

**PROJECT INFORMATION DOCUMENT (PID)  
CONCEPT STAGE**

Report No.: AB424

<b>Project Name</b>	E-Lanka Development
<b>Region</b>	SOUTH ASIA
<b>Sector</b>	Information technology (70%); General industry and trade sector (30%)
<b>Project ID</b>	P081771
<b>Borrower(s)</b>	GOVERNMENT OF SRI LANKA
<b>Implementing Agency</b>	The ICT Agency; Government of Sri Lanka
<b>Environment Category</b>	<input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI <input type="checkbox"/> TBD (to be determined)
<b>Safeguard Classification</b>	<input type="checkbox"/> S <sub>1</sub> <input type="checkbox"/> S <sub>2</sub> <input checked="" type="checkbox"/> S <sub>3</sub> <input type="checkbox"/> S <sub>F</sub> <input type="checkbox"/> TBD (to be determined)
<b>Date PID Prepared</b>	December, 2003
<b>Estimated Date of Appraisal Authorization</b>	March, 2004
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## Key development issues and rationale for Bank involvement

ICT has been identified by the Government of Sri Lanka (GoSL) as a key infrastructure, as a dynamic and promising institutional/services sector and as a platform for enabling technological and institutional transformation of all sectors in the economy. Vision 2010 articulates the government's strategic vision for Sri Lanka's development and focuses on three primary goals of Peace, Equity and Growth. The GoSL wants to achieve these goals by maximizing ICT's potential.

- ICT can promote **peace** efforts by providing connectivity and electronic delivery of much needed information and public services, bridging space, time and promoting understanding between the North and East and the rest of the country.
- Sri Lanka has a dearth of infrastructure and suffers from inefficient information flows. ICT application in the public and private sectors and the export of ICT-enabled services can be a major source of employment, and competitiveness and achievement of development goals including **growth**.
- Lack of transparency, poor governance and rural access afflict Sri Lanka. Investment in information infrastructure including telecenters, especially in rural areas, can bring **equity** in information flows that are directly relevant to people's lives - in areas such as market prices, rural and public health, and non-farm income opportunities.

**The Bank has been helping the GoSL for many years** with telecommunications reform and more recently with public sector reforms through the Technical Assistance project for Economic Reform. The Bank is also currently undertaking an Investment Climate Study, a Poverty Reduction Support Credit, Distance Education and an Undergraduate Education Upgrading Project.

**The Bank is uniquely positioned to offer assistance to Sri Lanka in this area because**

- Responsive assistance from the Bank would reinforce the government's commitment to policy reform in the ICT sector, accelerate capacity development of policy and program management, and mobilize donor assistance, international know-how and private investment.
- The Bank can enable interaction between the country's leaders and the worldwide ICT industry. The Bank has already facilitated discussions between Sri Lankan leaders, venture capitalists, expatriates and leaders of the IT industry in Silicon Valley among others.
- A multi-sectoral perspective is necessary for achieving cost savings, efficiency and avoiding duplication and redundancies in information systems and infrastructures across government.
- Bank can leverage significant good will and partnership with donors in addition to existing "buy in" from the private sector, and NGOs, and the rest of the donor community.
- the Bank has already begun work through its analytical and advisory services which have given visibility to the e-Lanka vision, facilitated participation amongst stakeholders and supported the creation of an ICT agency.
- the Bank's assistance to a broad-based approach to deploying ICT for development has re-activated government interest in telecommunications policy reform and renewed its attention to implementing further and ambitious reforms in the communications and broadcasting sectors, among others.

### **Proposed objective(s)**

The proposed E-Lanka Development project adopts a comprehensive approach that aims to bridge the digital divide, bringing the benefits of the global knowledge economy to both the urban centers and rural poor of Sri Lanka, and jumpstart ICT diffusion. The project will promote the effective use of ICT as an enabler for development throughout the key sectors of the economy. Economic growth has been identified in the Sri Lanka CAS as “the main instrument for achieving prosperity and creating more resources for distribution.” Achieving these objectives will facilitate the country's economic and social transformation. The project will lay the grounds for a sustainable e-development process, and help implement the CAS objective of poverty reduction by supporting peace, growth and equity. The CAS states “ a return to peace and restoration of domestic security.....is important towards ensuring that the most vulnerable poor groups i.e the displaced and those in conflict-ridden areas are reached.”

