

Document of
The World Bank

FOR OFFICIAL USE ONLY

Report No: 73902-LK

RESTRUCTURING PAPER

ON A

PROPOSED PROJECT RESTRUCTURING
OF
PUBLIC SECTOR CAPACITY BUILDING PROJECT
CREDIT NO. 4412-LK
JUNE 5, 2008

TO THE

DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA

DECEMBER 17, 2012

ABBREVIATIONS AND ACRONYMS

AGD	Auditor General's Department	PDO	Project Development Objectives
DCS	Department of Census and Statistics	SWOT	Strength Weaknesses Opportunities and Threats

Regional Vice President:	Isabel M. Guerrero
Country Director:	Diarietou Gaye
Sector Manager:	Antonius Verheijen
Task Team Leader:	Farah Zahir

Extension of Closing Date

SRI LANKA – PUBLIC SECTOR CAPACITY BUILDING PROJECT

Restructuring Paper

1. The closing date for Sri Lanka, Public Sector Capacity Building Project, Credit No. 4412-LK, P097329 will be extended from December 31, 2012 until December 31, 2013.
2. The original project development objective (PDO) was to enhance the effectiveness, efficiency and productivity of two key public service agencies in Sri Lanka: the Department of Census and Statistics (DCS) and the Auditor General's Department (AGD). The revised PDO is to enhance the effectiveness, efficiency and productivity of the recipient's Auditor General Department (AGD).
3. The proposed extension is necessary to ensure the sustainability of the Human Resource Development initiatives carried out under the project by establishing a Departmental Training Center for AGD in Ratnapura. There is adequate funding available in the Designated Account for carrying out the related activities.
4. This is the second extension to the project. The Government of Sri Lanka had earlier requested a one-year extension to December 31, 2012 for: (i) completing the training program of the Department of Census and Statistics (DCS) postponed due to Island wide Census of Population and Housing; and (ii) utilizing the resources allocated under the human resource development and communication and external relationship sub-component under the Auditor General's Department (AGD). Given the strong performance of the AGD component in overall implementation and in achieving the PDOs, the Bank extended the AGD component till December 2012 and cancelled the DCS component. In August 2012, the PDO and the results framework were revised in order to reflect appropriately the performance of AGD component in the achievement of the PDOs. Implementation progress and PDO level results in relation to the revised PDO have been Satisfactory since the date of the restructuring.
5. The AGD has prepared its Corporate Plan 2012-2016 recently. The SWOT analysis of the corporate plan of AGD clearly indicates that one of the major weaknesses of the Department is lack of training in multidisciplinary streams. During the project, over 50 percent staff received training in English language, leadership, investigative audit, performance audit and financial audit. However, the success of foreign training and study tours was mixed because many times the officials could not attend/participate in training abroad due to heavy work load. The need for residential Training Center in the country is a core issue that needs to be addressed for strengthening the AGD to meet the needs of a sophisticated and dynamic public financial management system. A residential Training Center of AGD at Ratnapura will enable the Government to increase the coverage and ease of imparting real time advanced training to its staff with the help of both national and international experts.

6. Keeping in view the excellent track record of engagement and commitment of the Auditor General and his team over the years on the project, the justification for supporting a regional training center at Ratnapura is strong. The Auditor General has been awarded land by the Government and all necessary approvals have been obtained and shared with the Bank team. The extension will enable AGD to sustain training to audit staff in regional offices after the conclusion of the project. The detailed plans show that all activities can be completed by December 31, 2013.