



Sri Lanka: Mahaweli Water Security Investment Program - Tranche 2

Project Name	Mahaweli Water Security Investment Program - Tranche 2								
Project Number	47381-005								
Country	Sri Lanka								
Project Status	Active								
Project Type / Modality of Assistance	Loan								
Source of Funding / Amount	<table border="1"><tr><td colspan="2">Loan 3625-SRI: Mahaweli Water Security Investment Program - Tranche 2</td></tr><tr><td>Ordinary capital resources</td><td>US\$ 179.00 million</td></tr><tr><td colspan="2">Loan 3626-SRI: Mahaweli Water Security Investment Program - Tranche 2</td></tr><tr><td>concessional ordinary capital resources lending / Asian Development Fund</td><td>US\$ 31.00 million</td></tr></table>	Loan 3625-SRI: Mahaweli Water Security Investment Program - Tranche 2		Ordinary capital resources	US\$ 179.00 million	Loan 3626-SRI: Mahaweli Water Security Investment Program - Tranche 2		concessional ordinary capital resources lending / Asian Development Fund	US\$ 31.00 million
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concessional ordinary capital resources lending / Asian Development Fund	US\$ 31.00 million								
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth								
Drivers of Change	Governance and capacity development Knowledge solutions								
Sector / Subsector	Agriculture, natural resources and rural development - Water-based natural resources management								
Gender Equity and Mainstreaming	No gender elements								
Description	<p>The Mahaweli Water Security Investment Program (the investment program) will accelerate the economic activities of Sri Lanka's northern dry zone region by transferring surplus water from the Mahaweli river basin for irrigation, drinking and commercial purposes. It will develop bulk water conveyance and storage infrastructure planned under the North Central Province Canal Program (NCPCP), a high priority program of the government that will support completion of the Mahaweli Development Program (MDP), which started in 1973.</p> <p>Key components of the MDP were completed in the 1980s, notably several irrigation systems and large dams for hydropower; however, the planned components for water transfers to the northern dry zone were not implemented largely because of the prolonged conflict. After the conflict ended in 2009, the government prioritized completion of the MDP by initiating the NCPCP. The investment program supports the government's sector objective of ensuring water availability to water users, providing water in adequate quantities with improved management, enhancing productivity and water user efficiency, and addressing the spatial variation of water availability, climate change and disaster vulnerability, as described in the Public Investment Programme 2017-2020. The outcome will be access to water resources for agricultural and drinking purposes in project areas secured.</p> <p>ADB and the government signed the financing framework agreement (FFA) for the investment program on 23 April 2015. On 24 June 2015, the Board approved the provision of loans to Sri Lanka under a multitranche financing facility (MFF) of up to \$453 million equivalent to be implemented between July 2015 and December 2024. The MFF comprises three tranches and uses the time-slicing approach with individual tranche outputs covering pieces of the overall facility's outputs: (i) new and improved water conveyance and storage infrastructure constructed; (ii) systems for improving water resources management productivity developed; and (iii) multidisciplinary investment program management operational. Output 1 under the investment program will implement three projects: (i) the Upper Elahera Canal Project (UECP) comprising about 101 kilometers (km) of water conveyance infrastructure linking the existing reservoirs at Kalu Ganga, Moragahakanda, Huruluwewa, Eruwewa, and Mahakanadarawa, which supply existing irrigation and town supply schemes; (ii) the North Western Province Canal Project (NWPCP) that will construct about 91 km of new and rehabilitated conveyance channels and two new reservoirs at Mahakithula and Mahakirula to transfer water from the Dambula Oya River and Wemedilla reservoir to command existing irrigation and town supply schemes; and (iii) the Minipe Left Bank Canal Rehabilitation Project (MLBCRP) that will increase storage in its head reservoir and rehabilitate about 74 km of existing canals to improve conveyance and reliability of service to existing farmers.</p>								

Project Rationale and Linkage to Country/Regional Strategy	Tranche 2 outputs will have two main outputs: (i) completion of new and improved water conveyance and storage infrastructure increased; and (ii) multidisciplinary investment program management operational. Output 1 includes construction of about 21 km out of 101 km of conveyance channels under the UECP and the continuation of construction activities under the NWPCP that were initiated under Tranche 1. Specifically, Tranche 2 will finance: (i) partial construction of a 28 km of tunnel, using tunnel boring machine and drill and blast construction methods; (ii) partial construction of about 8.8 km of new tunnels and channel using drill and blast construction method; (iii) continuing construction of the Mahakithula and Mahakirula Reservoirs, and Mahakithula Inlet Tunnel that will be initiated under Tranche 1; and (iv) project management recurring costs.
Impact	Agricultural production improved and economic growth sustained in the North Central, Central North Western, and Eastern Provinces

Project Outcome

Description of Outcome	New and improved water conveyance and storage infrastructure constructed
Progress Toward Outcome	First of two works packages has been awarded. Tendering for the second package is expected to begin in Q4 2018.

