COMBINED PROJECT INFORMATION DOCUMENTS / INTEGRATED SAFEGUARDS DATA SHEET (PID/ISDS)
APPRAISAL STAGE

Report No.: PIDISDSA16094

Date Prepared/Updated: 27-Jan-2016

I. BASIC INFORMATION

A. Basic Project Data

Country:	Sri Lanka	**Project ID:**	P156021
		Parent Project ID (if any):	
Project Name:	Ecosystems Conservation and Management (P156021)		
Region:	SOUTH ASIA		
Estimated Appraisal Date:	19-Jan-2016	**Estimated Board Date:**	28-Mar-2016
Practice Area (Lead):	Environment & Natural Resources	**Lending Instrument:**	Investment Project Financing
Sector(s):	General agriculture, fishing and forestry sector (100%)		
Theme(s):	Biodiversity (50%), Other environment and natural resources management (40%), Environmental policies and institutions (10%)		
Borrower(s):	External Resources Department		
Implementing Agency:	Department of Wildlife Conservation, Forest Department, Ministry of Mahaweli Development and Environment, Ministry of Sustainable Development and Wildlife		

Financing (in USD Million)

Financing Source	Amount
BORROWER/RECIPIENT	0.00
International Development Association (IDA)	45.00
Total Project Cost	45.00

Environmental Category:	B - Partial Assessment
Appraisal Review Decision (from Decision Note):	The review did authorize the team to appraise and negotiate
Other Decision:	
Is this a Repeater project?	No

B. Introduction and Context

Country Context

Sri Lanka is a lower middle-income country with a total population of 20.7 million. Following 30 years of civil war that ended in 2009, Sri Lanka's economy grew at an average 6.7 percent during 2010-2014, reflecting a peace dividend and a determined policy thrust towards reconstruction and growth. The economy is also transitioning from a previously predominantly rural-based economy towards a more urbanized economy oriented around manufacturing and services. In 2014, the service sector accounted for 63 percent of GDP, followed by manufacturing (29 percent), and agriculture (8 percent). Per capita Gross Domestic Product (GDP) reached US$ 3,811 in 2014. The Government envisions promoting a globally competitive, export-led economy with an emphasis on inclusion. Sri Lanka has also made significant progress in its socio-economic and human development. Social indicators rank among the highest in South Asia and compare favorably with those in middle-income countries. Growth has translated into shared prosperity with the national poverty headcount ratio declining from 15.3 percent in 2006/07 to 6.7 percent in 2012/13. Much of the poverty reduction was driven by the reduction in rural poverty. Extreme poverty is rare and concentrated in some geographical pockets; however, a relatively large share of the population subsists on little more than the extreme poverty line. The country has comfortably surpassed most of the Millennium Development Goal targets set for 2015 and was ranked 73rd in Human Development Index in 2014.

The country's fiscal landscape is challenging. In 2014, a widened primary deficit and a slowdown in growth increased the fiscal deficit and the public debt to 5.7 percent and 71.8 percent respectively, as a share of GDP. This trend marks a slight reversal of the fiscal consolidation path observed in the post-conflict period. The fiscal budget for 2016 presented to the parliament projects a deficit around 6.0 percent of GDP for the years 2015 and 2016. The newly elected government presented its economic policy statement to the parliament in November 2015. This policy statement identified generating one million job opportunities, enhancing income levels, developing rural economies, creating a wide and a strong middle class as key policy priorities. It proposed consolidation of fiscal operations through raising revenue. Further, it discussed far reaching reforms to improve performance of the State Owned Enterprises and enhance trade and Foreign Direct Investment. A multitude of new institutions were also proposed to be established to administer the development agenda. The implementation of this reform oriented policy statement will require continued political will and close coordination of all stakeholders.

The Government of Sri Lanka (GoSL) has recognized that the long-term sustainability of the environment and natural resources depends on their ability to provide benefits to people and the country. This includes the need to mobilize financing and revenue generation from sustainable use of the natural resources, such as nature-based tourism, payment for ecosystem services, and others. The GoSL is already undertaking policy and institutional reforms and building capacity to address the Human Elephant Conflict (HEC), which exemplifies Sri Lanka's challenge to reconcile environmental protection and economic development. GoSL also aims at improving the sustainable use and effective management of forests and wildlife resources, which are highlighted as national priorities in the Punarudaya-Accelerated National Environment Conservation Program of 2015.

Sectoral and institutional Context

Sri Lanka exhibits a wide array of ecosystems with a diversity of species considered to be the richest per unit area in the Asian region. The country is ranked as a global biodiversity hot spot.

Natural forests occupy about 30 percent of the total land area. Sri Lanka has several distinct climatic zones, each with characteristic forests and wildlife and wetlands associated with 103 major rivers and over 10,000 irrigation tanks. The country has rich marine and coastal ecosystems along its 1,620 km coastline. Biodiversity has been shaped by a complex geological history, altitudinal variation, and a monsoonal climate regime determined by the spatial and seasonal distribution of rainfall. Sri Lanka has an exceptional degree of endemism, including a large number of geographic relics and many point endemics that are restricted to extremely small areas.

