



Highlights of MCC Compact

- The Government of Sri Lanka and MCC together identified weak transport infrastructure and weak land administration practices as two binding constraints to economic growth in Sri Lanka.
- To address these constraints, the proposed compact consists of two projects: a transportation project and a land project. The total budget for the compact is \$480 million.
- The \$350 million transport project has an estimated economic rate of return of 19% and seeks to increase the relative efficiency and capacity of urban and provincial transport infrastructure in the Western, Central, Sabaragamuwa and Uva Provinces.
- The transport project will upgrade physical roadway networks, modernize traffic systems, and introduce policy and regulatory reforms.
- These investments will reduce severe traffic bottlenecks, create safer, more reliable public transportation, and lower the transport costs required to connect people and goods with booming markets.
- The \$67 million land project has an estimated economic rate of return of 26% and aims to expand and improve existing Government of Sri Lanka initiatives to increase the availability of spatial data and land rights information. The project will initially focus on districts in the Central, North-Western, North-Central and Eastern Provinces.
- Land activities will help the Government create an inventory of state lands, modernize methods of valuing lands, strengthen tenure security for smallholders, women, and firms, and digitize deeds records so that they are less vulnerable to damage, theft, and loss.
- Together, the two projects are projected to benefit 11.3 million people, which accounts for 54% of Sri Lanka's population.
- The remaining \$63 million will be used to support technical assistance, feasibility and design studies, project administration, and monitoring and evaluation. These funds will help the Government to effectively design, implement, manage, and monitor the compact program.
- The Government of Sri Lanka will establish a local entity staffed by Sri Lankans to coordinate implementation by the ministries and departments mentioned above. This entity will be accountable to a Sri Lankan Board of Directors comprised of eight government officials and three representatives from the private sector and civil society.