



Concept Environmental and Social Review Summary

Concept Stage

(ESRS Concept Stage)

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**I. BASIC INFORMATION****A. Basic Operation Data**

Operation ID	Product	Operation Acronym	Approval Fiscal Year
P511605	Investment Project Financing (IPF)	SL-REVIVE	2026
Operation Name	Sri Lanka Regional Empowerment through Vibrant, Inclusive, and Viable Economies		
Country/Region Code	Beneficiary country/countries (borrower, recipient)	Region	Practice Area (Lead)
Sri Lanka	Sri Lanka	SOUTH ASIA	Urban, Resilience and Land
Borrower(s)	Implementing Agency(ies)	Estimated Appraisal Date	Estimated Board Date
External Resources Department, Ministry of Finance	Ministry of Provincial Council and Local Government	10-Dec-2025	05-Mar-2026
Estimated Concept Review Date	Total Project Cost		
20-Aug-2025	100,000,000.00		

Proposed Development Objective

To improve access to enabling infrastructure and services to catalyze economic development in selected priority areas of Northern and Eastern Provinces.

B. Is the operation being prepared in a Situation of Urgent Need of Assistance or Capacity Constraints, as per Bank IPF Policy, para. 12?

No

C. Summary Description of Proposed Project Activities

Sri Lanka faces significant spatial disparities that hinder equitable and balanced growth opportunities, particularly in the Northern and Eastern provinces. These provinces struggle with low GDP contributions (only 4.1% and 5.1%, respectively) and high poverty rates (23.8% and 18.6%) compared to the national average of 14.3%. Unemployment rates in districts like Jaffna, Kilinochchi, Ampara, and Batticaloa exceed 7%, well above the national average of 4.7%. Despite the strong potential of key productive sectors such as fisheries, agriculture, and tourism in the Northern and Eastern provinces, resources and assets remain largely underutilized. This is compounded by critical gaps in enabling



infrastructure—including weak connectivity, inadequate water supply, poor solid waste management, and limited productive facilities—as well as the absence of comprehensive regional development strategies and insufficient support for priority economic value chains. Past efforts have focused narrowly on physical reconstruction with limited coordination and the government is therefore keen to shift toward an integrated, growth-oriented approach that aligns infrastructure investments with productive sector development and fosters greater private sector participation. To address these challenges, the proposed operation adopts a programmatic and phased approach, with an emphasis on spatially targeted investments in enabling infrastructure, support for productive value chains, and the mobilization of private capital to accelerate regional growth and job creation. The first phase will focus on a coordinated set of interventions within selected Priority Investment Areas (PIAs) to unlock the potential of regional productive sectors—such as tourism, agriculture, aquaculture, and fisheries—while creating jobs and improving job quality. The project interventions will focus on i) infrastructure development (e.g. roads, water supply, solid waste management, heritage rehabilitation, productive infrastructure for fisheries), ii) value chain strengthening and private sector engagement, and iii) strategic regional planning and institutional capacity building.

D. Environmental and Social Overview

D.1 Overview of Environmental and Social Project Settings

The Northern and Eastern Provinces have a tropical climate with distinct wet and dry seasons with a wide range of ecosystems including lagoons, mangroves, coral reefs, and sand dunes. Fauna includes the Asian elephant, leopards, sloth bears, otters, and a wide range of birds, reptiles, amphibians, and fish. Coral reefs and seagrass beds provide habitat for dugongs, dolphins, and a diversity of fish and invertebrates. The IUCN Red List notes various mammals, birds, and marine and coastal species in the two Provinces. Both Provinces are rich in cultural heritage, particularly relating to religious practices and temples, and a dense network of colonial-era forts and port. Jaffna Fort is a prime example of tangible cultural heritage that falls within the project areas and activities. Agriculture is the dominant livelihood and includes fisheries, padi, livestock and dairy. Aquaculture is both coastal and freshwater. Consultations observed reducing fish stocks in some areas. Decades of conflict and crises have left these regions with deep socio-economic challenges and many vulnerable households, marked by a high share of female-headed households, elevated rural poverty, low labor force participation—especially among women—and lower household incomes.