About 14 percent of Sri Lanka's land area are under legal protection. Despite conservation efforts, deforestation, forest degradation and biodiversity loss continue. About 30 percent of the Dry Zone forests are degraded, while highly fragmented small forest patches dominate in the Wet Zone. The average annual rate of deforestation has been 7,147 ha/year during 1992-2010. While logging in natural forests was banned in Sri Lanka in 1990, forest clearance for infrastructure development, human settlements, agriculture as well as encroachment, illegal timber felling, forest fires, spread of invasive species, clearing of mangrove forests for prawn farming, and destructive mining practices are contributing to deforestation and forest degradation. Sri Lanka's National Red List of 2012 and the International Union for Conservation of Nature (IUCN) Global Red List of 2013 assessed a significant number of fauna and flora in Sri Lanka as threatened with extinction.

HEC is a noteworthy issue in the context of Sri Lanka's development. Sri Lanka has the highest density of elephants among the Asian elephant range states. Estimates of the number of elephants in Sri Lanka vary from about 3,000 to 5,000. However, protected areas (PAs) under the Department of Wildlife Conservation (DWC) are insufficient in size and quality to sustain the country's elephant population. Over two-thirds of the wild elephant population can be found outside the PA system. This is because elephants are an edge species that prefers open forest habitat to dense primary forests. PAs, on the other hand, are generally primary or mature forests and provide only sub-optimal habitat for elephants. As a result, elephants graze on other forest and agricultural lands to survive, causing conflicts with farmers, including deaths of humans and elephants and crop and property damage. Around 70 humans and over 200 elephants are killed annually. Crop and property damage is in the range of US$ 10 million annually. With accelerating development and fragmentation of habitats, innovative landscape management approaches are needed to address the HEC. Such approaches would balance competing objectives, sustaining Sri Lanka's unique elephant population, and creating new opportunities for rural poverty reduction and employment over much of the Dry Zone.

Sri Lanka's biodiversity and natural resources endowments are important assets for future sustainable development. Many communities living in the vicinity of natural forests are directly and indirectly dependent on the natural ecosystems. The collection of Non-Timber Forest Products (NTFP) including medicinal plants and food items – yams, mushrooms, honey and wild fruits –, as well as the extraction of fuel wood and fodder for livestock from forests are important sources of livelihood in addition to farming while the demand for wood and wood products is now mainly met from home gardens, state-owned or privately held woodlots and plantations.

Nature-based tourism is a fast growing segment of the global tourism industry creating opportunities for growth and to develop a successful rural development growth strategy. Due to the ease of wildlife sighting, Sri Lanka has the potential of being the best nature-based tourism destination outside Africa. Yet nature-based tourism remains underexploited. Less than 30 percent of foreign tourists visit the country's national parks due to poor visitor experience as a result of

inadequate management. Much of the sector operates as an enclave industry, generating little employment and growth benefits. Few of the monetary benefits from nature-based tourism flow to local communities. Efforts made for joint management of visitor facilities within PAs of the Forest Department have not yet been successful due to lack of quality and consistent service. The development of home stays, village trails, agriculture trails, wildlife viewing outside PAs, and others are known to have potential to succeed.

According to the Intergovernmental Panel on Climate Change, even under the most stringent mitigation scenarios, the world's temperature will continue to increase, making adaptation strategies a necessity, as well as addressing the challenges posed by current aggravated climate variability. In Sri Lanka, there is evidence that wet areas are becoming wetter and dry area dryer contributing to a trend of heightened annual and seasonal variability. Anthropogenic activities of people are having a significant and at times escalating impact on ecosystems; hence impacting their ability to provide the critical services that are increasingly important for communities to adapt to climate change. Under most emission scenarios and without accounting for human induced impacts, Sri Lanka's forest carbon pool will remain unchanged.

The GoSL's development framework commits Sri Lanka to a path of sustainable development and identifies the country's biodiversity as part of its natural heritage and a high conservation priority. The value of the natural resources has been well recognized recently and GoSL has enacted various laws aimed at the protection of natural resources with an understanding the importance of it for sustained growth and poverty reduction. Sri Lanka was the first country in Asia to prepare a National Environmental Action Plan in 1992. A number of natural resources management strategies were developed, including the Biodiversity Conservation Action Plan of 1998 (and addendum of 2006), Protected Area Gap Analysis of 2006, Haritha Lanka of 2009, and Drivers of Deforestation and Forest Degradation of Sri Lanka of 2015. These strategies identify critical areas that require strategic conservation efforts. One of the first policy documents prepared by the new Government elected in 2015 was a National Environmental Plan where conservation and management of forests and wildlife feature prominently in four of the six priority areas.

Five dedicated government agencies have been set up for environment and natural resources management. This includes the: Forest Department, Central Environmental Authority, Coast Conservation Department, and Marine Environment Protection Agency under the Ministry of Mahaweli Development and Environment (MoMDE), and the DWC under the Ministry of Sustainable Development and Wildlife (MoSDW). In addition, there are separate institutions managing water and some of the land resources. Institutional mandates of many of the institutions are overlapping and coordination, investments, incentives, and information flow is weak. In addition, there is near exclusive focus on strict protection instead of a more integrated management approach. This system, combined with outdated institutional capacity, infrastructure and financing models, is no longer capable of effectively governing the sustainable use, management and enforcing legal compliance of depleting natural resources. Conditions are now converging, with strong leadership for more effective policy decisions and strategies for greater economic and more sustainable use of natural resources, particularly actions that will invigorates local communities and ensures more inclusive growth with the initiation of Punarudaya. Strengthened integrated management of natural resources could yield a triple dividend by providing incentives for shared prosperity and reducing poverty while enhancing the sustainability of resource use by the local communities and the country.

C. Proposed Development Objective(s)

Development Objective(s)

The project development objective (PDO) is to improve the management of sensitive ecosystems in selected locations in Sri Lanka for conservation and community benefits.

