective, the CLR is candid about the limited impact of a strengthened audit function on Sri Lanka's fiscal space. The relevance of this intervention alone on the country's development goal is minimal, since the fiscal problems arise from declining share of revenue to GDP. The FY15 revenue policy note provided the analytics for a more substantial policy dialogue with the new government to address this gap. IEG rates this objective as Mostly Achieved.



11. IEG rates the outcome of WBG support under Focus Area I as Moderately Unsatisfactory. Substantial progress was made by the country on improving the investment climate; however, attribution to WBG support is questionable. The WBG has helped to increase access to finance, particularly for SMEs and farmers, but significant implementation delays have affected one of the two objectives. Planned activities were undertaken to strengthen public sector audit capacity and increase transparency but its contribution will remain modest because of the misalignment and weak relevance to the country's goal which it intended to support.

**Focus Area II: Structural Shifts in the Economy.**

12. WBG objectives in this area were to: increase alignment of skills with the job market, computer literacy, quality of higher education institutions, and connectivity, and reduce vulnerability to flooding in Metro Colombo. These objectives were supported by ongoing and new lending operations and AAA in higher education, e-governance, skills development, roads, and urban development.

**Objective 4: Increased alignment of skills with job market.**

13. This objective was tracked by one indicator, enrollment in job-oriented Advanced Technological Institutes (ATI), with a baseline of 8,500 and target of 12,500. The Higher Education for the Twenty First Century (HETC) project (FY10) supported government efforts to strengthen its Quality Assurance Program in 100% of the ATIs, leading to greater attention to English, ICT and soft skills that would prepare students for the evolving labor market. Enrollment in ATIs has exceeded the target and reached over 15,000 by 2014. It is noted however, that enrollment is a weak indicator to measure this objective. It is a process indicator and does not provide an indication of alignment with job market. IEG rates this objective as Achieved.

**Objective 5: Increased computer literacy.**

14. This objective had one indicator, the percentage of population that is computer literate, with a target of 70%. While the objective is consistent with the country's development goal of supporting structural shifts in the economy, and use of ICT has continued to grow, only 15% of Sri Lankans can use computers (SCD 2015). The E-Sri Lanka Development project (FY05) supported Sri Lanka's Government Portal and provided an infrastructure platform for a wide range of services for citizens and businesses. The project also supported the establishment of 740 tele centers which, by the end of the project in FY14, were reportedly being used by over 70,000 citizens in rural and peripheral areas of the country on a monthly basis, averaging 95 per center monthly, not a very encouraging number. IFC supported the expansion and upgrading of ICT infrastructure through its investment in an ICT company, Dialog Axiata. IEG considers this objective as Not Achieved.

**Objective 6: Quality of higher education institutions enhanced.**

15. This objective had one indicator, the number of universities and Advanced Technological Institutions that are classified and operate within a National Qualification Framework. Strengthening higher education is well aligned with the government's goal of shifting the structure of the economy to be more knowledge-based. The FY10 HETC project developed the Sri Lanka Qualification Framework to improve the quality of higher education, and supported the government's Quality Assurance Program. HETC also supported the introduction of modernized curricula in 12 ATIs and established three new ATIs in underserved regions. By 2015, all 15 universities were operating within the National Qualification Framework, achieving the target and 87% of universities and all ATIs have implemented the Quality Assurance Program. IEG rates this objective as Achieved.

**Objective 7: Increased connectivity.**

16. This objective had one indicator, reduction in travel time on a provincial road to Uva Province, to 80 minutes. WBG support for this objective was in the form of the Provincial Roads Project (FY 10) which rehabilitated 229 kilometers of road and financed maintenance of over 1,102 kilometers of road to the



less prosperous provinces (Eastern, Northern and Uva Provinces). Consequently, travel time was reduced by about 20% and road quality in Uva Province classified as good and fair has reached 50%, exceeding the project's target of 30%. This objective has been Achieved, although it overlaps with objective # 12 in Focus Area 3 on the quality and sustainability of roads.

**Objective 8: Reduce vulnerability to flooding in Metro Colombo.**

17. This objective had one indicator, reduction in the area under risk of flooding in Metro Colombo from a baseline of 5.5 km<sup>2</sup> to a target of 3 km<sup>2</sup>. The WBG supported the government's goal of internal integration and increasing urbanization through the Secondary Cities Development Study (FY15) which built on a 2012 analytical study, and the Metro Colombo Urban Development Project (FY12) aimed at improving infrastructure and cultural assets in the capital, and civil works for urban flood management to address risks of a 50 year flood in Colombo. Implementation has been delayed and by end of the CPS period the target could not be met. This objective is rated Not Achieved.

18. IEG rates the outcome of WBG support under Focus Area II as Moderately Satisfactory. The WBG's interventions on enhancing skills and quality of higher education have advanced while the computer literacy and e-governance proved to be over-ambitious and could not be achieved. Support for internal integration and urbanization was substantially achieved while the objective on reducing vulnerability to flooding has not been achieved due to implementation delays.

**Focus Area III: Living Standards and Social Inclusion**

19. WBG objectives in this area were to: increase capacity to measure student learning outcomes, improve health service delivery, increase responsiveness and accountability of local authorities for delivery of services and local infrastructure, improve quality and sustainability of roads, reduce malnutrition in selected areas, and improve livelihoods of disadvantaged groups. This wide range of objectives was supported by ongoing and new lending and AAA in health, water supply and sanitation, secondary cities development, community livelihoods and local services. IFC support to SMEs and farmers also contributed to these objectives.

**Objective 9: Increased capacity to measure student learning outcomes**

20. This objective had two indicators—(1) implementation of national assessments of learning outcomes, with a target of two national assessments for primary education and two for secondary education; and (2) percentage of Education Zones in which the Program for School Improvement was implemented, with a target of 70 percent. WBG assistance was provided by the Transforming the School Education Project (FY12) which helped the government introduce a system for conducting national assessments of learning outcomes to implement more scientific monitoring of learning achievements. The Bank also supported an Education PER (FY14) and an Education Sector Review (FY16). Project reports indicate that the national assessments have been carried out as planned. School Management Committees have been established to promote school enrollment and attendance in 80% of education zones, while school management in 70% of zones was strengthened through a targeted program for school improvement. As such, the targeted indicators have been accomplished. IEG rates the objective as Achieved but notes that the change in formulation of the objective at CPS stage made it output oriented (versus outcome oriented).

**Objective 10: Health service delivery improved**

21. This objective had one indicator, the percentage of health facilities with a functioning 24-hour Emergency Treatment Unit (target 40% of central Ministry of Health-managed hospitals, and 50% of Provincially-managed health facilities). WBG assistance through the Second Health Project (FY13) and a Health Public Expenditure Review (FY14) has been instrumental in supporting the government's health sector program. Emergency Treatment Units have been established in 21% of centrally managed health facilities, and 46% of provincially management health facilities, short of intended targets. IEG rates the outcome as Partially Achieved.





**Objective 11: Local authorities in selected provinces deliver services and local infrastructure in a more responsive and accountable manner**

22. This objective had two indicators—(1) the percentage of local authorities with budgets prepared in a participatory manner; and (2) the percentage of local authorities whose revenues, expenditures and procurement decisions are publicly disclosed (target 80% for both indicators). It is noted however, that the indicator was changed in the CPSPR from an outcome indicator measuring citizen satisfaction with a baseline and targets, to output indicators. During the CPS period, this objective was supported by the North East Local Services Improvement Project (NELSIP, FY 10), which strengthened local governance practices and provided resources for 800 local projects to rehabilitate roads, drainage systems, public markets, rural electrification, and rural water supply schemes. NELSIP complemented the Emergency Northern Recovery Project (FY10) and its Additional Financing, aimed at helping displaced persons resettle among their communities. With additional financing, the WBG provided \$200 million assistance to conflict-affected regions. These efforts were intended to strengthen local planning and implementation capacity and encouraged transparency. The CLR indicates that 70% of local authorities solicit inputs from local departments and stakeholders in budget preparation, and 80% of local authorities publicly disclose their revenues, expenditures and procurement decisions. However, the latest project documents indicate that training of Social Audit Committees and the Information and Education Campaigns have not been completed, and that the M&E has not been able to carry out field monitoring, and has not carried out an impact assessment of project interventions, IEG is unable to validate these results. IEG rates the objective as Mostly Achieved.

**Objective 12: Improved quality and sustainability of roads**

23. This objective had two indicators—(1) the proportion of roads in good and fair condition starting from a baseline of 35% to a target of 40%; and (2) the amount of road maintenance funding allocated annually, with a baseline of LKR 5 billion to a target of 6.6 LKR billion. WBG support consisted of a FY13 Policy Note on Transport and ongoing implementation of a \$100 million Road Sector Assistance project approved in FY06, which closed in FY15. The project contributed to the funds for rehabilitation and maintenance of national roads by institutionalizing a road maintenance fund which received additional support from the Provincial Roads Project (FY 10). Annual allocations for maintenance have increased to LKR 6.3 billion, slightly short of its target. The proportion of roads assessed as being in good and fair condition has risen to 65%, exceeding the modest targets. IEG rates the objective as Achieved, but notes the overlap with objective # 7.

**Objective 13: Reduced prevalence of malnutrition in selected areas**

24. The indicator for this objective is the under-five underweight rate among the population in identified areas. The project was targeted to the Northern Province and had a baseline of 29.4%, which was targeted to be reduced to 25%. The trust-funded Sri Lanka - Local Level Nutrition Interventions for the Northern Province operation (FY11) financed a supplementary feeding program for pregnant and lactating mothers, infants and young children and other community-based nutrition efforts. However, despite improvements in anemia levels in Mullaitivu and Killinochchi, the two poorest districts in the province, malnutrition levels remained persistent, at 31.6% above the baseline. Malnutrition is reported to be even higher in the estate sector. IEG rates this objective as Not Achieved.

**Objective 14: Improved livelihoods among select disadvantaged groups**

25. This objective had three indicators—(1) households affected by conflict and flood whose incomes have increased by 30% (target 213,000 households); (2) displaced families reintegrated into their communities (target 140,000 families); and (3) number of low-income households accessing improved urban sanitation services (target 10,000). Bank support was provided through the Community Livelihoods in Conflict Areas (FY04) project in the northeast, followed by the Second Community Development and Livelihoods Improvement Project (FY 10) for the poorest areas across Sri Lanka. The project financed over 1,400 local infrastructure projects which benefited 121,000 households, and



enhanced incomes and quality of life of poor households by providing access to credit through Village Savings and Credit Organizations to over 80,000 households. In all, over 222,000 households are estimated to have benefited from the livelihoods interventions. The Emergency Northern Recovery Project (FY10) supported reintegration of 136,000 households while the Community Livelihoods in Conflict Areas project supported reintegration of 53,000 households. A third indicator measured the number of low-income urban households with improved sanitation from the Access to Sanitation Output-Based Aid TF (FY 12). The OBA pilot was much slower to get off the ground, and only 15% of the target, access to urban sanitation, could be achieved. Nonetheless, since the targets for the first two indicators were exceeded, and a much larger number of households benefited from those interventions, IEG rates the objective as Mostly Achieved.