The Project Development Objective is to improve access to enabling infrastructure and services to catalyze economic development in selected priority areas of Northern and Eastern Provinces. Project typologies include technical assistance (e.g., feasibility studies, economic development plan preparation, a strategic environmental and social assessment, establishment of a multi-stakeholder planning platform, and strategic regional planning and preparatory assessments), civil works (e.g., the construction, upgrading, and rehabilitation of infrastructure assets, including connectivity, water supply, public spaces, flood mitigation, and urban regeneration facilities), and capacity building.

D.2 Overview of Borrower's Institutional Capacity for Managing Environmental and Social Risks and Impacts

The Ministry of Provincial Councils and Local Government (MPCLG) and the Ministry of Urban Development (MoUD) will serve as the primary Implementing Ministries for the Project. The MPCLG holds the mandate to coordinate activities with Provincial Councils, while the MoUD is the lead government agency responsible for spatial planning. Two Program Management Units (PMUs) will be established—one under each ministry. Project Implementing Units (PIUs) will be set up within the two participating Provincial Governments to support the day-to-day activities. The PMUs will be the main counterparts responsible for management, and oversight of all project activities, including E&S risk management, and all related responsibilities regarding technical assessment, design, and civil works, including works supervision, monitoring,



and evaluation, and reporting. The two PIUs will report directly to the PMU and will be responsible for implementation of project activities.

MPCLG has prior experience with WB Safeguard Policies through the Local Development Support Project but demonstrated E&S risk management capacity constraints and required significant support during project implementation. MoUD, through the Metro Colombo Urban Development Project (MCUDP) and the Strategic Cities Development Project (SCDP), has managed complex projects involving E&S assessments and resettlement plans. Neither ministry has experience with the Environmental and Social Framework (ESF) or has dedicated E&S units.

Establishing a team of experienced staff, targeted capacity building on ESF implementation will be necessary to ensure effective management of E&S aspects throughout the project lifecycle. One Environmental Specialist and one Social Specialist will be engaged under the Grant Facility for Project Preparation (GFPP) to support Project readiness. Other E&S resources will be engaged within 60 days of Project effectiveness. ES HEIS is under discussion with UDA.

II. SCREENING OF POTENTIAL ENVIRONMENTAL AND SOCIAL RISKS AND IMPACTS

A. Environmental and Social Risk Classification (ESRC)

High

A.1 Environmental Risk Rating

High

The environmental risk classification is 'high'. Whilst both technical assistance and civil works are expected to result in impacts that are medium in magnitude and spatial consent and have a low probability of serious adverse effects to the environment, some cumulative impacts are expected, Project activities are not yet finalized, and the two IAs have limited capacity for managing E&S risks and impacts. The final risk classification will be reviewed once Project PIAs are finalized, based on readiness criteria (e.g., feasibility studies, land acquisition, existing E&S instruments); and mitigation measures will be confirmed through the development and implementation of environmental and social impact assessments (ESIAs), environmental and social management plans (ESMPs), and potentially a strategic or sectoral environmental and social assessment (SESA) that will consider the indirect and cumulative impacts of regional economic development. Civil works may result in the generation of dust, noise, erosion and sedimentation, waste generation, and impacts to either marine or terrestrial biodiversity, as well as occupational and community health and safety impacts. Some works may be located in the vicinity of protected areas and the IUCN Red List and national assessments have identified vulnerable, endangered, and critically endangered species within the two provinces. Technical assistance will likely have similar downstream and indirect impacts to those listed above. Economic development can result in cumulative impacts (e.g., land clearance, waste generation, multiple water discharges etc.) which will be considered in sub-project specific E&S assessments. Operational risks and impacts may include the consumption of water and energy, waste generation, and ongoing discharges. These risks and impacts will be managed through the development and implementation of operational ESMPs or E&S management systems (ESMSs) as determined through the E&S screening process.