Key Results

15,000 direct project beneficiaries, of which 30% female
10,000 people with improved access to income generating activities as a result of project interventions
50 villages and agriculture plots protected as a result of human-elephant co-existence activities
200,000ha brought under enhanced biodiversity protection
10 percent increase in number of tourists to selected PAs as a result of project interventions

D. Project Description

The project comprises four components, which are summarized below. A detailed project description is provided in Annex 2.

Component 1: Pilot Landscape Planning and Management

Component 1 will provide technical assistance, training and capacity building to develop the guiding framework for landscape-level management planning and support the piloting of landscape planning and management in two selected landscapes comprising contiguous areas of unique ecological, cultural and socio-economic characteristics. The two landscapes will include (a) the biodiversity rich Wet Zone, and (b) the dry and arid zone forest ecosystems, which have been identified in the Protected Area Gap Analysis Study (2006) of the DWC and Drivers of Deforestation and Forest Degradation in Sri Lanka (2015) of FD.

The strategic landscape plans will focus on broad guidelines and principles for the management of PAs and other ecosystems within a landscape and involve: (a) defining opportunities and constraints for conservation action within the landscape; (b) identification of effective ecological networks; (c) identification of measures to secure the integrity of ecosystems and viable populations of species; (d) developing rapid assessment systems for landscape scale ecosystem quality including the identification of high conservation value ecosystems; (e) setting out a stakeholder negotiation framework for land and resource use decisions and for balancing the trade-offs inherent in such large-scale approaches; and (f) recognizing and using overlapping cultural, social, and governance “landscapes” within biologically defined areas.

The component will be implemented by the Sustainable Development Secretariat of MoSDW. The component will use consultative and participatory approaches to ensure all relevant stakeholders views and opinions are considered in the development of the two landscape plans and their participation during implementation of the plans.

Component 2. Sustainable use of natural resources and human-elephant co-existence

Component 2 will support communities living adjacent to PAs and other ecologically sensitive areas to plan for natural resource use and to develop biodiversity compatible, productive and

climate resilient livelihood activities and to scale-up successful models that address the human-elephant conflict.

Sub-component 2(a): Sustainable use of natural resources for livelihood enhancement. This sub-component will finance the identification and implementation of biodiversity-friendly and climate-smart existing or new livelihood options through participatory Community Action Plans (CAPs). Typical activities in the CAPs will include: (a) improvements of small-scale social infrastructure such as rehabilitation of local irrigation tanks; (b) the establishment of woodlots; (c) improving the productivity of home gardens; (d) promotion of sustainable agricultural and non-agricultural income-generation activities; (e) development of agro-forestry; and (f) promotion of community-based ecotourism that promotes sustainable use of natural resources. The project will also provide financing for capacity development in livelihood and business development and management, and facilitate access to finance. It will also assist in the capacity development of participating community groups on natural resources management and co-management of forest and wildlife resources.

Sub-component 2(b): Human-elephant co-existence for livelihood protection. This sub-component has four key areas of interventions.

2(b)i: Human-elephant co-existence activities (US$ 10 million). This will support scaling up successful human-elephant coexistence pilot projects within high HEC areas. It will fund the implementation of: (a) a landscape conservation strategy aimed at allowing elephants to range outside DWC PAs providing protection to farmers and village communities through protective solar electric fencing; and (b) management of elephants in Elephant Conservation Areas (ECA) and Managed Elephant Ranges (MERs) outside the DWC PA network without transfer or change in land ownership through elephant compatible development.

2(b)ii: Identification of economic incentives for affected communities. This will support studies to identify viable economic incentives to affected local communities and development of policies and procedures and a governance mechanism for provision of such economic incentives. Such provisions include, for example, improving the existing insurance schemes or indication of new insurance schemes, compensation mechanisms to mitigate the impact of elephant destruction and promotion of opportunities for community-managed nature-based tourism (such as elephant viewing) in order to demonstrate the economic benefits to communities of coexistence with elephants.

2(b)iii: Implementation of economic incentives for affected communities. This will support and implement economic incentives identified and approved through the process in 2(b)ii.

2(b)iv: Update the national master plan for HEC mitigation and development of HECOEX models for other areas: This will support the updating of the national master plan for mitigation of the human-elephant conflict and developing practical models for HECOEX in other areas.

Component 3: Protected Area Management and Institutional Capacity

Component 3 will support interventions in PAs in compliance with the Fauna and Flora Protection Ordinance (FFPO) and the Forest Ordinance (FO); support nature- based tourism development, and strengthen the institutional capacity and investment capability for conservation

and management.

Sub-component 3(a): Protected area conservation and management. This sub-component will finance the updating and/or developing of PA management plans where needed and the implementation of PA management plans. Priority PAs in the DWC and FD PA network are eligible for support under this sub-component, covering terrestrial, marine and wetland PAs. Conservation and management activities eligible for funding include: (a) the rehabilitation and development of water resources within PAs for wildlife; (b) habitat management, including control of invasive species, habitat creation and habitat enrichment, etc.; (c) rehabilitation and expansion of the road network within PAs for reducing tourism pressures and improving patrolling; (d) improvements to PA management infrastructure for better management of forest and wildlife resources; (e) species monitoring and recovery programs; (f) protection of inviolate areas for species conservation; (g) implementation of real time field based monitoring systems; (h) strengthening enforcement through the introduction of SMART (Spatial Monitoring and Reporting Tool) patrolling; and (i) improving mobility of PA staff for better enforcement.