26. On balance, IEG rates Focus Area III as Moderately Satisfactory. The WBG helped to establish systems for national assessment of school learning outcomes, and strengthened school management systems; initiated improvements in health service delivery and the national health program; increased responsive and accountability of local authorities; improved the quality and sustainability of provincial roads; and made significant contributions to the livelihoods of disadvantaged groups, especially in the conflict-affected regions. Of the six objectives, three were achieved and one (support for livelihoods) was mostly achieved. The targets established in the CPS for the health sector were partially achieved during the CPS period. The objective of reducing malnutrition in selected areas, was not supported by interventions commensurate with the government's development goal, and this objective was Not Achieved.

#### **Focus Area IV: Improve Resilience to Climate and Disaster Risk**

27. Focus Area IV was added at the CPSPR stage to improve planning for disaster risk management, protection of productive land from flooding, dam safety, and fiscal resilience to climate related disasters. The WBG's support was through a mix of lending for a climate resilience project, a dam safety project and a policy lending (Cat DDO), a crop insurance initiative by IFC; and knowledge services on green growth and secondary cities development.

#### **Objective 15: Improved planning for disaster risk management**

28. The indicator for this objective was the number of river basins with basin-wide risk mitigation investment plans developed, with a target of 7 plans. The World Bank approved the Climate Resilience Improvement Program (CRIP) (FY14) and additional financing (FY16), for capacity building and investments to improve resilience to catastrophic events. The project is also supporting the development of basin-wide risk mitigation investment plans in seven river basins to address the risks of flood and drought. This work is behind schedule and only the river basin management plan for the Aru River Basin has been completed. This objective is Not Achieved.

#### **Objective 16: Improved protection of productive land from hydrometeorological events**

29. The indicator for this objective was the number of hectares of productive land protected from 1 in 3 year flood, with a target of 37,000 ha. The CRIP project helped to establish a disaster risk data platform but the development of management plans with associated risk maps has been delayed. The CLR does not provide additional information on amount of productive land protected from flood. IEG therefore rates this objective as being Not Achieved.

#### **Objective 17: Improved safety of dams**

30. The indicator for this objective was the number of large dams with unacceptable risk. The CPSPR specified a baseline of 52 dams with a target of reducing the dams at risk to 23. The WBG provided supported through a Dam Safety and Water Resources Planning Project (FY08), which received additional financing in FY14. The project supported remedial works in 31 dams during the CPS period and O&M Manuals for 32 dams are in place. Work is ongoing or planned in another 31 dams deemed to



have unacceptable risk. The CLR states that the risks in 31 of 62 dams have been addressed, suggesting that the baseline of 52 dams was incorrect. However, the original target of rehabilitating 28 dams has been met. IEG rates this objective as Achieved.

**Objective 18: Improved fiscal resilience to climate related disasters**

31. This objective had two indicators—(1) contingent credit line for climate related disasters in place; and (2) layered liability management strategy. The World Bank supported this objective through a DPL with a Cat DDO (FY14) to provide rapid financing in the event of a natural disaster, supporting the government’s goal of reducing contingent liability from natural disasters. Through an Advisory Services project, IFC supported the development of weather-index based crop insurance for crops which was made available to 45,000 small farmers. According to the latest ISR, the Cat DDO was declared effective on August 22, 2014 and funds are available for drawdown, upon declaration of a state of emergency; but the Disaster Risk Financing and Insurance Strategy has yet to be developed. On balance, IEG rates this objective as Mostly Achieved.

32. IEG rates the outcome of WBG support under Focus Area IV as Moderately Unsatisfactory. The Cat DDO and the weather risk insurance are innovative adoptions in the region. Of the four objectives, one was achieved and one mostly achieved. During the CPS period, progress on the other two could not be verified and, consequently they are rated as Not Achieved.

Overall Assessment and Rating

33. IEG rates the overall development outcome of the CPS as *Moderately Satisfactory*. The program was ambitious and responsive to the government’s own development strategy. While much of the country program was relevant, in one important area, facilitating sustained private and public investment, the CPS objectives did not address the key constraint of declining revenue, and the intended lending for policy reforms did not materialize. The WBG helped improve the investment climate; supported higher education quality and skills; enhanced accountability of local governments; supported livelihoods of vulnerable groups; supported the transport sector through provincial roads and road maintenance; and is helping to build resilience against natural disasters. The objectives that could not be fully achieved were because of slower implementation or identification of inappropriate indicators which were either inadequate to attribute meaningful outcomes or, in a few cases, lacked supporting data. Of the 18 objectives, 8 were Partially Achieved or Not Achieved. One objective was evidently duplicative, thus 9 discrete objectives were Achieved or Mostly Achieved.

<b>Objectives</b>	<b>CLR Rating</b>	<b>IEG Rating</b>
<b>Focus Area I: Facilitating Sustained Private and Public Investment</b>	<b>Moderately Satisfactory</b>	<b>Moderately Unsatisfactory</b>
<i>Objective 1: Improved Investment Environment</i>	<i>Achieved</i>	<i>Partially Achieved</i>
<i>Objective 2: Improved Access to Finance for SMEs and Farmers</i>	<i>Mostly Achieved</i>	<i>Partially Achieved</i>
<i>Objective 3: Enhanced Accountability and Transparency in the use of Public Funds.</i>	<i>Mostly Achieved</i>	<i>Mostly Achieved</i>
<b>Focus Area II: Structural Shifts in the Economy</b>	<b>Satisfactory</b>	<b>Moderately Satisfactory</b>
<i>Objective 4: Increased Alignment of Skills with Job Market</i>	<i>Achieved</i>	<i>Achieved</i>
<i>Objective 5: Increased Computer Literacy</i>	<i>Not Verified</i>	<i>Not Achieved</i>
<i>Objective 6: Quality of Higher Education Institutions Enhanced</i>	<i>Achieved</i>	<i>Achieved</i>
<i>Objective 7: Increased connectivity</i>	<i>Achieved</i>	<i>Achieved</i>



<i>Objective 8: Reduced vulnerability to flooding in Metro Colombo</i>	<i>Partially Achieved</i>	<i>Not Achieved</i>
<b>Focus Area III: Living Standards and Social Inclusion</b>	<b>Satisfactory</b>	<b>Moderately Satisfactory</b>
<i>Objective 9: Increased capacity to measure student learning outcomes</i>	<i>Achieved</i>	<i>Achieved</i>
<i>Objective 10: Health service delivery improved</i>	<i>Partially Achieved</i>	<i>Partially Achieved</i>
<i>Objective 11: Local authorities in selected provinces deliver services and local infrastructure in a more responsive and accountable manner</i>	<i>Achieved</i>	<i>Mostly Achieved</i>
<i>Objective 12: Improved quality and sustainability of roads</i>	<i>Achieved</i>	<i>Achieved</i>
<i>Objective 13: Reduced prevalence of malnutrition in selected areas</i>	<i>Not Achieved</i>	<i>Not Achieved</i>
<i>Objective 14: Improved livelihoods among select disadvantaged groups</i>	<i>Mostly Achieved</i>	<i>Mostly Achieved</i>
<b>Focus Area IV: Improve Resilience to Climate and Disaster Risks</b>	<b>Moderately Satisfactory</b>	<b>Moderately Unsatisfactory</b>
<i>Objective 15: Improved planning for disaster risk management</i>	<i>Partially Achieved</i>	<i>Not Achieved</i>
<i>Objective 16: Improved protection of productive land from hydrometeorological events</i>	<i>Not Verified</i>	<i>Not Achieved</i>
<i>Objective 17: Improved safety of dams</i>	<i>Achieved</i>	<i>Achieved</i>
<i>Objective 18: Improved Fiscal Resilience to Climate Related Disasters</i>	<i>Achieved</i>	<i>Mostly Achieved</i>

## 6. WBG Performance

### Lending and Investments

34. At the start of the CPS period, there were 14 ongoing operations totaling \$1.068 billion, most of them IDA. The CPS indicated a lending program of over \$2 billion for 10 new lending operations— with \$577 million from IDA16 and \$450 million in IBRD lending in FY13 and FY14, and an expectation of \$500 million a year in IBRD lending annually during FY15 and FY16.<sup>4</sup> Of the 10 operations planned, six were delivered during the CPS period, on health, regional development, skills, water and sanitation, early childhood education; a Transport Sector Project was approved in May 2016. The Investment Policy Reform DPL has been delayed and three operations—Legal and Judicial Reform, Private Innovation and Technology Transfer, and Solid Waste Management—have been dropped due to lack of interest in reforms, significantly weakening the Bank’s contribution to the first focus area. Two new operations were approved—the Catastrophe DDO (Cat DDO), and a Climate Resilience project— supporting the fourth focus area added by the CPSPR, and Additional Financing provided for three ongoing operations. Actual lending during the CPS period was \$1.19 billion, about 60% of the volume envisaged by the CPS. Although Sri Lanka became eligible for IBRD loans in 2012 when a \$213 million loan for Metro Colombo Urban Project was approved, during the CPS period all borrowing was from IDA, other than \$102 million for the Cat DDO.

<sup>4</sup> The CPS had expected Sri Lanka to graduate from IDA eligibility under IDA17 but it remained IDA eligible on blend terms. Due to the short time period of IBRD eligibility and economic and other forms of vulnerability Sri Lanka was not yet considered ready for graduation.



35. IFC had committed loans of \$135 million and equity of \$31.4 million, while disbursed outstanding investment loans were \$70 million and equity of \$18 million.

36. The use of trust funds has become more concentrated in this CPS cycle, with \$69.58 million committed for 13 projects and activities, compared to \$42.2 million for 39 World Bank activities in the previous CAS cycle. Two major trust-funded projects were a \$27.5 million grant “Transforming the School Education System as the Foundation of a Knowledge Hub” (FY14), and a \$20.3 million grant for NELSIP (FY14). But implementation has been problematic in several cases. Three trust funded projects—a \$5 million GPOBA pilot for Access to Sanitation, the \$6.5 million for the Warehouse Receipts Financing Project (FY13), and the Local Level Nutrition Interventions for the Northern Province (FY11)—did not achieve their objectives. Trust funds also supported analytical activities to improve monitoring and evaluation of the *Samurghi* safety net program, and to support the Cat DDO and poverty estimation in Sri Lanka.

