

**USG Position on the World Bank's Sri Lanka Operations: Provincial Roads Project,
Emergency Northern Recovery Project, and Additional Financing for the Community
Livelihoods in Conflict Affected Areas Project
December 17, 2009**

The U.S. Government (USG) commends the World Bank for developing a package of loans focused on reconstruction and development in conflict-affected areas that also appropriately uses the World Bank's conflict filter and addresses the basic human needs of internally displaced persons (IDPs).

This package of loans is well targeted to address the immediate needs of IDPs. The Emergency Northern Recovery Project will help IDPs return to their villages by providing demining assistance, cash for work programs, and community infrastructure rehabilitation. The United States welcomes the safeguards put in place such as the commitment to conduct a Continuous Social Impact Assessment in line with the conflict filter. The Provincial Roads Project will be crucial to improving rural connectivity and restoring economic activity in the North and East, as well as in the Uva province. Finally, the Community Livelihood in Conflict Affected Areas project will provide financing to rebuild village infrastructure that was destroyed during the conflict, such as small scale irrigation projects. In all three projects, the United States would urge staff to keep a close eye on fiduciary controls to ensure funds are channeled to their intended purposes and to ensure local community participation in project implementation.

Moving forward, the United States hopes to see the World Bank advance more projects like these. Given the pressing need, and the corresponding risks to development and national reconciliation if infrastructure and reconstruction needs are not addressed, the United States strongly urges the Bank to review and revise its pipeline, in consultation with the Sri Lankan authorities, so that it focuses exclusively on operations that address basic human needs.

Though the need to get assistance to the affected populations quickly is understandable, such assistance should ideally be targeted in line with a coherent strategy for reconstruction rather than as a series of ad-hoc interventions that may or may not complement each other. The authorities should work closely with the World Bank, the ADB, and other bilateral donors, as well as local communities and civil society, in the development of a comprehensive reconstruction strategy. To be effective, this strategy should be fully disclosed to the public, and its implementation will require consultation with the populations in the North and East directly affected by the conflict.

In conclusion, the United States supports these projects, commends the World Bank for its innovative approach to conflict areas, and urges the World Bank to undertake an intensified focus on basic human needs to demonstrate the clear economic benefits of peace for all the people of Sri Lanka.