The project will reward innovation, performance and accountability in PA conservation and management. A review of performance of this sub-component will be carried out at mid-term adopting the management effectiveness tracking tool (METT) of the World Bank/World Wide Fund for Nature (WWF, 2007). Based on the findings of such review, project funds may be reallocated to better performing PAs or to other PAs. This competitive element is expected to improve efficiency and promote more cost-effective and relevant interventions.

Sub-component 3(b): Nature-based Tourism in protected area. This sub-component aims at enhancing the quality of nature-based tourism through planning of nature-based tourism and visitor services in PAs, based on needs and carrying capacity assessments. The sub-component will support the: (a) preparation of plans for enhancing nature-based tourism in selected PAs, including establishing the optimum number of visitors; (b) development and renovation of visitor services infrastructure, such as construction and renovation of visitor centers, comfort facilities; eco-friendly park bungalows and camp sites, and infrastructure for new visitor experiences; (c) construction of nature trails, wayside interpretation points, observation towers, wildlife hides, and canopy walks; and (d) development of comprehensive accreditation systems for nature-based tourism services, including related guidelines and others.

Sub-component 3(c): Institutional capacity and investment capability of DWC and FD. This sub-component will support activities to strengthen the institutional capacity of the DWC and FD to implement reforms and decentralized decision making. It will finance activities to improve skills and capacity in for adaptive and effective management of PAs. It will also support capacity strengthening at the National Wildlife Research and Training Center and the Sri Lanka Forestry Institute and its affiliated institutions. It will also finance development of monitoring and evaluation capabilities, targeted studies, technical assistance and equipment for long-term monitoring of status of critical biodiversity and forest resources, setting up of the project website and maintenance, monitoring and evaluation of project results and development of capacity to co-manage wildlife and forest resources with communities and other stakeholders.

Component Name

Component 1: Pilot Landscape Planning and Management

Comments (optional)

Component Name

Component 2: Sustainable use of natural resources and human-elephant co-existence

Comments (optional)

Component Name

Component 3: Protected Area Management and Institutional Capacity

Comments (optional)

Component Name

Component 4: Project Management

Comments (optional)

E. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

The field level activities of the proposed project will focus on ecosystems in priority areas identified in Sri Lanka's Biodiversity Conservation Action Plan, the National Conservation Strategy, Protected Area Gap Analysis Study and up-coming REDD+ strategy. The project focuses on two pilot landscapes, PAs and other critical and sensitive ecosystems, land adjacent to PAs and areas with high HEC prevalence. The two landscapes will be selected to represent (i) the biodiversity rich wet zone, and (ii) the dry and arid zone forest ecosystems. The project will support crucial and high priority interventions to conserve and manage such ecosystems and include, where appropriate, close collaboration with the local population to ensure long-term sustainability of project efforts. In addition, to reduce further fragmentation of critical forest areas that provide ecosystems goods and services beyond biodiversity conservation, sites will be selected for community forestry initiatives on the basis of conservation issues faced by the respective forest reserves, including the vulnerability of forests to deforestation and forest degradation.

F. Environmental and Social Safeguards Specialists

Nadeera Rajapakse (GENDR)

Susrutha Pradeep Goonesekera (GSURR)

II. Implementation

Institutional and Implementation Arrangements

TThe Project's institutional implementation structure comprises relevant institutions at national and sub-national levels with distinct decision-making and accountabilities based on their mandates and implementation responsibilities. Institutional responsibilities are summarized below. They are described in more detail in Annex 3 and in the Project Operations Manual (POM).

Lead Ministry and Project Steering Committee. MoMDE will lead overall project implementation based on the overall environmental and natural resources management mandate of the Ministry. The MoMDE has an established policy and planning framework as well as strong capacity to manage donor-financed operations. A Project Steering Committee (PSC), co-chaired by the Secretaries of the MoMDE and MoSDW, will be established by negotiations to ensure coordinated policy and implementation guidance for technical, fiduciary and safeguards from both ministries to the project implementing agencies.

Inter-ministerial Project Management Unit (PMU). Based on their respective mandates and jurisdictions, DWC and FD head offices and field offices will be responsible for overall project implementation, supervision and monitoring of all project activities undertaken within their jurisdiction. Project implementation would be through regular staff of DWC and FD. Because the two departments are located in separate ministries and have different levels of capacity to manage a Bank-financed project, an inter-ministerial PMU, headed by a Project Director, will be established that will be responsible for institutional coordination between DWC and FD. The PMU will be housed in MoMDE. The PMU will also be responsible for the management of fiduciary (procurement/ financial management) requirements, coordinating safeguards, and monitoring and evaluation activities, and project reporting. The PMU will also provide secretariat support to the PSC and technical review committees.

Technical Review Committee (TRC). The TRC will be set up for Components 1 and 2 that requires expertise beyond the project implementing agencies. The TRC will review the technical soundness of activities selected through strategic landscape plans, CAPs, and HECOEX investment activities and relate research and provide recommendations to the PSC. It will bring experts with knowledge on wildlife and forestry research and development, project management, human-elephant co-existence, spatial planning, community business development, and social development including citizen engagement. Depending on the area of review it will also include representatives of Department of National Planning, UNDP GEF Small Grants Program, UN REDD Program and the Government of Australia funded Community Forestry Program.

Citizen Engagement. The project has identified a mechanism to involve communities and their representatives in making decisions and for ensuring greater positive impact. For the participatory planning processes under Components 1 and 2, the PMU will design a citizen engagement strategy with the objective to give voice and opportunity to various stakeholders in the planning process.