37. At the start of the CPS period the portfolio had a disbursement ratio of 28.9% (compared to 16.2% for South Asia Region – SAR), but this figure dropped to 18.2% by the end of FY15, lower than the SAR average of 19.7% and the global average of 21.8%.<sup>5</sup> On the other hand, the high percentage of commitments at risk (28.7%) in Sri Lanka in FY12 dropped to 12.5% of projects at risk, and 0.4% of commitments at the end of the CPS period, which compares favorably with SAR and Bank-wide where commitments at risk stands at 22%. This may suggest overall portfolio improvement, but given the drop in the disbursement ratio, this trend may belie implementation issues in a number of operations such as CRIP, which in turn delayed the achievement of results and affected the overall development outcomes of the program. During the CPS period, four projects were reviewed by IEG—development outcomes for two were found to be Satisfactory, one Moderately Satisfactory, and one Moderately Unsatisfactory; but the risk to development outcomes of three operations were rated Significant. The Satisfactory rating of 75% was the same as for SAR and better than the 70.7% for the World. In terms of commitment volume Sri Lanka performed even better, with 94.6% of commitment rated Satisfactory, compared to 90.1% for SAR and 85.3% for the World. However, the outcome rating is based on four operations and does not include a recent exit of one operation (Warehouse Receipt) which was rated Unsatisfactory in Management’s self- assessment (ICR).

38. There were 16 IFC investment projects, with US\$236.7 million of net commitment, at the inception of the review period that were active during the review period. The two largest of these projects were to develop a leading conglomerate group with over 70 subsidiary companies, and the largest commercial bank in the country. During the review period, IFC committed another US\$122.9 million, through eight investments, with about 45 percent of the investments in the financial sector. Of the 24 investments that were active during the review period, 21 are still active and appear to being implemented as planned. It is unclear which either projects were considered mature by the CLR. However, among the three closed projects, only one was rated as sub-standard in IFC’s internal documents. IEG has not reviewed any of the IFC investments.

#### Analytic and Advisory Activities and Services

39. The AAA portfolio has seen a great deal of volatility during the CPS period. At the start of the CPS period, seven AAA were underway, and another 17 were envisaged in the CPS. The CPSPR dropped 11 planned AAA and replaced them with 15 new AAA, including core AAA that proved to be essential for informing strategy choices, operational design and for an effective policy dialogue with country clients. The additional AAA at the CASPR includes the Poverty Assessment (Peace and Prosperity, the Sri Lanka PER and Social Protection PER, Resource Allocation and Revenue Generation for Growth (delivered as a Revenue and Incidence Analysis Note), and the Economic Case for Sound Environmental Management (delivered as a study on the Economic Valuation of the Environment). The flexibility adopted in the CASPR allowed the country program to refocus its attention on core AAA, which had been long overdue and had hampered the WBG’s ability to have an effective

<sup>5</sup> Comparison of disbursements rates based on FY15 data since end FY16 data are not yet available.



policy dialogue with the government on some issues, especially on revenue generation and effectiveness of safety nets. Flexibility adopted in the CPSPR also enabled the WBG to deliver policy notes in a timely manner when the government changed in 2015.

40. IFC had ten advisory service (AS) projects approved before the review period for US\$5.8 million, which were implemented during the review period. During the review period, IFC approved six new AS projects amounting to over US\$8.2 million in total funds. Of these 16 projects, one was terminated during implementation, nine have closed, and six are active. Of the nine closed projects, six were rated Mostly Successful or better for Development Effectiveness (all but one after IEG validation) and one, being a study, was unrated. Of the six active projects, one is on hold, one has been “flagged” as a problem project by the project leader, and another one that is nearing completion appears to have made little progress on Outcomes.

#### Results Framework

41. The CPS objectives were broadly aligned with country development goals. The original program had 14 objectives and 27 indicators. At the CPSPR stage, one objective on tourism was dropped, one on aligning skills with job markets bifurcated into two, and a fourth focus area on Resilience to Climate and Disaster Risks added with three new objectives and a fourth moved from focus area 3. In parallel, 6 CPS indicators were dropped and replaced by 6 new ones at the CPSPR stage, three of them for the new focus area. The revised results framework was thus expanded to 18 objectives and 27 indicators. However, although the results framework listed the Investment Policy Reform DPL as lending to support two of the three objectives under focus area 1, the results framework did not include any associated indicators. A tighter results framework with clear outcome indicators would have made it easier to document and assess results. First, many of the objectives were supported by a single activity and indicator, which could have been consolidated to focus on outcomes and eliminate double counting. For instance, objective # 7 Increased Connectivity in Focus Area 2 overlaps with objective # 12 Improved Quality and Sustainability of Roads in Focus Area 3. The indicators on health services and nutrition could also have been combined under one objective. Second, several objectives and indicators were revised at the CPSPR stage and presented as outputs, not outcomes. For example, the bifurcation of the skills alignment objective reduced each of them to outputs. The CPS objective “Improved student learning outcomes based on quality education services,” was narrowed at the CPSPR stage to an output “Increased capacity to measure student learning outcomes.” And with the dropping of one of its two indicators, health services improvement was tracked solely by the number of health facilities with a functioning 24-hour Emergency Treatment Unit. Third, in a few instances, such as in the lending to SMEs by IFC clients, and the transport sector where other development partners are equally active, there is also an issue of attribution from Bank interventions.

42. IEG also found inconsistencies in the discussion of the results framework in the CLR. The CLR followed the structure of the government’s development goals and in some instances (Focus Areas 1 and 4) did not follow the structure of objectives presented in the results framework. Some of the numbers reported in the CLS (such on dam safety) differ from the baseline in the results framework of the CPSPR. The indicator on computer literacy listed in the results framework is also considered a mistake by the CLR, which argues that it should have measured computer literacy rates among persons in targeted agencies alone. IEG disagrees with this ex-post revision of the indicator.

#### Partnerships and Development Partner Coordination

43. Among development partners, Japan is the largest, its net disbursements to Sri Lanka outstripping IDA disbursements in 2014 and 2015. Australia and Korea are the other main bilateral donors. Besides IDA, multilateral assistance comes mainly from the EU and the Asian Development Bank. A Development Partners Forum (DPF) acts as the platform for information-sharing and coordination on respective assistance strategies, programs and new initiatives, with a Development Partner Committee (DPC) mandated by the DPF to manage interaction with the Government on behalf of development partners. The World Bank was one of the three multilaterals in the DPC. IFC is part of



the DPF's Private Sector Development working group. Collaboration with DFAT is helping to scale up livelihoods support in the conflict-affected North and East, as well as support in the education sector. In transport, urban development, disaster risk management and nutrition, World Bank activities are coordinated with Japan's support to Sri Lanka. The CPSPR and the CLR acknowledge parallel financing support on skills development with the Asian Development Bank and in support for secondary cities to ADB's support in Trincomalee. However, there is no evidence of collaboration with ADB in transport, where it has provided \$1.24 billion in financing, and on assistance to conflict-affected provinces where ADB has provided \$485 million in financing for community livelihoods and rehabilitation of local infrastructure and services since 2002.

#### Safeguards and Fiduciary Issues

44. There are four projects closed and evaluated by IEG during the review period, three of them are category "B" projects. The Public Sector Capacity Building project under the Governance practice satisfactorily complied with the Environmental Assessment and Involuntary Resettlement policies. In the Agriculture practice, although due diligence was exercised in the implementation of the Environmental Management Plan under the Emergency Northern Recovery project, neither an independent validation nor an independent end-line assessment of impacts was conducted due to lack of funds to procure a consulting firm. The actions taken to ensure compliance with the Bank's social safeguard policy and their relative impacts were not reported in the ICR. The Community Livelihoods (Yali Pibedemu Viyapruthiyamaru Eluch) project complied with the environmental safeguards and all required environmental management plans had been well implemented.

45. The Integrity Vice Presidency (INT) received 12 complaints related to various projects in multiple sectors, such as Urban and Transport, and undertook three investigations during the CLR period. The INT investigation in two cases did not find evidence substantiating the complaint(s) raised, but INT substantiated fraud by a local firm in a third case. The firm was debarred by the Sanctions Officer for four years.

#### Ownership and Flexibility

46. The CPS process reveals considerable effort to reach out to stakeholders in Sri Lanka to design the country program. While there was broad alignment with the government's development strategy, the results indicate that ownership was weak, particularly on policy reform areas due to lack of traction on reforms that could have strengthened the government's ability to mobilize the level of public and private investments needed to sustain its development path. CPS preparation involved 18 consultations from a cross section of Sri Lankan society (including ministers, opposition members, various levels of government, NGOs, think tanks, the private sector, academia, youth and development partners) and a cross-section of sectors (health, education, urban, environment, financial, transport, and private sectors). A client survey provided additional feedback to inform CPS design. Mid-course adjustments made in the CPSPR led to delays or dropping of several important operations, including the Investment Policy Reform DPL and the Judicial Reform program. A policy opportunity arose from the government's strategic interest in addressing climate change. This resulted in the addition of a fourth focus area in the CPSPR to "Improve Resilience to Climate and Disaster Risks". Further adjustments were made, especially to the AAA program after the change of government in 2015 with greater reliance on just-in-time policy notes. This flexibility has enabled the Bank to restart a dialog on policy reforms that received insufficient attention from the previous government. However, their impact on policy reforms is still awaited.

#### WBG Internal Cooperation

47. There was up front coordination between the Bank and IFC, particularly in the first Focus Area. IFC's also supported Focus Area 3 but this was not anticipated and reflected in the results framework. In the fourth Focus Area added by the CPSPR, however, there was synergy between IFC's support for weather-based risk insurance and Bank support for climate risk management. IFC's development

outcomes could be better reflected in the results framework if appropriate indicators were identified up front or at the CPSPR stage.

#### Risk Identification and Mitigation

48. The CPS identified two sets of risks, those related to the implementation environment, and risks related to the program but the analysis was weak and the mitigation measures were inadequate to deal with the risks that materialized. External shocks and internal macroeconomic risks from competitiveness affecting trade, FDI and remittances together with expenditure pressures could affect the macroeconomic framework. The slippage on the DPL and the dropping of the Legal and Judicial Reform project indicate that the mitigation measures were insufficient, with analytical work coming too late for effective dialogue and impact on reforms. The CPS also identified risks of social inclusion and political openness, as well as Sri Lanka's vulnerability to natural disasters and extreme weather events. Program risks identified were related to governance, procurement and financial management, as well as government capacity to manage the increased volume of lending expected during the CPS cycle. The CPS also identified two risks faced by the IFC program, one stemming from the availability, or lack thereof, of appropriate partners for the planned initiatives, the second arising from the increased weight of the financial sector in IFC's investment portfolio which was expected to be above 50 percent. The CPSPR highlighted three risks, giving more prominence to limited fiscal space risks, external shocks arising from global oil and food prices and climate risks, as well as program risks arising from a shift toward programmatic approaches and country systems. With the huge increase in public expenditures during the CPS period coupled with weak revenue effort, fiscal risks have become the most acute. The CPSPR identified the PER as the Bank's immediate response to this risk, downplaying the effect of the DPL which had to be delayed. A concerted effort among key development partners will be needed to help address the revenue gap. Among external shocks, oil and food price risks diminished during the CPS period, and the Program responded to climate risks by adding the fourth Focus Area.

