

## **Sri Lanka – IBRD Loan for the Metro Colombo Urban Development Project**

March 14, 2012

U.S. Position

Given the importance of Colombo to the country's growth prospects and the significant challenges that Colombo faces in reducing urban flooding, the Bank's re-engagement in the capital is an appropriate step and is fully aligned with the Country Assistance Strategy. Reducing urban flooding and mitigating its impacts as well as strengthening the capacity of local authorities to manage the operation and maintenance of associated infrastructure are critical if the Colombo Metropolitan Region is to reach its full economic potential and help to drive Sri Lanka's economic growth in the medium-term.

The United States agrees with many of the concerns raised by colleagues in their statements and thanks staff for their proactive efforts to brief the Board on these risks and their helpful written statement. Despite the mitigation measures in place in this operation, such as the use of a project management unit, the United States remains concerned about the resettlement and implementation risks in this operation. The intensive supervision in the first twelve months of implementation will be critical, and the United States urges staff to quickly address problems should they arise.

Nevertheless, the United States would like to be recorded as voting NO on this project for legislative mandate reasons.