The E-Lanka Development project will focus on the following areas: (i) leadership, policy development and capacity building; (ii) information infrastructure network and services including a network of telecenters; (iii) e-government; and (iv) innovative societal applications. Outlined below are some of the medium-term strategies proposed by the E-Lanka project in order to achieve its objectives:

- **Develop the necessary leadership for the ICT program**, including establishing an ICT Agency reporting to the Prime Minister and the Minister of ICT; creating focus groups and an independent board to facilitate functioning of ICTA; creating chief information officers (CIOs) in key ministries and various mechanisms to engage stakeholders from public, private and civil society.

- **Create the enabling environment for the knowledge economy** through various mechanisms such as enabling laws for e-commerce and e-government and transparent public procurement of ICT services.
- **Develop ICT human resources and broad ICT literacy at post-secondary level of education**, support innovative approaches to enhance software engineering education and enact policies to increase private sector participation in ICT education, and mobilize the Sri Lankan diaspora.
- **Build the national information infrastructure Network and Services** to ensure access for the poor and rural areas by establishing a rural information infrastructure development fund to provide smart, least-cost subsidies for licensed operators to invest in rural connectivity and by supporting a national program for multi-purpose community information and communication centers (telecenters), starting with the poorest regions.
- **Develop electronic delivery of public services to citizens and businesses** and use ICT to enhance public-private interactions and reduce economy-wide transaction costs through a coherent multi-year e-government program.
- **Use ICT as a lever for social development through a societal applications innovation fund** to strike a balance between equity and growth.

**The project intends to reach the following:**

- The business community and the general populace - through e-government services, telecenters, local content and societal applications.
- Organizations - through e-government and diffusion of ICT among public institutions, NGOs and SMEs and their clients or beneficiaries.
- Scientific and educational institutions - through innovative applications in support of ICT education, ICT clusters, knowledge networks, and learning communities.

**The Project will be comprised of the following six programs:**

***e-Policy, Leadership, and Institutional Development Program.*** This technical assistance program (TA fund) aims to develop the required institutional and executive leadership required at higher levels of government for furthering the ICT-led reform efforts. The central focus is the establishment of a single responsible, accountable and transparent ICT agency and simultaneously develop both the connections and human resources at government agencies to ensure smooth coordination between these and the ICT agency. The ICT Agency should provide e-leadership, and program management, monitoring and evaluation.

***ICT Education and Industry Promotion Program.*** This program will develop policies and mechanisms to promote private education for software engineering and computer science; train government leaders in e-government programs; improve policy, institutional support and regulatory environment for software companies; promote the brand name of the Sri Lankan software industry overseas; and promote private sector investment in software.

***Regional Telecommunication Network Development Program .*** This program will promote access to information infrastructure, particularly in the rural areas and poor regions through improved policy and the regulatory environments; and competitive subsidies for private investments in rural connectivity.

**Telecenter Development Program.** This program will induce the development of multipurpose telecenters through competitive selection among NGOs, entrepreneurs and supporting institutions for training and local content development.

**Re-engineering government program .** This component aims to: modernize government operations to promote access, quality, efficiency, transparency and responsiveness to citizens; improve procurement of ICT to reduce costs and improve quality; and support the creation of a domestic market for software and ICT support services.

**e-Society Program .** This component seeks to: promote entrepreneurial activity and investment in ICT applications in social sectors through grants. The program promotes the use of ICT to solve local problems and encourages shared resources and partnerships. Proposals would be generated through RFP and by soliciting and refining proposals in areas identified as presenting opportunities or developmental problems needing immediate attention including applications to support poorer communities and vulnerable groups.

**The primary counterpart to the Bank will be the ICT Agency which will facilitate implementation of the project that will be carried out by ministries and managing agents.**

**The ICT Agency will contract out financial and reporting requirements for the project** to a financial and administrative services firm. Each line ministry will establish a chief innovation officer to lead ICT enabled transformation and process re-engineering within their organizations. The Agency will also engage and empower leaderships at the local levels through NGOs, associations, focus groups, and innovation funds.

**Additional donor support in implementation and scaling up of project is to be expected.** Japan, ADB, SIDA, USAID, CIDA, Australia, and UNDP are possible co-financiers to the proposed funds or programs. Given the substantial TA and capacity-building needs involved, such shared interest and partnerships will be encouraged.

**The project is aimed at providing the government much needed support for its reform agenda, and creating the enabling environment for sustainability and scaling up.** The recently enacted ICT related legislation gave some teeth to the implementation of the project and also demonstrated the high level of commitment from the highest echelons of government that make this project sustainable.

## **Safeguard policies that might apply**

There are no major environmental or social issues associated with the project. The project is an E-Development and ICT sector reform project, which primarily involves policy and institution building components.

## **Tentative financing**

Source:	(\$m.)
BORROWER/RECEPIENT	10
INTERNATIONAL DEVELOPMENT ASSOCIATION	55
Total	65

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