#### Overall Assessment and Rating

49. IEG rates WBG performance in Sri Lanka as Fair. The original CPS program was closely aligned to the country's development goals and identified focus areas to support its goal of achieving higher middle income status. The design was ambitious and overestimated the government's willingness to undertake policy reforms, and was revised by the CPSPR. However, in doing so, the design changed from a reform-oriented program to generate public and private investments into one that went along with the government's growth-oriented vision by investing more in skills and education quality and integration of the economy, living standards and social inclusion. The focus on connectivity and social inclusion was an important element of CPS design to support the government's goal of restoring services in conflict-affected regions and other lagging areas to overcome regional disparities. The CPSPR update provided the opportunity to add a fourth focus area on climate resilience. Risks were identified in the CPS and further refined in the CPSPR. But the results framework was hampered by a diffused set of objectives, tracked largely by output indicators, and a weak results chain that made it difficult to attribute results to the Bank Group's contributions, particularly for the first focus area. The response to one of the most critical risks, weak revenue, which could undermine the rest of the program was addressed too late by a PER towards the end of the CPS period, and much needed policy reforms were delayed beyond the CPS period. One of the key lessons from the previous CPS was the need for flexibility in strategy design and program implementation. IEG agrees with the CPS on the importance of quality AAA in supporting the national dialogue but timeliness is a key determinant of its effectiveness. AAA on climate change enabled the Bank to respond rapidly to the demand for assistance in managing climate risks during CPSPR preparation but on the first focus area both lending and AAA was slower to respond, the revenue incidence analysis being completed in FY15 and the Enhancing Competitiveness note in FY16. The policy dialog on reforms had to be deferred beyond the CPS period.

50. Notwithstanding the revisions in strategy, implementation results have been mixed. Proactivity has reduced the portfolio at risk but disbursements have slowed down and implementation delays have





affected achievement of results in several areas. Synergies between IFC and the World Bank contributed to the results achieved in increasing access to finance, and IFC's support for weather-risk insurance complemented the Bank's increased support for climate risk management in response to changing government priorities. Built in flexibility and a more responsive, just-in-time AAA program, rather than large studies were welcomed by the client. However, in some instances, such as the PER and the revenue analysis note, the AAA came too late to make a substantial contribution to this CPS cycle. In some areas—such as urban transport, support to conflict-affected regions—there was good coordination with development partners. Fiduciary and safeguard risks were well managed by the program.

## **7. Assessment of CLR Completion Report**

51. The CLR was candid and informative providing an update of achievements during the CPS period. This included complementarity between IFC assistance in access to finance for SMEs, skills development and in farmer weather-based insurance and the World Bank's program. The CLR narrative was structured around the country's development goals and the corresponding CPS objectives. In some instances there was a difference between the structure of objectives in the CPSPR results framework and those analyzed in the CLR. For example, the CLR combines two separate CPS objectives—improved protection of productive land from hydrometeorological events, and improved safety of dams—as indicators for a single objective. The CLR acknowledged weaknesses in the results framework which sometimes tracked only “numerical outputs of specific project interventions with a weak linkage to overall outcomes.” Having recognized this constraint, the CLR could have provided more explanation of how the WBG interventions contributed to country outcomes and goals, especially in the light of delays and elimination of important lending operations.

## **8. Findings and Lessons**

52. IEG agrees with the lessons in the CLR about the need for flexibility to adapt the program to an evolving context, the continued challenges on investment climate and the fiscal space, the importance of inclusion as a continuing issue, and the potential contribution of a robust analytical program, provided it is timely. IEG also agrees with the need for a more realistic results framework that is better calibrated to assess outcomes attributable to WBG activities. In addition, IEG finds the following lessons to be relevant to the country program:

53. Planned investments that are vital to the achievement of essential program objectives should be integrated in the results framework so that their contributions to the program are measurable, demonstrable and attributable to WBG support. The Investment Policy Reform DPL was listed as a key deliverable under two program objectives but without any indicators to track its performance in the results framework. Reporting on country level results is useful where a clear link can be established to activities supported by the WBG, and where the results chain justifies some degree of attribution.

54. The revisions to the program in the CPSPR augmented the CPS design with support for a new focus area to improve resilience to climate and disaster risks in keeping with the government's preference while several operations were delayed or dropped. In non-performing areas where the Bank does not have a comparative advantage, such as tourism, this streamlining is useful. In other areas that are highly relevant to the government's development goals and where the Bank has a comparative advantage (Investment Policy Reform DPL and Legal and Judicial Reform Project), the addition of new objectives can divert government attention from other key priorities leading to a dilution of some of the original program objectives.

55. In a risky environment when the client appears to be less interested in reforming policies which are constraining development outcomes the WBG should prepare for future policy opportunities by investing early in AAA to be able to offer relevant policy advice in a timely manner when opportunities



arise. The WBG needs to maintain a combination of in-depth analytical work in key reform areas, with more flexible just-in-time responses to emerging demand. The analysis of disaster risk management early in the CPS cycle, enabled the addition of a fourth areas of engagement in the CPS Progress Report.

56. More transparent recognition of the role of other development partners, particularly in sectors/areas where they provide substantial support, such as ADB's role in the transport sector, would help provide a more realistic understanding of the WBG's contribution.

57. Providing financial services to the rural poor, particularly women, in post conflict areas in Sri Lanka while worthwhile will benefit from up-front improvements in M&E (so that we know that they are benefitting) and improvements in risk management (so that the services are sustainable). IFC, which is addressing these issues in some investees, needs to address these issues systematically in all investees.

**Annex Table 1: Summary Achievements of CAS/CPS Objectives**

**Annex Table 2: Sri Lanka Planned and Actual Lending, FY13-FY16**

**Annex Table 3: Sri Lanka Grants and Trust Funds Active in FY13-16**

**Annex Table 4: Analytical and Advisory Work for Sri Lanka, FY13-FY16**

**Annex Table 5: IEG Project Ratings for Sri Lanka, FY13-16**

**Annex Table 6: IEG Project Ratings for Sri Lanka and Comparators, FY13-16**

**Annex Table 7: Portfolio Status for Sri Lanka and Comparators, FY13-16**

**Annex Table 8: Disbursement Ratio for the Sri Lanka, FY13-16**

**Annex Table 9: Net Disbursement and Charges for Sri Lanka, FY13-15**

**Annex Table 10: List of IFC Investments in Sri Lanka**

**Annex Table 11: List of IFC Advisory Services for Sri Lanka**

**Annex Table 12: IFC Net Commitment Activity for Sri Lanka**

**Annex Table 13: Total Net Disbursements of Official Development Assistance and Official Aid for Sri Lanka**

**Annex Table 14: Economic and Social Indicators for Sri Lanka, 2013 - 2015**



Annex Table 1: Summary of Achievements of CPS Objectives

	CPS FY13-FY16 – Focus Area 1: Private and Public Investment	Actual Results (as of current month/year)	IEG Comments
<u>Major Outcome Measures</u>	<b>1. CPS Objective: Improved investment environment</b>		
	<p>1. Indicator: Time taken to register a property</p> <p>Baseline: 83 days</p> <p>Target: 50 days</p> <p>2. Indicator: Time taken to obtain a construction permit.</p> <p>Baseline: 217 days</p> <p>Target: 180 days</p>	<p>1. Indicator: The CLR reports 51 days to register property. Despite this progress, Sri Lanka's ranking on ease of registering a property declined from 136<sup>th</sup> place to 153<sup>rd</sup> owing to relatively greater improvements in other countries.</p> <p>2. Indicator: The CLR reports 116 days</p>	<p>Source: CLR</p> <p>One indicator under this objective was dropped at the CPSPR stage.</p> <p><u>Lending</u> Investment Policy Reform DPL delayed beyond CPS period; Legal and Judicial Reform project dropped</p> <p><u>Trust Funds</u> Warehouse Receipts Financing Project RETF (P124091) (ICR: U). This project does not have activities that could have plausibly contributed towards meeting the targets.</p> <p><u>ASA</u> FDI Policy Note (P148044) Sri Lanka: Development of Non-Bank Financial Sector in Providing Long Term Financing (P147366)</p>
	<b>2. CPS Objective: Improved access to finance for SMEs and farmers</b>		
	<p>1. Indicator: Volume of lending to SMEs through institutions supported by the World Bank Group.</p> <p>Baseline: 0</p> <p>Target: \$28 million</p> <p>2. Indicator: Number of farmers accessing credit from the Warehouse Receipts Financing system.</p>	<p>1. Indicator: The CLR reports \$45 million lending to SMEs by IDA. The CLR also reports that IFC indirectly contributed to the lending of its SME banking clients through advisory services. Those clients disbursed a total of \$3.3 billion in loans during the CPS period.</p> <p>2. Indicator: The CLR reports that only 824 loans were provided from the Warehouse Receipts Financing system as of October 2015.</p>	<p>Source: CLR</p> <p>The Indicator was reformulated at the CPSPR stage.</p> <p><u>Lending</u> Small and Medium Enterprise Development Facility (P121328) (ICR: MS)</p>

	CPS FY13-FY16 – Focus Area 1: Private and Public Investment	Actual Results (as of current month/year)	IEG Comments
	Baseline: 0 Target: 20,000		
	<b>3. CPS Objective: Enhanced accountability and transparency in the use of public funds</b>		
	<p>1. Indicator: Financial audits by Auditor General Department in compliance with International Standard Supreme Audit Institute (ISSAI) framework</p> <p>Baseline: 0 (2012)</p> <p>Target: Financial I audits (approx. 1000 audits) are in compliance with the ISSAI</p> <p>2. Indicator: Performance audits reported to Parliament</p> <p>Baseline: 0</p> <p>Target: 10 per year</p>	<p>1. Indicator: (i) The CLR reports that financial audits are in compliance with ISSAI.</p> <p>2. Indicator: (ii) The CLR reports that there were 5 reported audits in CY 2013, and 5 in CY 2014. The improved performance of the Department was also reflected in more timely submissions of audit reports to Parliament, half of the intended target of 10 per year. Audit reports were made publicly available through websites, thereby increasing transparency.</p>	<p>Source: CLR</p> <p>Outcome of indicator dropped to align with output nature of indicator</p> <p><u>Lending</u> Public Sector Capacity Building (P097329) (IEG: MU) Investment Policy Reform DPL delayed beyond CPS period</p> <p><u>ASA</u> Revenue and Incidence Analysis Note (P148104). Sri Lanka RoSC Accounting and Auditing Update (P146796).</p>
	CPS FY13-FY16 – Focus Area 2: Structural Shifts in the Economy	Actual Results (as of current month/year)	IEG Comments
	<b>4. CPS Objective: Increased alignment of skills with job market</b>		
<u>Major Outcome Measures</u>	<p>Indicator: Enrollment in job-oriented Advanced Technological Institutes.</p> <p>Baseline: 8,500</p> <p>Target: 12,500</p>	The CLR reports that over 15,000 students enrolled since 2014.	<p>Source: CLR and Higher Education for the Twenty First Century Project ISR (December 2015)</p> <p>One indicator dropped at CPSPR stage, and objective divided into two separate objectives with one output indicator for each. At the same time, one CPS objective and two indicators on tourism sector were dropped.</p>