III. Safeguard Policies that might apply

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	Overall, the proposed project will have a positive environmental impact. However, management of PAs may involve impacts to ecologically sensitive micro-ecosystems within the PA network such as removal of invasive species, improving park roads, water holes, and development of interpretation facilities, etc. Exact investments will depend on the proposals submitted by the PA managers based on PA management plans. The borrower has prepared an EAMF in lieu of stand-alone Environmental

		Assessment.
Natural Habitats OP/BP 4.04	Yes	The project will be implemented almost entirely in ecologically sensitive natural eco-systems. While there shall be no conversion or degradation of natural habitats, this policy has been triggered as a precaution to encourage implementing agencies to be more cautious with the EA process when carrying out activities inside sensitive ecosystems such as civil work, removal of invasive species, etc.
Forests OP/BP 4.36	Yes	Project areas will consist of predominantly forested areas, formally protected or not. While the project shall not finance activities that will either degrade or convert forest land, this policy is triggered as a precaution to encourage implementing agencies to be more cautious with the EA process when carrying out activities inside sensitive forest ecosystems. This policy will also ensure community co-management activities in forested areas are undertaken based on relevant guidelines.
Pest Management OP 4.09	Yes	Some of the proposed forest conservation and human-elephant conflict mitigation strategies may involve increasing efficiency and productivity of farm lands and promoting agricultural production systems in the adjacent sites of PAs. These activities could involve pest management and regulation of the rampant use of pesticides by the communities. The EAMF carries necessary guidance on assessing impacts on the environment by the use of pesticides and impact mitigation.
Physical Cultural Resources OP/BP 4.11	Yes	The policy applies given the uncertainty regarding the exact locations of activities to be carried out under the project. Some forests or landscapes considered by the project may have sites of historical or cultural significance. The EAMF includes specific provisions to assess potential impacts on sites of historical or cultural significance prior to any activities being undertaken and for the treatment of PCRs that may be discovered during project implementation.
Indigenous Peoples OP/BP 4.10	Yes	This policy has been triggered based on the Government's Fauna and Flora Protection Ordinance (FFPO), which identifies the Veddah community as indigenous to the country and grants regulated access to its PAs. It is well known that Veddah communities are located in the periphery of Gal Oya and Maduru Oya National Parks and may possibly be affected if

		and when these PAs are selected for intervention. An IPPF has been developed, which includes guidelines for the development of an Indigenous Peoples Plan in case of sub-projects in the two PAs.
Involuntary Resettlement OP/ BP 4.12	Yes	Although involuntary land acquisition and resettlement of individuals and/or families will not take place as a result of project activities, ecosystem restoration and conservation planning and the human-elephant conflict mitigation activities are likely to affect land use patterns of the communities. This policy has been triggered in order to ensure that there are no adverse impacts on livelihoods. A process framework has been prepared as part of the SMF to address issues related to access restrictions.
Safety of Dams OP/BP 4.37	No	Not applicable as the project does not involve new construction/rehabilitation of any dams.
Projects on International Waterways OP/BP 7.50	No	There will not be any activities in international waterways or land-based activities that could be detrimental to international waterways supported by the project and therefore the policy is not triggered.
Projects in Disputed Areas OP/ BP 7.60	No	There are no disputed areas in the country; hence the policy is not triggered.

IV. Key Safeguard Policy Issues and Their Management

A. Summary of Key Safeguard Issues

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:

The project is designed to bring about positive environmental and social impacts that ensure the protection of sensitive/critical natural ecosystems, while safeguarding the lives and livelihoods of people. Therefore, the proposed project interventions are not expected to be of a serious nature from a safeguard point of view. It is not envisaged that there will be any significant or irreversible environmental or social impacts under the project. No involuntary resettlement and involuntary land acquisition will take place under the proposed project. However, some proposed interventions are likely to affect land use patterns of the communities.

Component 1 involves piloting of strategic landscape planning and provide some support to implement the plans safeguarding the ecosystem functioning and services at a landscape level. This may involve establishment of ecological networks outside PAs, some of which may be no development zones. This could affect land use patterns of the selected landscapes.

Sub-component 3.1 supports improvement of community livelihoods living in the adjacent areas of PAs. These would include introduction of biodiversity-friendly and climate-mart income generating activities, as well as development of community forestry to reduce deforestation and forest degradation, whose livelihoods depend directly or indirectly on forest and other natural resources. Overall, the proposed interventions will have positive environmental and social impacts. As agriculture is the predominant economic activity of most communities living adjacent

to PAs, community participation strategies would potentially focus on increasing farmland productivity and efficiency that would typically involve better management of water, soil and pests. The rampant and ineffective use of chemical pesticides and fertilizers in these areas that results in pollution of waterways has been highlighted during consultations held. The project would not fund the purchase of pesticides, but may involve promoting better pest management techniques. The likely social impacts would be due to selection of grantees and possible changes to the 'traditional' ways of how forest land has been used by communities such as extraction of non-timber forest products due to strict implementation of existing regulations, etc.

