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Statement by Jiayi Zou, Executive Director for China
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Sri Lanka: CAS Progress Report and Road Sector Assistance Project

We appreciate the concise and candid CAS progress report. We believe that under current situation, a structural shift of Bank's activities from policy based lending to a core program of investment and analytical activities seems to be appropriate. In this regard, we welcome the Road Assistance Project for Sri Lanka.

We believe prudence should be exercised before we reach any definitive conclusion with regard to scenarios and lending scales. Given large pocket of poverty in the country, Sri Lanka deserves the Bank's continued strong support. At current stage, the most pressing task is to engage the Sri Lanka government in policy discussion and rebuild ownership of the reform agenda. Some adjustment in the country program may be inevitable given the new reform priorities of the new government. As shown in the report, the government seems to be quite receptive to core reforms such as budget and central bank reforms. We would encourage the Bank to work with the government to address their real needs, and if possible to find practical solutions on some of the controversial issues.

The report has listed IFC and MIGA projects in Sri Lanka. However, it does not indicate how these projects are performing and whether the current situation in Sri Lanka has negatively affected the IFC and MIGA programs. We would encourage the IFC and MIGA to be more aggressive in exploring opportunities and developing private sector in Sri Lanka.

We noted that the staff have found the original monitoring and evaluating framework to be too excessive and therefore cut in half the indicators to be monitored. We appreciate team's frankness in reflecting on lessons learnt and willingness to adjust along the way. We believe this case reflects a more general problem in our current approach toward monitoring and evaluation, and sheds light on the need to be more realistic on M&E when formulating country strategy. This chair has consistently argued for a balance between the need to better monitor the CAS on the one hand, and to avoid going too far in relying on complicated quantitative indicators on the

other. This is especially pertinent in courtiers that face a great deal of uncertainties. These lessons should be taken into account when we refine the M&E system going forward.