	CPS FY13-FY16 – Focus Area 2: Structural Shifts in the Economy	Actual Results (as of current month/year)	IEG Comments
			<u>Lending</u> Higher Education for the Twenty First Century Project (P113402) (LIR: S)
	<b>5. CPS Objective: Increased computer literacy</b>		
	Indicator: Percentage of population that is computer literate.  Baseline: 35%  Target: 70%	Not verified.	Source: CLR and E-Lanka ICR 2014  This was one of the two indicators for CPS Objective # 4, separated out by CPSPR. The CLR questions the formulation of this indicator  <u>Lending</u> E-Lanka Development (P081771) (IEG: MS)
	<b>6. CPS Objective: Quality of higher education institutions enhanced</b>		
	Indicator: Number of universities and Advanced Technological Institutions that are classified and operate within a National Qualification Framework  Baseline: 0  Target: 15	The CLR reports that all 15 universities were classified and operate within the National Qualification Framework. University Development Grants were provided to carry out programs in all 15 universities to improve the IT, English, and soft skills of students.	Source: CLR and Higher Education for the Twenty First Century Project ISR (December 2015)  Indicators slightly revised  <u>Lending</u> Higher Education for the Twenty First Century Project (P113402) (LIR: S)
	<b>7. CPS Objective: Increased connectivity</b>		
	Indicator: Travel time on UV1  Baseline: 100 minutes  Target: 80 minutes	The CLR reports that there was 20% reduction in travel time. Roads in good and fair condition as a share of total classified roads increased from 21% to 50% against an EOP target of 30% in the Uva Province.	Source: CLR  Objective overlaps with # 12  <u>Lending</u> Provincial Roads (P107847) (LIR: S)
	<b>8. CPS Objective: Reduced vulnerability to flooding in Metro Colombo</b>		

	CPS FY13-FY16 – Focus Area 2: Structural Shifts in the Economy	Actual Results (as of current month/year)	IEG Comments
	<p>Indicator: Reduction in the area under risk of flooding (50 year return period) in Metro Colombo</p> <p>Baseline: 5.5km<sup>2</sup></p> <p>Target: 3km<sup>2</sup></p>	<p>The CLR reports that works under the project which will continue till FY18, are expected to be completed in FY17. The implementation has been delayed somewhat owing to complex technical and implementation issues, which in turn has meant that results from this intervention have not been fully achieved in the CPS period.</p>	<p>Source: CLR and Metro Colombo Urban Development Project and Colombo ISR (December 2014)</p> <p>Objective rephrased in CPSPR</p> <p><u>Lending</u> Metro Colombo Urban Development Project (P122735) (LIR: MS).</p> <p><u>ASA</u> Secondary Cities Development Assessment (P131844)</p>

	CPS FY13-FY16 – Focus Area 3: Living Standards and Social Inclusion	Actual Results (as of current month/year)	IEG Comments
	<b>9. CPS Objective: Increased capacity to measure student learning outcomes</b>		
<u>Major Outcome Measures</u>	<p>Indicator: National assessments of learning outcomes for program development in primary and secondary education implemented</p> <p>Baseline: 0</p> <p>Target: 4 (Two national assessments for primary education (grade 4); and two national assessments for secondary education (grade 8))</p>	<p>The CLR reports that all 4 assessments were completed.</p>	<p>Source: CPS and Transforming the School Education System Project ISR (December 2015).</p> <p>Objective was reformulated in CPSPR changing the focus from learning outcomes to outputs.</p> <p><u>Lending</u> Transforming the School Education System as the Foundation of a Knowledge Hub (P113488) (LIR: S)</p> <p><u>ASA</u> Sri Lanka Education PER (P145082) Sri Lanka Education Sector Review (P157450)</p>



	CPS FY13-FY16 – Focus Area 3: Living Standards and Social Inclusion	Actual Results (as of current month/year)	IEG Comments
	Indicator: Percentage of Education Zones in which the Program for School Improvement was implemented  Baseline: 0  Target: 70	The CLR reports that the Program for School Improvement was implemented in 70% of Education Zones.	Source: CPS and Transforming the School Education System Project ISR (December 2015).  <u>Lending</u> Transforming the School Education System as the Foundation of a Knowledge Hub (P113488) (LIR: S)  <u>ASA</u> Sri Lanka Education PER (P145082) Sri Lanka Education Sector Review (P157450)
<b>10. CPS Objective: Health service delivery improved</b>			
	Indicator: Percentage of health facilities with a functioning 24-hour Emergency Treatment Unit  Baseline: 22%  Target: 40% of central Ministry of Health-managed hospitals and 50% of Province-managed health facilities.	The CLR reports that 21% of centrally-managed facilities and 46% of provincially-managed facilities have Emergency Treatment Units.	Source: CLR  One indicator on screening for diabetes and hypertension dropped  <u>Lending</u> Second Health Sector Development Project (P118806) (LIR: S)  <u>ASA</u> Sri Lankan Health PER (P145083)
<b>11. CPS Objective: Local authorities in selected provinces deliver services and local infrastructure in a more responsive and accountable manner</b>			
	1. Indicator: Percentage of local authorities with budgets prepared in a participatory manner  Baseline: 0  Target: 80	1. Indicator: The CLR reports 70% of local authorities with budgets prepared in a participatory manner.  2. Indicator: The CLR reports 80% of local authorities with revenues, expenditures and procurement decisions were publically disclosed.	Source: CLR and North East Local Services Improvement Project (December 2016).  Original outcome indicator in CPS replaced by two output indicators in CPSPR  <u>Lending</u>

	CPS FY13-FY16 – Focus Area 3: Living Standards and Social Inclusion	Actual Results (as of current month/year)	IEG Comments
	<p>2. Indicator: Percentage of local authorities whose revenues, expenditures and procurement decisions are publically disclosed</p> <p>Baseline: 0</p> <p>Target: 80</p>		<p>Emergency Northern Recovery Project (P118870) (LIR: S).</p> <p>North East Local Services Improvement Project (NELSIP) (P113036) (LIR: S).</p> <p>Community Livelihoods in Conflict Areas (P086747) (IEG: S).</p>
<b>12. CPS Objective: Improved quality and sustainability of roads</b>			
	<p>1. Indicator: Road network in good and fair condition</p> <p>Baseline: 35%</p> <p>Target: 40%</p> <p>2. Indicator: Routine and periodic road maintenance funding allocated annually</p> <p>Baseline: 5 LKR billion</p> <p>Target: 6.6 LKR billion</p>	<p>1. Indicator: The CLR reports that 65% of network of roads are assessed as good and fair.</p> <p>2. Indicator: The CLR reports that 6.3 LKR billion funding allocated in 2014</p>	<p>Source: CLR and Road Development Authority</p> <p>Objective overlaps with # 7</p> <p><u>Lending</u> Provincial Roads (P107847) (LIR: S) Road Sector Assistance Project (P086411) (LIR: S)</p> <p><u>ASA</u> Policy Note on Transport (P128272)</p>
<b>13. CPS Objective: Reduced prevalence of malnutrition in selected areas</b>			
	<p>Indicator: Under-five underweight rate among population in identified areas.</p> <p>Baseline: Area identified and baseline rate measured during project preparation as: North province and 29.4%</p> <p>Target: 25%</p>	<p>The CLR reports under-five underweight rate of 31.6%.</p>	<p>Source: CLR and Local Level Nutrition Interventions for the Northern Province (RETF) Midline Survey</p> <p><u>Trust Funds</u> Local Level Nutrition Interventions for the Northern Province - RETF (P121571)</p> <p>The body of the CLR (page 8) indicates that a nutrition intervention was too small and overall impact was limited.</p>

	CPS FY13-FY16 – Focus Area 3: Living Standards and Social Inclusion	Actual Results (as of current month/year)	IEG Comments
	<b>14. CPS Objective: Improved livelihoods among select disadvantaged groups</b>		
	<p>1. Indicator: Households affected by conflict and flood whose incomes have increased by 30%</p> <p>Baseline: 148,000</p> <p>Target: 213,000</p> <p>2. Indicator: Displaced families reintegrated into their communities</p> <p>Baseline: 0</p> <p>Target: 140,000 families</p> <p>3. Indicator: Number of low-income households accessing improved sanitation services under the National Water Supply and Drainage Board implemented OBA pilot approach to promote access to improved urban sanitation.</p> <p>Baseline: 0</p> <p>Target: 10,000</p>	<p>1. Indicator: The CLR reports 222,555 households. Project assessments show that a 30% incremental increase income had been achieved while 37% saved more money, 88% improved social status and 97% improved their income levels.</p> <p>2. Indicator: The CLR reports 136,000 under ENREP; 53,000 under Re-Awakening Project. The Emergency Northern Recovery project scaled up activities in twelve districts in the Eastern and Northern Provinces and adjoining areas and supported around 150,000 resettling internally displaced.</p> <p>3. Indicator: The CLR reports 1524 connections. While improvements were obtained through the livelihoods interventions, the planned increase in the number of household connections to networked sewerage in and around the capital Colombo has been delayed and will not achieve significant results within the CPS period.</p>	<p>Source: CLR, Emergency Northern Recovery Project ICR 2014, Community Livelihoods in Conflict Affected Areas Project ICR June 2015, and Access to Sanitation Project restructuring paper November 2015.</p> <p>One indicator dropped at CPSPR stage</p> <p><u>Lending</u> Community Livelihoods in Conflict Areas (P086747) (IEG: S).</p> <p>Second Community Development and Livelihood Improvement Project (P087145) (LIR: S).</p> <p>Emergency Northern Recovery Project (P118870) (LIR: S).</p> <p><u>Trust Funds</u> Access to Sanitation Project - RETF (P111161) (LIR: MS).</p>
	<b>CPS FY13-FY16 – Focus Area 4: Improve Resilience to Climate and Disaster Risk</b>		
	<b>15. CPS Objective: Improved planning for disaster risk management</b>		
<u>Major Outcome Measures</u>	Indicator: River basins with basin-wide risk mitigation investment plans developed.	The CLR reports that 1 risk mitigation investment plan was developed. The WBG's Climate Resilience Improvement	Source: CLR and Metro Colombo Urban Development Project ISR (September 2015).