Sub-component 2.2 addresses a national priority which has emerged as one of the most critical socio-economic, political and conservation challenges in the present times – the human elephant conflict (HEC). No significant adverse environmental issues are envisaged under this component. Some strategies under this component may include protection of permanent agriculture or converging of agricultural activities such as slash and burn (chena) cultivation that may involve water/soil/pest management issue, similar to concerns highlighted earlier. In such cases, plans for water, soil and pest management will be prepared. Human-elephant co-existence (HECOEX) activities will reduce the current environmental and social-economic challenges associated with HEC, but not lead to any adverse environmental impacts that are not already present. Tra ditional approaches to management of HEC have been translocations, drives and electric fences on administrative boundaries of PAs.These approaches have led to exceeding the elephant carrying capacity of PAs resulting excessive damage by elephants to the vegetation in PAs, which results in adverse impacts on the environment and the elephant population. Whereas the HECOEX activities will involve electric fencing on the ecological boundaries, boundaries of villages and permanent agriculture, creating larger habitats for the elephants and reducing the stresses on both elephants and the environment. The groundwork for this new approach is based on solid scientific research which has been conducted over the last 15years and successful pilot activities currently on the ground; therefore the probability of failure is low. Potential social impacts of this component are likely to be on livelihood patterns of community members as HECOEX activities may attempt to restructure the way currently illegal chena cultivation is being carried out in forest land, which is a major livelihood activity for local communities in some of he high HEC areas.

While it is recognized that all activities proposed will eventually have significant conservation benefits, it is anticipated that some of the activities under the sub-component 3.1 related to PA conservation and management will involve small-scale civil works and hence will trigger certain temporary negative environmental impacts during the implementation phase. As the sites are yet to be selected, it is too early at this stage to know with details as to what kind of activities would be proposed, selected and eventually funded by the project; but some of the likely activities to be proposed within PAs may include development of water resources, improvement to road networks, rehabilitation of field offices, boundary demarcations, removal of invasive species, etc. Environmental impacts of such interventions may include temporary disturbance to habitats and wildlife populations of conservation importance in the surrounding areas due to use of machinery and earth work if allowed, noise and air pollution due to frequent movement of vehicles as well as use of machinery and burning of uprooted vegetation, spread of invasive species from vehicles and material brought into the park from outside, disposal of dredged silt/soil etc. Other risks would be the possibility of increased wildlife poaching during construction work and attraction of domestic cattle herds to newly developed water resources giving rise to genetic mixing of cattle with for example wild buffalos (which is also an existing issue is many of the PAs). Extreme caution has to be practiced in terms of managing invasive species to ensure that the problem is not further aided. Sri Lanka has many examples of severe invasions of aquatic weeds in waterways as well as

terrestrial species in dry coastal areas which includes several PAs. Solid waste/debris disposal will be another issue that will need addressing. Activities that will involve earth movement and construction will result in the displacement of top soil and generation of wastes. In addition, wastes will be generated from worker camps, if operated. As the project sites are sensitive zones, extreme caution has to be taken in terms of proper disposal of any waste generated during work and to leave sites restored to its natural state on completion of each activity. There are no direct social impacts due to the proposed investments, except opportunities to be involved in undertaking some of the works contracts, regulation of movements of safari vehicles that may be owned by community members, etc. affecting livelihoods.

Some PAs are known to contain historic and cultural sites. However, given the scale of civil works envisaged under the project, significant impacts to PCRs are not envisaged. Knowledge of existing PCR sites in PAs is good and where they are present, the PA management plans also includes protection and maintenance of PCRs. Nevertheless, there is always the possibility of chance finds.

There are also two indigenous peoples (IPs) communities in the vicinity of Maduru Oya National Park and Gal Oya National Park who have some rights to utilize the forest resources, except poaching. The proposed activities will not have any adverse impacts to the IPs.
Sub-component 3.2 will focus on enhancing the quality of nature based tourism in PAs which will require the development of necessary tourism facilities such as visitor centers, visitor toilets and resting areas, park bungalows, picnic sites, camp sites, nature trails, etc. While more organized tourism will bring the much needed income for the parks and reduce impacts in the long-term through better visitor management, some typical negative impacts to be associated with such interventions include changes to landform, decrease in aesthetic value, disturbance to animal life and habitats, soil and waste generation, etc. These can be mitigated to a great extent by adopting good construction and operation practices during and after implementation. Likely social impact of this component will mainly relate to access to potential project benefits in terms of opportunities for skills enhancement in tourism related employment within FD and DWC and training opportunities, as well as regulation of vehicle movements in national parks that could impact livelihoods.

Sub-component 3.3 of the project will support institutional capacity building within the DWC, and FD and hence, no adverse environmental impacts are envisaged, except for the construction or renovation of a buildings in the Sri Lanka Forestry Institute and the National Wildlife Training Center. Likely social impacts will mainly relate to access to potential project benefits in terms of opportunities for skills enhancement within FD and DWC and training opportunities by all.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:

Between 2009 and 2014, during which time the proposed project was first planned, the Government implemented major developments in the south-eastern part of Sri Lanka, with the construction of an international seaport and international airport as well as an industrial complex and commercial activities. This region also has the largest PA complex in the country and the developments, implemented and planned, had significant adverse impacts for conservation and management of the PAs. With the change of government in 2015, the development drive in the south eastern part of the country has slowed down and it is not clear what the policy of the current administration would be in moving forward. Similarly, regional development plans for other areas of the country are not yet fully known but it is unlikely there will be some form of development drives that will seriously threaten the integrity of the PA network in the landscapes supported by

the project. However, it is important to demonstrate through the project that the PA network is able to make significant contributions to the national and local economy. Also, the project is making an attempt to influence the future development decisions that are compatible with the natural ecosystems.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.