A.2 Social Risk Rating

High

The project's social risk rating is assessed as 'High' at concept stage. This rating reflects the lack of clarity on the associated social risks, as activities are yet to be finalized, the limited capacity of the implementing agencies and the range of potential risks. Key risks may include potential resettlement impacts, impacts on vulnerable populations, risks due to labor influx, and occupational, community health and safety and impacts on cultural assets. Infrastructure development may cause potential physical and economic displacement of houses, shops, and businesses. To minimize



these risks, the project will prioritize use of government owned land with minimal encumbrances. Given the history of conflict and higher proportion of vulnerable populations in the two provinces, project activities will be designed to avoid exacerbating inequalities or creating new vulnerabilities. Mechanisms will be established to ensure equitable benefit distribution and prevent exclusion of vulnerable groups. The anticipated labor influx and higher percentage of female-headed households may increase the risk of Sexual Exploitation, Abuse, and Harassment (SEA/SH), requiring robust mitigation measures. Civil works may cause temporary disturbances in urban areas, such as increased traffic, noise, dust, and health and safety risks, including impacts on water quality and resource access. These impacts will be managed with appropriate E&S instruments, informed by E&S screenings and potentially a strategic or sectoral environmental and social assessment (SESA). Rehabilitation of cultural heritage sites will require appropriate assessments, stakeholder consultations, and implementation of appropriate measures to protect such sites as determined by E&S screening. Necessary E&S instruments including an E&S due diligence procedures, Resettlement Planning Framework (RPF), a Stakeholder Engagement Plan (SEP) and Labor Management Procedures (LMP) will be prepared to manage the risks & impacts.

B. Relevance of Standards and Policies at Concept Stage

B.1 Relevance of Environmental and Social Standards

ESS1 - Assessment and Management of Environmental and Social Risks and Impacts

Relevant

E&S screening will be completed during project preparation to identify the required level of E&S assessment. SESA (or similar) scope will be finalized once PIAs are confirmed to avoid an overly broad assessment and ensure actionable outcomes. A strategic assessment will support a structured, participatory and analytical approach to E&S risk management as regional economic development can have significant cumulative and indirect impacts on people and ecosystems. Any existing E&S assessments will be reviewed during Project preparation, and an E&S screening procedure will guide the identification and completion of gaps. GPFF will finance key project preparation activities including E&S screening and preparation of the SEP, RPF and LMP. The timing of the preparation of other instruments and mitigation measures will be detailed in the ESCP and procurement for physical works will not commence prior to the completion of E&S due diligence (including public disclosure and stakeholder review).

ESS10 - Stakeholder Engagement and Information Disclosure

Relevant

ESS10 is relevant to this project as stakeholder engagement is integral to E&S risk management and will be undertaken throughout the project lifecycle, involving local communities, government agencies, civil society, private sector actors in tourism and fisheries, and project beneficiaries. A Stakeholder Engagement Plan (SEP) will be prepared and disclosed by Appraisal. The SEP will be informed by a stakeholder analysis to identify Project-Affected Parties (PAPs), including vulnerable groups, and Other Interested Parties (OIPs). The SEP will detail culturally appropriate, accessible information disclosure and meaningful, inclusive consultations, with special measures for vulnerable groups. The GM will be accessible, transparent, and timely, with clear procedures and an appeals process. The project design incorporates structured consultations and establishes a multi-stakeholder platform for regional planning, to enhance stakeholder engagement and civic participation.

ESS2 - Labor and Working Conditions

Relevant



ESS2 on Labor and Working Conditions is relevant to this project, and will apply for all project workers including Direct Workers employed by the PMUs and PIUs, Contracted Workers engaged by contractors and primary supply worker. Labor Management Procedures (LMP) will be prepared to address risks associated with labor. The LMP will build on areas of national labor laws, with a gap filling measures to ensure compliance with ESS2. The LMP will outline employment terms, non-discrimination measures, prohibition of child and forced labor, OHS requirements, adherence to WBG EHS Guidelines, establishment of a confidential worker GRM, and implementation of Codes of Conduct (including GBV/SEA prevention). The Borrower will be responsible for LMP implementation, monitoring, and capacity building. LMP will be prepared during the project preparation and before the engagement of any project workers, including the PMU/PIUs.