	CPS FY13-FY16 – Focus Area 4: Improve Resilience to Climate and Disaster Risk	Actual Results (as of current month/year)	IEG Comments
	Baseline: 0  Target: 7	Project (CRIP) provided support for capacity building and investments to improve resilience to catastrophic events.	This focus area was added at the CPSPR stage.  The objective and the indicator were added at the CPSPR stage.  <u>Lending</u> Improving Climate Resilience (P146314) and Climate Resilience Improvement Project Additional Financing (P157392) (LIR: MS).
<b>16. CPS Objective: Improved protection of productive land from hydrometeorological events</b>			
	Indicator: Number of hectares of productive land protected from 1 in 3 year flood  Baseline: 0  Target: 37,000 ha	The CLR reports that calculation is still ongoing.	Source: CPS, CPSPR, CLR  The objective and the indicator were added at the CPSPR stage.  <u>Lending</u> Improving Climate Resilience (P146314) and Climate Resilience Improvement Project Additional Financing (P157392) (LIR: MS).
<b>17. CPS Objective: Improved safety of dams</b>			
	Indicator: Number of large dams with unacceptable risk index  Baseline: 52  Target: 23	The CLR reports that 31 out of 62 dams were rehabilitated to the level of no longer having unacceptable risk, indicating that 31 dams remain with unacceptable risk.	Source: CLR and Dam Safety and Water Resources Planning Project ISR (March 2016)  <u>Lending</u> Dam Safety and Water Resources Planning (DSWRPP) (P093132) and Additional Financing (P148595) (LIR: S)
<b>18. CPS Objective: Improved fiscal resilience to climate related disasters</b>			
	1. Indicator: Contingent credit line for climate related disasters in place  Baseline: 0	1. Indicator: The CLR reports that Catastrophe Deferred Drawdown Option (CATDDO) is in place to provide financial support in the event of natural disasters.	Source: CLR and Client Resilient Project ISR (August 2015).

	CPS FY13-FY16 – Focus Area 4: Improve Resilience to Climate and Disaster Risk	Actual Results (as of current month/year)	IEG Comments
	Target: \$102 million  2. Indicator: Layered liability management strategy  Baseline: 0  Target: Strategy under implementation	2. Indicator: The CLR reports that the target was met.	The objective and the indicators were added at the CPSPR stage.  <u>Lending</u> Catastrophe Deferred Drawdown Option (DPL with DDO) (P147454)

**Annex Table 2: Sri Lanka Planned and Actual Lending, FY13-FY16**

Project ID	Project name	Proposed FY	Approval FY	Closing FY	Proposed Amount	Approved IDA Amount	Approved IBRD Amount	Total IDA/IBRD	Outcome Rating
<b>Project Planned Under CPS/CPSPR 2011-15</b>									
P118806	Second Health Sector Development Project	2013	2013	2019	200	200		200	LIR: S
P130548	Strategic Cities Development Project (Previously proposed as Regional Growth Pole/Economic Development in 2013)	2014	2014	2020	300	147		147	LIR: S
P132698	Skills Development Project	2014	2014	2020	100	102		102	LIR: S
P132833	Urban Infrastructure/Transport (renamed Transport Sector Project)	2014	2016		327	125		125	NR
	Investment Policy Reform (renamed Competitiveness DPL)	2014			100				
P147454	Catastrophe Deferred Draw-Down Option (DPL with DDO)	2014	2014	2017	102		102	102	LIR: S
P146314	Improving Climate Resilience	2014	2014	2019	110	110		110	LIR: MS
P148595	Dam Safety (Additional Finance)	2014	2014		85	83		83	
P147827	LK Water Supply and Sanitation Improvement Project	2015	2015	2021	165	165		165	LIR: MS
P151916	Early Childhood Development Project	2015	2015	2021	50	50		50	LIR: S
Dropped	Private Innovation and Technology Adoption	2015							
Dropped	Legal and Judicial Reform	2015							
Dropped	Solid Waste Management	2015							
P152623	North East Local Services Improvement Project (Additional Finance)	2016	2016		20	20		20	LIR: S
	Transport Connectivity and Asset Management Project	2016			120				
P156021	Ecosystems Conservation and Management	2016			40	45		45	NR
P157392	Climate Resilience Improvement Project (Additional Finance)	2016	2016		42	42		42	LIR: MS
	Social Safety Nets Project	2016			75				
	Strategic Cities Development Project (Additional Finance)	2016			25				
	Sri Lanka Agriculture Sector Modernization Project	2016			125				
<b>Total Planned</b>					<b>1986</b>	<b>1089</b>	<b>102</b>	<b>1191</b>	

Project ID	Project name	Proposed FY	Approval FY	Closing FY	Proposed Amount	Approved IDA Amount	Approved IBRD Amount	Total IDA/IBRD	Outcome Rating
<b>Unplanned Projects during the CPS Period</b>									
	None								
<b>Total Unplanned</b>					0	0	0		
<b>On-going Projects during the CPS/CPSPR Period</b>									
			Approval FY	Closing FY		Approved IDA Amount	Approved IBRD Amount	Total IDA/IBRD	Outcome Rating
P113488	LK: Transforming School Education		2012	2017		100	0	100	LIR: S
P122735	LK: Metro Colombo Urban Development		2012	2018		0	213	213	LIR: MS
P121328	LK: SME Development Facility		2011	2016		57.4	0	57.4	LIR: S
P087145	LK: 2nd Comm Devt & Livelihood Improvement		2010	2015		75	0	75	LIR: S
P107847	LK: Provincial Roads Project		2010	2015		105	0	105	LIR: S
P113036	LK: N&E Local Services Improvement		2010	2017		50	0	50	LIR: S
P113402	LK: Higher Educ. for Twenty First Century		2010	2016		40	0	40	LIR: S
P113709	LK: Sustainable Tourism Development Proj		2010	2014		18	0	18	LIR: U
P118870	LK: Emergency Northern Recovery Project		2010	2014		65	0	65	LIR: S
P093132	LK: Dam Safety & Water Resources Planning		2008	2018		65.33	0	65.33	LIR: S
P097329	SL: Public Sector Capacity Building		2008	2014		22.6	0	22.6	IEG: MU
P086411	LK - Road Sector Assistance		2006	2015		100	0	100	LIR: S
P081771	LK: E-Sri Lanka Development		2005	2014		53	0	53	IEG: MS
P086747	LK: Community Livelihoods in Conflict Ar		2004	2015		64.7	0	64.7	IEG: S
<b>Total On-going</b>						<b>816</b>	<b>213</b>	<b>1029</b>	

Source: Sri Lanka CPS, CPSPR, WB Business Intelligence Table 2a.1, 2a.4 and 2a.7 as of 5/23/16

\*LIR: Latest internal rating. MU: Moderately Unsatisfactory. MS: Moderately Satisfactory. S: Satisfactory. HS: Highly Satisfactory.



**Annex Table 3: Sri Lanka Grants and Trust Funds Active in FY13-16**

Project ID	Project name	TF ID	Approval FY	Closing FY	Approved Amount
P151462	LK: Improving poverty estimation	TF 18397	2016	2017	160,000
P147454	CATASTROPHE DEFERRED DRAWDOWN OPTION (DPL with DDO)	TF 16699	2015	2016	420,000
P113488	Sri Lanka - Transforming the School Education System as the Foundation of a Knowledge Hub	TF 13267	2014	2016	27,544,133
P113036	North East Local Services Improvement Project (NELSIP)	TF 13787	2014	2017	20,300,000
P123632	â€Diri Sawiyaâ€™™ Assisting PWD through Cash Transfers and Training	TF 13135	2013	2015	2,590,000
P130247	Metro Colombo - Towards a Flood Resilient Urban Environment	TF 11617	2013	2017	900,000
P124091	SL: WAREHOUSE RECEIPTS FINANCING PROJECT	TF 12186	2013	2016	6,500,000
P118806	Sri Lanka - Second Health Sector Development Project	TF 98721	2012	2014	400,000
P111161	LK GPOBA - Access to Sanitation Project	TF 99870	2012	2018	5,080,000
P127189	Strengthening Institute of Chartered Accountants, Sri Lanka	TF 11508	2012	2015	500,000
P126697	LK North and East Pilot WASH for Post-Conflict Resettle (NEP WASH)	TF 10773	2012	2014	2,010,000
P121571	Sri Lanka - Local Level Nutrition Interventions for the Northern Province - RE	TF 97171	2011	2015	2,731,700
P115525	Sri Lanka - Improving Monitoring and Evaluation of Samurghi Safety Net Program	TF 94313	2009	2013	450,000
	<b>Total</b>				<b>69,585,833</b>

Source: Client Connection as of 4/7/16

**Annex Table 4: Analytical and Advisory Work for Sri Lanka, FY13-FY16**

Proj ID	Economic and Sector Work	Fiscal year	Output Type
P150633	Urban health and service delivery	FY16	Sector or Thematic Study/Note
P154639	Enhancing Competitiveness - Sri Lanka	FY16	Sector or Thematic Study/Note
P155171	Sri Lanka FSAP - Development Module	FY16	Financial Sector Assessment Program (FSAP)
P156769	Blue Economy	FY16	Sector or Thematic Study/Note
P157450	Sri Lanka Education Sector Review	FY16	Sector or Thematic Study/Note
P132922	Peace and Prosperity	FY15	Poverty Assessment (PA)
P146575	ICT and Innovation Study	FY15	Sector or Thematic Study/Note
P146796	RoSC A&A Update	FY15	Accounting and Auditing Assessment (ROSC)
P147366	Development of Non-Bank Financial Sector	FY15	Sector or Thematic Study/Note
P148044	FDI Policy Note	FY15	Sector or Thematic Study/Note
P148104	Revenue and Incidence Analysis Note	FY15	Sector or Thematic Study/Note
P149128	Modernizing social protection programs	FY15	Sector or Thematic Study/Note
P155169	LKA: Producing poverty map with DCS	FY15	Other Poverty Study
P156414	Development Update for Annual Mtgs 2014	FY15	Sector or Thematic Study/Note
P156415	Development Update for Spring Mtgs 2015	FY15	Sector or Thematic Study/Note