The project is designed to address critical environmental issues that have long plagued the conservation sector and continue to challenge conservation management in the country, which results from pressures of environmentally insensitive development and conversion of natural habitats into other land uses. The development of landscape plans for critical ecosystems, with guidelines for green infrastructure would ensure the maintenance of sensitive areas within the ecosystems. Project interventions to manage the HEC through HECOEX will enable the human and large elephant population in this region to coexist. Project interventions designed to increase the revenue potential from PAs to ensure the continued protection of these areas due to their economic contributions. The investments in conservation management activities will contribute significantly to encourage the Government to proceed with its development plans in harmony with the significant natural resource base conserve the protected area network in the south for nature based tourism. Hence, the proposed project is considered timely and necessary to address some of the existing and emerging conservation challenges in the country. Overall, design takes necessary precautions to address existing adverse impacts, as well as avoiding and minimizing potential impacts due to project interventions.

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.

An Environmental Assessment and Management Framework (EAMF) in lieu of project specific Environmental Assessments (EA) has been prepared as details of specific sites and related activities and interventions are not yet available. The EAMF primarily includes an assessment of generic issues that are typically associated with anticipated interventions under the project, measures for environmental risk mitigation and institutional arrangements for conducting environmental assessment, instruction to the preparation of Environmental Management Plans (EMPs), implementation and monitoring. The environmental safeguard policies triggered under this project are: (i) Environmental Assessment (OP/BP 4.01); (ii) Natural Habitats (OP/BP 4.04); (iii) Forests (OP/BP 4.36); (iv) Pest Management (OP/BP 4.09); (v) Physical Cultural Resources (OP/BP 4.11). Therefore, the EAMF has been prepared taking the policies that have been triggered into account and the national environmental requirements and will serve as a guide to the level of environmental analysis and mitigation required for all interventions supported by the project which will have the potential to trigger negative environmental impacts and thereby ensure compliance with the World Bank's environmental safeguard policies and the relevant national environmental regulations during implementation. A separate Pest Management Plan (PMP) will be prepared once relevant sites and activities that would require pest management are identified during implementation.

As a category B project, all physical activities financed under the project in general will be required to prepare an EMP or environmental codes of practice (ECoPs), as the need be, for each site. No sub-project involving physical development of any scale will be approved from any of the Component without EMPs/ECoPs being submitted with the detailed proposal for the site which will be reviewed and cleared by the Bank prior to fund disbursements. Where the project intervenes in improving agricultural productivity of adjacent land to PAs in order to reduce pressures on forest resources and where this involves addressing better management of pests,

integrated pest management plans will be prepared. Similarly, any identified impacts to PCRs will be addressed in the EMPs and actions to be taken on chance finds will be part of all works contracts. For PAs, sensitive landscapes and for community activities, PA management plans, strategic landscape plans and community development plans including indigenous peoples plans if relevant will be prepared as part of main project activities, which would essentially be addressing environmental issues.

In the case of management of invasive species PAs, the process to be followed is described in EAMF. This will include an EA with a comprehensive management and monitoring plan (for long-term monitoring) will be needed to ensure that great care is exercised when undertaking habitat management and dealing with invasive species within the PAs. Maintaining habitat quality subsequent to the removal of invasive species from a particular area is of utmost importance. Removal of invasive species within the country and successes/failures recorded from these experiences should be well taken into account. If a given PA has a potential to attract invasive species, it would be beneficial to develop an invasive species management program that take awareness, recognition, prevention of pathways, prevention of unwanted species and known invasive pests and weeds, rapid responses, containment, management, and capacity building.

A Social Management Framework (SMF) has been prepared in lieu of project specific Social Impact Assessments (SIA) as details of specific sites and related activities and interventions are not yet available. The SMF primarily includes an assessment of generic issues that are expected in view of anticipated interventions under the project, including a Process Framework in case of land use restrictions outside PAs, measures for social risk mitigation and institutional arrangements for conducting SIAs, implementation and monitoring.

An Indigenous Peoples Planning Framework (IPPF) provides guidelines for the development of an Indigenous Peoples Plan (IPP) in case the two PAs where IPs live close by are selected for interventions. All sub-projects financed under component 1 and 2 of the project will be subjected to specific Social Impact Assessment (SIA) and the subsequent preparation of social mitigatory measures for each site. The project will not fund any relevant physical activity if a prior SIA has not been completed. Therefore, the SMF will serve as a guide to the level of social analysis and mitigation required for all interventions supported by the project which will have the potential to trigger negative social impacts and thereby ensure compliance with the World Bank's social safeguard policies during implementation.

Sri Lanka's environmental clearance process is more than two decades old and during this time much experience and knowledge on EIA has been built by the CEA and other institutions that have been involved in it. Since 1993, FD and DWC have been designated Project Approving Agencies for EIA/IEE approvals under the National Environmental Act (NEA) within areas prescribed in the act as buffer zones. In addition, the DWC can request for EIA/IEE on account of their own act, the Fauna and Flora Protection Ordinance (FFPO), for developments that take place within areas of their jurisdiction. Therefore, the existing knowledge within the DWC and FD to conduct and review EMPs under the project is deemed adequate. In addition, the preparation of safeguard instruments for DWC's and FD's own activities are generally absent and therefore, the EAMF specifies the methodology to be followed ensuring DWC's and FD's own activities are assessed, mitigatory measures are put in place and monitored. In addition, an area that could do better with improved performance is post EA clearance monitoring which tends to be the weakest link in the Sri Lankan EIA cycle. Therefore, the project would place strong emphasis on post EMP clearance monitoring and identify technical assistance to strengthen this aspect within the

implementing agencies.