ESS3 - Resource Efficiency and Pollution Prevention and Management

Relevant

ESS3 is relevant as the project involves civil works and TA that will result in the consumption of resources, generate waste, and produce emissions. Key considerations include energy and water efficiency, management of construction and operational waste, control of air emissions (e.g., dust and GHG), and erosion and sedimentation. Resource efficiency and pollution prevention measures will be assessed and managed in line with World Bank Group Environment, Health, and Safety Guidelines and Good International Industry Practice, with specific details to be elaborated in the sub-project ESMPs. E&S screening will identify where E&S assessments must consider cumulative impacts and whether activates may result in the use of pesticides (though unlikely). The project's focus on enhancing water supply, sanitation, and solid waste management will result in positive environmental outcomes and the Project will promote green, sustainable, resilient and climate smart technologies.

ESS4 - Community Health and Safety

Relevant

ESS4 is relevant to this project due to anticipated infrastructure works and increased community interaction. Key community health and safety risks include construction-related impacts (noise, dust, traffic), road safety concerns, and risks from labor influx. E&S Screenings will be conducted by Appraisal for the priority investments which will inform the E&S instruments to be prepared, such as Environmental and Social Management Plans (ESMPs), which will include community health & safety, GBV/SEA prevention & traffic management measures. Also, measures to prevent the spread of communicable and vector-borne diseases like dengue will be implemented. All infrastructure will be designed for structural safety and universal access. Emergency preparedness, stakeholder engagement, and consideration of vulnerable groups will be integrated throughout project preparation and implementation. ESMPs & other instruments will be prepared and disclosed before commencement of bidding for civil works.

ESS5 - Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

Relevant

ESS5 is relevant as the project's infrastructure development may require land acquisition, potentially resulting in physical and economic displacement of houses, shops, and businesses. The project will explore alternatives to avoid or minimize displacement, such as adjusting infrastructure designs or selecting alternative sites, and will prioritize the use of government owned land with minimal encumbrances. A Resettlement Planning Framework (RPF) will be prepared and disclosed prior to Appraisal which will guide the preparation of Resettlement Action Plans (RAPs) including livelihood restoration plans as required. RAPs will be based on a census and socio-economic survey of affected populations, detailing affected persons, asset values, and compensation measures. If Voluntary Land Donation (VLD) is considered, strict ESS5 criteria will apply.



ESS6 - Biodiversity Conservation and Sustainable Management of Living Natural Resources

Relevant

ESS6 is relevant due to the potential for direct, indirect, and cumulative impacts on biodiversity and habitats. The project will promote climate-smart agriculture, sustainable fisheries, and eco-tourism, which, while beneficial, requires careful planning to ensure biodiversity conservation and sustainable resource management outcomes. IUCN Red List and national assessments have identified vulnerable, endangered, and critically endangered species within the two provinces. E&S screening will be completed during project preparation to identify and classify habitats, assess potential impacts, and inform the application of the mitigation hierarchy, including the requirement to develop sub-project biodiversity management plans/action plans. Activities leading to increased pressure on fish stock will be noted as ineligible activities within the ESCP and, if a SESA is financed, it will consider biodiversity risks including habitat loss, fragmentation, and cumulative impacts.

ESS7 - Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities

Relevant

ESS7 may apply if Indigenous Peoples are affected by project activities. In Sri Lanka, the Veddah are the only historically recognized Indigenous group meeting ESS7 criteria. They are a small community of approximately 5,000–10,000 people, with some communities that may reside in the towns and coastal areas of Batticaloa and Trincomalee—both targeted by the project. All subprojects will therefore be screened, per E&S procedures, to determine the presence of such groups. If present, they will be consulted in a manner consistent with ESS7, and subproject-specific Indigenous Peoples Development Plans (IPDPs) will be prepared before commencing any activities. Free, Prior, and Informed Consent (FPIC) will be required where impacts involve land, livelihoods, cultural heritage, or relocation. The project will also ensure that the GRM is culturally appropriate and accessible to Indigenous Peoples, incorporating customary dispute resolution mechanisms.