Proj ID	Economic and Sector Work	Fiscal year	Output Type
P132868	SL: Access to Finance for Urban Poor	FY14	Sector or Thematic Study/Note
P133742	Early Childhood Care and Education	FY14	Sector or Thematic Study/Note
P145082	Sri Lanka Education PER	FY14	Public Expenditure Review (PER)
P145083	Sri Lanka Health PER	FY14	Public Expenditure Review (PER)
P149783	Economic Valuation of the Environment	FY14	Sector or Thematic Study/Note
P118804	LK: Competitive Skills for a MIC	FY13	Sector or Thematic Study/Note
P123402	LK: Private Sector in Health	FY13	Sector or Thematic Study/Note
P128091	LK: Gender Analysis of Sri Lanka	FY13	Sector or Thematic Study/Note
P128272	LK: Policy Note on Transport	FY13	Sector or Thematic Study/Note
P132717	GoSL: PFM Systems Performance Report	FY13	Public Expenditure Financial Accountability
P132749	Sri Lanka Judicial Sector Assessment	FY13	Sector or Thematic Study/Note
Proj ID	Technical Assistance	Fiscal year	Output Type
P132250	Colombo Green Growth Program (CGGP)	FY16	Not assigned
P146193	Development of Domestic Airports - PPP	FY16	Not assigned
P154471	Sri Lanka Agriculture Sector Engagement	FY16	Not assigned
P156361	Sri Lanka JIT support debt management	FY16	Not assigned
P156819	Strengthening PFM and CFR	FY16	Not assigned
P157474	Governance Analytical Support	FY16	Not assigned
P130898	SL: AgriFin-Sri Lanka-HNB	FY15	Not assigned
P131844	Secondary Cities Development Assessment	FY15	Not assigned
P145685	Sri Lanka A003 Implement Risk Based Suprv	FY15	Not assigned
P126700	LK: e-Transformation & M-Government Stra	FY14	Not assigned
P146600	Capacity Building for FDI Promotion-BOI	FY14	Not assigned
P150541	Water and Sanitation Study Dissemination	FY14	Not assigned
P121873	LK: Strength Samurdhi Targeting Systems	FY13	Not assigned
P122112	LK: SL PPP framework development	FY13	Not assigned
P143808	Social Protection TA Notes	FY13	Not assigned

Source: WB Business Intelligence 4/14/16



**Annex Table 5 IEG Project Ratings for Sri Lanka, FY13-16**

Exit FY	Proj ID	Project name	Total Evaluated (\$M)	IEG Outcome	IEG Risk to DO
2014	P081771	LK: E-Sri Lanka Development	56.3	MODERATELY SATISFACTORY	NEGLIGIBLE TO LOW
2014	P097329	SL: Public Sector Capacity Building	13.7	MODERATELY UNSATISFACTORY	SIGNIFICANT
2014	P118870	LK: Emergency Northern Recovery Project	62.6	MODERATELY SATISFACTORY	SIGNIFICANT
2015	P086747	LK: Community Livelihoods in Conflict Ar	123.1	SATISFACTORY	SIGNIFICANT
		<b>Total</b>	<b>255.7</b>		

Source: AO Key IEG Ratings as of 4/14/16

**Annex Table 6: IEG Project Ratings for Sri Lanka, FY13-16**

Region	Total Evaluated (\$M)	Total Evaluated (No)	Outcome % Sat (\$)	Outcome % Sat (No)	RDO % Moderate or Lower Sat (\$)	RDO % Moderate or Lower Sat (No)
Sri Lanka	255.7	4	94.6	75.0	22.0	25.0
SAR	7,008.8	56	90.1	75.0	67.7	48.2
World	47,276.0	590	85.3	70.7	62.8	47.7

Source: WB Business Warehouse as of 4/14/16

\* With IEG new methodology for evaluating projects, institutional development impact and sustainability are no longer rated separately.

**Annex Table 7 Portfolio Status for Sri Lanka and Comparators, FY13-16**

Fiscal year	2013	2014	2015	2016	Total
<b>Sri Lanka</b>					
# Proj	22	21	16	16	75
# Proj At Risk	1		1	2	4
% Proj At Risk	4.5	-	6.3	12.5	5.3
Net Comm Amt	1,501.3	1,910.4	1,490.2	1,495.0	6,396.9
Comm At Risk	18.0		0.9	6.0	24.9
% Commit at Risk	1.2		0.1	0.4	0.4
<b>SAR</b>					
# Proj	269	273	277	276	1,095
# Proj At Risk	53	62	73	70	258
% Proj At Risk	19.7	22.7	26.4	25.4	23.6
Net Comm Amt	38,316.1	43,012.3	46,144.2	50,955.0	178,427.6
Comm At Risk	9,642.2	7,834.7	11,243.2	11,195.6	39,915.7
% Commit at Risk	25.2	18.2	24.4	22.0	22.4
<b>World</b>					
# Proj	1,964	2,048	2,022	2,002	8,036
# Proj At Risk	414	412	444	443	1,713
% Proj At Risk	21.1	20.1	22.0	22.1	21.3
Net Comm Amt	176,202.6	192,610.1	201,045.2	215,773.1	785,630.9
Comm At Risk	40,805.6	40,933.5	45,987.7	47,869.3	175,596.1
% Commit at Risk	23.2	21.3	22.9	22.2	22.4

Source: WB BI as of 4/14/16



**Annex Table 8: Disbursement Ratio for the Sri Lanka, FY13-16**

Fiscal Year	2013	2014	2015	2016	Overall Result
<b>Sri Lanka</b>					
Disbursement Ratio (%)	28.90	29.20	18.20	9.60	20.70
Inv Disb in FY	209.10	211.30	157.30	86.40	664.10
Inv Tot Undisb Begin FY	723.70	723.00	863.50	895.00	3,205.30
<b>SAR</b>					
Disbursement Ratio (%)	16.20	19.00	19.70	12.70	16.80
Inv Disb in FY	4,079.20	4,714.60	5,145.90	3,556.90	17,496.60
Inv Tot Undisb Begin FY	25,236.20	24,826.80	26,091.60	28,029.70	104,184.20
<b>World</b>					
Disbursement Ratio (%)	20.60	20.80	21.80	13.60	19.10
Inv Disb in FY	20,510.40	20,757.00	21,852.70	14,737.20	77,857.20
Inv Tot Undisb Begin FY	99,588.00	99,852.70	100,343.70	108,379.90	408,164.40

\* Calculated as IBRD/IDA Disbursements in FY / Opening Undisbursed Amount at FY. Restricted to Lending Instrument Type = Investment.  
AO disbursement ratio table as of 4/14/16

**Annex Table 9: Net Disbursement and Charges for Sri Lanka, FY13-15**

Period	Disb. Amt.	Repay Amt.	Net Amt.	Charges	Fees	Net Transfer
FY13	209,085,546.5	71,656,144.9	137,429,401.5	229,589.9	20,791,643.1	116,408,168.6
FY14	209,472,085.4	77,769,447.2	131,702,638.3	871,196.9	21,090,001.8	109,741,439.6
FY15	157,826,890.5	76,460,079.9	81,366,810.6	1,760,672.0	21,266,152.7	58,339,985.9
<b>Report Total</b>	<b>576,384,522.4</b>	<b>225,885,672.0</b>	<b>350,498,850.4</b>	<b>2,861,458.8</b>	<b>63,147,797.6</b>	<b>284,489,594.0</b>

World Bank Client Connection 4/7/16

Annex Table 10: List of IFC Investments in Sri Lanka

Investments Committed in FY13-16 (US\$, 000)

Project ID	Project Short Name	Institution Number	Cmt FY	Project Status	Primary Sector Name	Greenfield Code	Project Size	Net Loan	Net Equity	Net Comm	Project ID	Loan Risk Rating	Equity Risk Rating
33477	Cargills Retail	777944	2015	Active	Wholesale and Retail Trade	G	40,000		20,000	20,000	33477		3B
34483	Emerald SL Fund	777051	2015	Active	Collective Investment Vehicles	G	10,000		10,000	10,000	34483		4B
33889	SFCL Senior Loan	766360	2014	Active	Finance & Insurance	G	7,000	7,000	-	7,000	33889	3B	
34286	NDB Debt Syndication	568934	2014	Active	Finance & Insurance	G	205,000	20,000	-	20,000	34286	4A	
34652	MAS Capital	505254	2014	Active	Textiles, Apparel & Leather	G	30,000	28,000	-	28,000	34652	3A	
30421	CACB Sri Lanka	749606	2013	Active	Finance & Insurance	G	10,876		3,876	3,876	30421		4B
31894	Softlogic Plc	641045	2013	Active	Accommodation & Tourism Services	G	10,000	10,000	-	10,000	31894	4B	
32392	NDB Loan Package	53891	2013	Active	Finance & Insurance	E	24,000	24,000	-	24,000	32392	4A	
					<b>Sub-Total</b>		<b>336,876</b>	<b>89,000</b>	<b>33,876</b>	<b>122,876</b>			

Investments Committed pre-FY13 but active during FY13-16 (US\$, 000)

Project ID	Project Short Name	Institution Number	CMT FY	Project Status	Primary Sector Name	Greenfield Code	Project Size	Net Loan	Net Equity	Net Comm	Project ID	Loan Risk Rating	Equity Risk Rating
28672	Sanasa	637767	2012	Active	Finance & Insurance	E	3,000		901	901	28672		4B
30613	CBC Debt DPR	513802	2012	Active	Finance & Insurance	E	65,000	65,000	-	65,000	30613	4A	3A

Project ID	Project Short Name	Institution Number	CMT FY	Project Status	Primary Sector Name	Greenfield Code	Project Size	Net Loan	Net Equity	Net Comm	Project ID	Loan Risk Rating	Equity Risk Rating
31315	CBC Rights II	513802	2012	Active	Finance & Insurance	E	3,203		3,205	3,205	31315	4A	3A
30396	GTFP UB Colombo	675524	2011	Active	Trade Finance	G	2,500	2,024	-	2,024	30396	3B	
31098	Senok WindEnergy	695724	2011	Active	Electric Power	E	2,000		1,876	1,876	31098		4A
31099	Senok WindResour	695726	2011	Closed	Electric Power	E	2,000		299	299	31099		4A
28555	Asiri Hospital	636630	2010	Closed	Health Care	G	20,000	20,000	-	20,000	28555	3B	
26317	PADGO RISK SHARE	54436	2009	Active	Finance & Insurance	G			-	-	26317	4A	
24424	J. Keells Corp	509829	2008	Active	Accommodation & Tourism Services	G	205,000	75,000	-	75,000	24424	2B	
25639	GTFP NTB SriLank	568933	2008	Active	Trade Finance	E	10,000	10,000	-	10,000	25639	4A	
25747	Dialog II	54402	2008	Closed	Information	E	706,000		15,000	15,000	25747		5B
26652	GTFP CB Ceylon	513802	2008	Active	Trade Finance	E	15,000	15,000	-	15,000	26652	4A	3A
25640	GTFP NDB SriLank	568934	2007	Active	Trade Finance	E	8,000	8,000	-	8,000	25640	4A	
26039	CBC Rights	513802	2007	Active	Finance & Insurance	E	7,421		7,421	7,421	26039	4A	3A
21772	CBC Rights Issue	513802	2004	Active	Finance & Insurance	E	2,885		2,885	2,885	21772	4A	3A
11707	CBCeylon	513802	2003	Active	Finance & Insurance	G	11,000		9,966	9,966	11707	4A	3A
8648	Fitch Lanka	51429	2000	Active	Finance & Insurance	G	100		100	100	8648		3B
					<b>Sub-Total</b>		<b>1,063,110</b>	<b>195,024</b>	<b>41,652</b>	<b>236,676</b>			
					<b>TOTAL</b>		<b>1,399,986</b>	<b>284,024</b>	<b>75,529</b>	<b>359,552</b>			