Implementation Progress

Description of Project Outputs	Completion of new and improved water conveyance and storage infrastructure increased Multi-disciplinary investment program management operational
Status of Implementation Progress (Outputs, Activities, and Issues)	First of two works packages has been awarded. Tendering for the second package is expected to begin in Q4 2018.
Geographical Location	Dambulla, Elahera, Minipe

Safeguard Categories

Environment	A
Involuntary Resettlement	B
Indigenous Peoples	C

Summary of Environmental and Social Aspects

Environmental Aspects	The UECP is classified as Category A' for environment in accordance with ADB's Safeguards Policy Statement (SPS) 2009. The UECP Environmental Impact Assessment (EIA) was prepared in 2014 and was disclosed on ADB's website in January 2015. The EIA has been updated to address design changes that include a slight increase in tunnel muck as compared to that documented in the original EIA. New disposal sites have been identified and additional access roads proposed. The work includes widening or rehabilitation of 12 km of existing roads and construction of 2 km of new access roads. The environmental impacts of these design changes are addressed in an addendum to the EIA, which included additional ecological surveys. Stakeholders were consulted on the design changes. Construction of tunnels in lieu of cut and cover canals will minimize impacts on forest and wildlife reserves. The EIA addendum will be disclosed on ADB's website.
Involuntary Resettlement	Two civil works packages will be contracted under Tranche 2. Due diligence found that one package will not involve any land acquisition. However, the second package will require the permanent acquisition of about 1,655 square meters of land for expansion of access roads. For both packages, the contractors will require temporary land for construction facilities such as work camps and batching plants. These facilities will be in areas owned by MMDE and areas managed by the Department of Forest and the Department of Wildlife Conservation, for which MMDE will obtain permits prior to implement the works. On this basis, Tranche 2 is categorized as a _B_ in accordance with SPS 2009. A Resettlement Plan and a Due Diligence Report are being prepared for the works packages in accordance with ADB SPS 2009 and Government of Sri Lanka requirements on land acquisition. These will be disclosed on ADB website.
Indigenous Peoples	Tranche 2 will not involve areas owned and inhabited by indigenous people and will not affect indigenous people. Therefore, the tranche is categorized as " C'" in accordance to the SPS 2009.

Stakeholder Communication, Participation, and Consultation

During Project Design	The investment program includes a comprehensive stakeholder communication and engagement plan that includes regular consultation with stakeholders during project design and implementation. Further details can be found on ADB's and the project's website.
During Project Implementation	The investment program includes a comprehensive stakeholder communication and engagement plan that includes regular consultation with stakeholders during project design and implementation. Further details can be found on ADB's and the project's website.

Business Opportunities

Consulting Services	Program Management, Design and Supervision Consultant.
Procurement	Two civil works packages.
Responsible ADB Officer	Gore, Lance W.
Responsible ADB Department	South Asia Department
Responsible ADB Division	Environment, Natural Resources & Agriculture Division, SARD
Executing Agencies	<i>Ministry of Mahaweli Development & Environment SECRETARY@ENVIRONMENTMIN.GOV.LK 82, Sampathpaya, Rajamalwatte Road, Battaramulla, Sri Lanka</i>

Timetable

Concept Clearance	-
Fact Finding	-
MRM	19 Oct 2017
Approval	13 Dec 2017
Last Review Mission	-
Last PDS Update	28 Sep 2018

Loan 3625-SRI

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
13 Dec 2017	18 May 2018	05 Jun 2018	30 Jun 2022	-	-

Financing Plan			Loan Utilization			
	Total (Amount in US\$ million)		Date	ADB	Others	Net Percentage
Project Cost	211.00		Cumulative Contract Awards			
ADB	179.00		13 Dec 2017	0.00	0.00	0%
Counterpart	32.00		Cumulative Disbursements			
Cofinancing	0.00		13 Dec 2017	0.03	0.00	0%

Loan 3626-SRI

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
13 Dec 2017	18 May 2018	05 Jun 2018	30 Jun 2022	-	-

Financing Plan			Loan Utilization			
	Total (Amount in US\$ million)		Date	ADB	Others	Net Percentage
Project Cost	31.00		Cumulative Contract Awards			
ADB	31.00		13 Dec 2017	24.62	0.00	79%
Counterpart	0.00		Cumulative Disbursements			
Cofinancing	0.00		13 Dec 2017	5.67	0.00	18%

Project Page	https://www.adb.org/projects/47381-005/main
Request for Information	http://www.adb.org/forms/request-information-form?subject=47381-005
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