ESS8 - Cultural Heritage

Relevant

ESS8 is considered relevant to this project. Project activities, such as the urban regeneration of Jaffna City's urban and cultural heritage, trigger the need for consideration of cultural heritage impacts. The project's focus on infrastructure development and urban regeneration may involve excavations, demolition, earth movement, or other physical environmental changes that could potentially impact unknown archaeological resources or known built heritage. Therefore, a cultural heritage assessment will be required, along with stakeholder consultation, adherence to a Chance Finds Procedure, and potentially the development of Cultural Heritage Management Plans (CHMPs), as determined by E&S screening. Operational phase risks may result from increased visitor pressure. Planning documents will need to consider managing site access, balancing conservation and tourism benefits, preventing overcrowding, and protecting sensitive resources.

ESS9 - Financial Intermediaries

Not Currently Relevant

ESS9 is not relevant as the project financing will be directly implemented by the government and does not involve the use of Financial Intermediaries to channel funds to sub-projects.

B.2 Legal Operational Policies that Apply



OP 7.50 Operations on International Waterways

No

OP 7.60 Operations in Disputed Areas

No

B.3 Other Salient Features

Use of Borrower Framework

In Part

ESF will guide the risk management approach. The project will build on elements of the Borrower's Framework (BF) consistent with the ESS, and apply ESF where gaps exist. For example, the national EIA system has known gaps, particularly the lack of requirements to assess social impacts; E&S assessments will be supplemented to bridge this. For ESS2, the project will comply with applicable national labor laws. Gap-bridging measures will be set out in the LMP, including establishing a GRM for workers and requiring all project workers to sign SEA/SH Codes of Conduct. For ESS5, where land acquisition is required, the project will build on Sri Lanka's Land Acquisition Act with gap-filling measures to ensure timely compensation at replacement cost, compensation for non-title holders' non-land assets, an accessible GRM, and meaningful consultations.

Use of Common Approach

No

Financing partners have not been considered at this point.

C. Overview of Required Environmental and Social Risk Management Activities

C.1 What Borrower environmental and social analyses, instruments, plans and/or frameworks are planned or required by Appraisal?

Project Preparation will consider how best to embed E&S considerations into planning activities and to address the downstream, indirect and cumulative impacts of economic development such as changing land use, biodiversity loss, issues around carrying capacity and other support services such as waste management etc. for the two provinces. The approach and scoping (for example, SESA TOR) will be completed prior to Appraisal.

The exact instruments that will be required will be determined after PIAs are finalized and the E&S screening is completed for the selected PIAs. Subsequently, the Appraisal ESRS will clearly state what E&S assessments are required for each PIA.

The following tasks will be completed prior to Appraisal:

1. The government has previously prepared feasibility studies for some of the proposed project investment area (PIA) activities. A review will be completed of any existing E&S assessments where available. Gap analyses will be completed to identify updates required to ensure compliance with the ESSs during project implementation. Existing E&S assessments will be disclosed.
2. Preliminary E&S screening of confirmed project activities and respective reports disclosed prior to project Appraisal.
3. An Environmental and Social commitment Plan will be developed, consulted, and disclosed.
4. A Resettlement Policy Framework and disclosed prior to project Appraisal.
5. Stakeholder Engagement Plan will be prepared and disclosed prior to project Appraisal.



The following tasks will be completed prior to Effectiveness:

1. E&S screening procedure, forms, and an ineligible list and E&S due diligence requirements will be included in the Project Implementation Manual (PIM).
2. A Labor Management Procedures (LMP) will be prepared and disclosed.

III. CONTACT POINT

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