Source: IFC-MIS Extract and IEG estimates

Annex Table 11: List of IFC Advisory Services for Sri Lanka

**Advisory Services Approved in FY13-16**

Project ID	Project Name	Impl Start FY	Impl End FY	Project Status	Primary Business Line	Total Funds, US\$
596707	SME Banking Sri Lanka	2015	2017	ACTIVE	FIG	271,785
599638	SANASA Development Bank Advisory Services Project	2015	2018	ACTIVE	FIG	3,520,136
597447	Sustainable Economic Development - post conflict Sri Lanka	2014	2017	ACTIVE	CAS	3,816,108
599573	Supporting Clients to Strengthen Results Measurement	2014	2016	ACTIVE	DID	121,000
599762	SANASA Insurance Company Limited (SICL) SME Insurance	2014	2017	ACTIVE	FIG	474,528
599886	GIIF CIC Agri/AAI	2014	2017	TERMINATED	FAM	27,168
	<b>Sub-Total</b>					<b>8,230,725</b>

**Advisory Services Approved pre-FY13 but active during FY13-16**

Project ID	Project Name	Impl Start FY	Impl End FY	Project Status	Primary Business Line	Total Funds, US\$
585667	Secured Transaction Registry Sri Lanka	2012	2016	ACTIVE	FAM	630,453
586787	SL Union Bank A2F	2012	2014	CLOSED	FIG	160,782
593727	Insurance Sector- BD Scoping Sri Lanka	2012	2013	CLOSED	A2F	101,096
573187	NDB Bank SME Sri Lanka	2011	2013	CLOSED	A2F	182,972
576947	SL- Nations Trust Bank PLC	2011	2014	CLOSED	FIG	427,723
584647	GIIF-Sanasa Insurance	2011	2015	CLOSED	FAM	490,145
576427	PBGI AS SDB SL	2010	2013	CLOSED	A2F	637,991
576429	PBGI -Lanka Orix Micro Finance Company Limited	2010	2014	CLOSED	A2F	622,777
551945	TA for implementation & Replication of the Portfolio Approach to Distributed Generation Opportunity	2008	2015	CLOSED	FIG	1,582,054
558625	Dialog Distributor Retailer Community Network Development Project	2008	2013	CLOSED	SBA	953,029
	<b>Sub-Total</b>					<b>5,789,022</b>
	<b>TOTAL</b>					<b>14,019,747</b>

Source: IFC AS Data and IEG Estimates

**Annex Table 12: IFC Net Commitment Activity for Sri Lanka**

Investment (US\$, 000)	2013	2014	2015	2016	Total	2012	2011	2010	2009	Pre-09	Total
Financial Markets	27,876	27,000			54,876	69,105				20,373	89,478
Trade Finance (TF)					-		2,024			33,000	35,024
Agribusiness & Forestry					-						-
Textiles, Apparel & Leather		28,000			28,000						-
Wholesale and Retail Trade			20,000		20,000						-
Health Care					-			20,000			20,000
Accommodation and Tourism	10,000				10,000					75,000	75,000
Transportation and Warehousing					-						-
Electric Power/Utilities					-		2,174		0		2,174
Telecom, Media, and Technology					-					15,000	15,000
Collective Investment Vehicles			10,000		10,000						-
<b>Total</b>	<b>37,876</b>	<b>55,000</b>	<b>30,000</b>	<b>-</b>	<b>122,876</b>	<b>69,105</b>	<b>4,198</b>	<b>20,000</b>	<b>-</b>	<b>143,373</b>	<b>236,676</b>
Check	37,876	55,000	30,000	***	122,876	69,105	4,198	20,000	0	143,373	236,676
Advisory Services (US\$)	2013	2014	2015	2016	Total	2012	2011	2010	2009	Pre-09	Total
IC					-						-
SBA					-					953,029	953,029
FIG/A2F		474,528	3,791,921		4,266,449	261,878	610,695	1,260,768		1,582,054	3,715,395
CAS		3,816,108			3,816,108						-
FAM		27,168			27,168	630,453	490,145				1,120,598
DID		121,000			121,000						-
<b>Total</b>	<b>-</b>	<b>4,438,804</b>	<b>3,791,921</b>	<b>-</b>	<b>8,230,725</b>	<b>892,331</b>	<b>1,100,840</b>	<b>1,260,768</b>	<b>-</b>	<b>2,535,083</b>	<b>5,789,022</b>
Check		4,438,804	3,791,921	***	8,230,725	892,331	1,100,840	1,260,768		2,535,083	5,789,022
				*** none before 1/1/16							

Source: IFC MIS as of 4/14/16



**Annex Table 13: Total Net Disbursements of Official Development Assistance and Official Aid for Sri Lanka**

Development Partners	2014	2015
Australia	28.11	50.9
Austria	1.63	2.02
Belgium	0.42	3.83
Canada	3.62	4.41
Czech Republic	0.03	0.05
Denmark	-0.44	-0.02
Finland	1.53	1.59
France	13.67	10.42
Germany	-3.55	-12.2
Greece	0.01	0.01
Ireland	0.25	..
Italy	0.72	3.34
Japan	105	133.49
Korea	44.93	44.78
Luxembourg	0.19	0.08
Netherlands	0.07	0.07
New Zealand	1.09	0.67
Norway	14.72	10.36
Portugal	0	..
Spain	-1.48	0.03
Sweden	3.79	6.37
Switzerland	11.72	8.58
United Kingdom	14.47	8.63
United States	30.98	7.94
<b>DAC Countries, Total</b>	<b>271.48</b>	<b>285.35</b>
AsDB Special Funds	-32.33	17.12
EU Institutions	42.81	39.13
Food and Agriculture Organisation [FAO]	0.34	..
Global Alliance for Vaccines and Immunization [GAVI]	3.09	1.04
Global Environment Facility [GEF]	1.27	2.08
Global Fund	9.64	4.05
International Atomic Energy Agency [IAEA]	0.41	0.62
International Bank for Reconstruction and Development [IBRD]	..	..
International Development Association [IDA]	92.53	109.96
IDB Special Fund	..	..
IFAD	7.81	4.71
International Finance Corporation [IFC]	..	..
IMF (Concessional Trust Funds)	-5.84	..
Nordic Development Fund [NDF]	-0.59	-0.58
OPEC Fund for International Development [OFID]	1.83	14.28
UNAIDS	0.11	0.08
UNDP	0.89	1.61
UNFPA	1.65	1.73
UNICEF	1.15	1.05
WFP	4.58	0.52
World Health Organisation [WHO]	2.04	3.09
<b>Multilateral, Total</b>	<b>131.39</b>	<b>200.49</b>
Hungary	1.02	1.03
Israel	0.02	..
Kazakhstan	0.2	..
Kuwait [KFAED]	-4.63	-0.52
Romania	..	0.01
Russia	0.99	..
Thailand	0.19	0.15
Turkey	0.41	1.05



Development Partners	2014	2015
United Arab Emirates	0.09	0.65
<b>Non-DAC Countries, Total</b>	<b>-1.71</b>	<b>2.37</b>
<b>Development Partners Total</b>	<b>401.16</b>	<b>488.21</b>

Source: OECD Stat, [DAC2a] as of April 18, 2016

Annex Table 14: Economic and Social Indicators for Sri Lanka, 2013 - 2015

Series Name				SL	SAR	World
	2013	2014	2015	Average 2013-2015		
<b>Growth and Inflation</b>						
GDP growth (annual %)	3.4	4.5	..	3.9	6.7	2.4
GDP per capita growth (annual %)	2.6	3.5	..	3.1	5.3	1.2
GNI per capita, PPP (current international \$)	9,320.0	10,300.0	..	9,810.0	5,124.8	14,672.4
GNI per capita, Atlas method (current US\$) (Millions)	3,150.0	3,440.0	..	3,295.0	1,475.5	10,759.0
Inflation, consumer prices (annual %)	6.9	3.3	0.9	3.7	6.3	2.3
<b>Composition of GDP (%)</b>						
Agriculture, value added (% of GDP)	8.2	8.3	..	8.3	18.7	3.1
Industry, value added (% of GDP)	31.3	30.1	..	30.7	29.0	26.4
Services, etc., value added (% of GDP)	60.5	61.7	..	61.1	52.3	70.5
Gross fixed capital formation (% of GDP)	..	..	..		27.3	21.9
Gross domestic savings (% of GDP)	..	..	..		26.0	22.6
<b>External Accounts</b>						
Exports of goods and services (% of GDP)	..	..	..		22.5	29.8
Imports of goods and services (% of GDP)	..	..	..		26.3	29.5
Current account balance (% of GDP)	(3.4)	(2.6)	..	-3.0		
External debt stocks (% of GNI)	61.5	59.7	..	60.6	23.9	
Total debt service (% of GNI)	3.1	3.4	..	3.2	3.1	
Total reserves in months of imports	3.8	3.9	..	3.9	6.2	13.4
<b>Fiscal Accounts <sup>1</sup></b>						
General government revenue (% of GDP)	12.395	11.654	12.125	12.1		
General government total expenditure (% of GDP)	18.257	17.687	18.258	18.1		
General government net lending/borrowing (% of GDP)	-5.861	-6.033	-6.132	-6.0		
General government gross debt (% of GDP)	78.315	75.411	74.429	76.1		
<b>Social Indicators</b>						
<b>Health</b>						
Life expectancy at birth, total (years)	74.7	74.8	..	74.7	68.0	71.3
Immunization, DPT (% of children ages 12-23 months)	99.0	99.0	..	99.0	82.6	85.9
Improved sanitation facilities (% of population with access)	94.8	95.1	95.1	95.0	44.1	67.0
Improved water source (% of population with access)	93.6	95.0	95.0	94.5	90.5	83.9
Mortality rate, infant (per 1,000 live births)	8.7	8.6	8.4	8.6	43.3	32.7
<b>Education</b>						
School enrollment, preprimary (% gross)	95.0	..	..	95.0		53.8
School enrollment, primary (% gross)	100.6	101.3	..	101.0	111.5	108.0
School enrollment, secondary (% gross)	99.7	..	..	99.7	65.5	75.2



Series Name				SL	SAR	World
	2013	2014	2015	Average 2013-2015		
Population						
Population, total	20,579,00	20,771,00	..	20,675,00	1,709,622,8	7,217,541,6
Population growth (annual %)	0.0	0.0	..	0.0	06.0	81.5
Urban population (% of total)	0.8	0.9	..	0.8	1.4	1.2
Urban population (% of total)	18.3	18.3	..	18.3	32.4	53.2

Source: DDP as of 4/11/16

\*International Monetary Fund, World Economic Outlook Database, April 2016

\*\* Estimates start after 2014