The primary responsibility of coordinating work related to SIAs will rest with the implementing agencies, namely the DWC and the FD. The responsibility to ensure that SIAs will be undertaken prior to implementation is the responsibility of social officers within the DWC and FD, specially assigned for the task throughout the project period. These officers will make sure that SIAs are prepared for all project sites and that suitable mechanisms are mobilized to ensure the implementation of the SIAs. Since capacity in this area may need improvement, the project will finance training prior to the initiation of project activities and also consultants who will be able to assist the FD and DWC in preparing and implementing SIAs for project activities.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

Project preparation, including project's environmental and social aspects has been done in a highly participatory way, with consultation with potential project-affected groups, who are the community surrounding the PAs, and other stakeholders such as the field staff of the relevant departments and the conservation community and have taken their views into account. Consultations with such groups, especially conservation NGOs, started very early in the project cycle when preparation of this project initially began in 2009. These consultative sessions have focused on a number of issues ranging from environmental and social concerns to project design and its components as well as implementation arrangements. Since the project design remains the same to date, ideas and views exchanged during these consultations are still valid. However, fresh consultations with these groups have been held during current efforts between November and December, 2015 to revive the project and the feedback has been recorded.

Specific consultations will be initiated in the two PAs where Indigenous communities live, and special consultations will be undertaken with communities particularly exposed to the human-elephant conflict. The project hopes to continue with this mechanism of engagement and consultation with local NGO forums and other stakeholders throughout project implementation as well. Further, closer consultations with the key stakeholders, especially at the local level, will be conducted on environmental and social aspects concerned when site specific SIA, EA and/or EMP preparation commences.

Getting the community members involved in the development and implementation of relevant project interventions will help minimize negative impacts on the community due to project activities. Stakeholder consultations with representatives from the communities such as, Grama Niladaris, school principals and teachers, Samurdhi officers and other village level government officials can be useful, particularly at the development stage of a proposal. Opinion surveys, focus group discussions and semi-structured interviews with selected community members representing the two genders, age groups, ethnicities and religious groups can be useful, particularly before the implementation of a particular project. Consultation sessions will be carried out as part of planning under components 1 and 2, because the implementation of specific activities in the plans may have livelihood impact on local communities, where community agreements will be necessary.

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The EAMF, SMF and IPPF were disclosed in-country on January 28, 2016 and in Inforshop on January 28, 2016.

B. Disclosure Requirements

Environmental Assessment/Audit/Management Plan/Other	
Date of receipt by the Bank	27-Nov-2015
Date of submission to InfoShop	28-Jan-2016
For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors	00000000
"In country" Disclosure	
Sri Lanka	28-Jan-2016
Comments:	
Resettlement Action Plan/Framework/Policy Process	
Date of receipt by the Bank	27-Nov-2015
Date of submission to InfoShop	28-Jan-2016
"In country" Disclosure	
Sri Lanka	28-Jan-2016
Comments:	
Indigenous Peoples Development Plan/Framework	
Date of receipt by the Bank	27-Nov-2015
Date of submission to InfoShop	////
"In country" Disclosure	
Sri Lanka	28-Jan-2016
Comments:	
Pest Management Plan	

Was the document disclosed prior to appraisal?	No
Date of receipt by the Bank	////
Date of submission to InfoShop	////
"In country" Disclosure	
Comments:	
If the project triggers the Pest Management and/or Physical Cultural Resources policies, the respective issues are to be addressed and disclosed as part of the Environmental Assessment/ Audit/or EMP.	
If in-country disclosure of any of the above documents is not expected, please explain why:	
The EAMF identifies the processes to be carried out including the preparation of Pest Management Plan once the specific sites and activities are identified and if those activities are found to have impacts on pest management. Similarly, processes to protect physical cultural resources and manage chance finds during the peoject has been included as part of EAMF.	

C. Compliance Monitoring Indicators at the Corporate Level

OP/BP/GP 4.01 - Environment Assessment	
Does the project require a stand-alone EA (including EMP) report?	Yes [×] No [ ] NA [ ]
If yes, then did the Regional Environment Unit or Practice Manager (PM) review and approve the EA report?	Yes [×] No [ ] NA [ ]
Are the cost and the accountabilities for the EMP incorporated in the credit/loan?	Yes [×] No [ ] NA [ ]
OP/BP 4.04 - Natural Habitats	
Would the project result in any significant conversion or degradation of critical natural habitats?	Yes [ ] No [×] NA [ ]
If the project would result in significant conversion or degradation of other (non-critical) natural habitats, does the project include mitigation measures acceptable to the Bank?	Yes [×] No [ ] NA [ ]
OP 4.09 - Pest Management	
Does the EA adequately address the pest management issues?	Yes [×] No [ ] NA [ ]
Is a separate PMP required?	Yes [×] No [ ] NA [ ]
If yes, has the PMP been reviewed and approved by a safeguards specialist or PM? Are PMP requirements included in project design?If yes, does the project team include a Pest Management Specialist?	Yes [×] No [ ] NA [ ]
OP/BP 4.11 - Physical Cultural Resources	
Does the EA include adequate measures related to cultural property?	Yes [×] No [ ] NA [ ]
Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on cultural property?	Yes [×] No [ ] NA [ ]

OP/BP 4.10 - Indigenous Peoples	
Has a separate Indigenous Peoples Plan/Planning Framework (as appropriate) been prepared in consultation with affected Indigenous Peoples?	Yes [×] No [ ] NA [ ]
If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?	Yes [×] No [ ] NA [ ]
If the whole project is designed to benefit IP, has the design been reviewed and approved by the Regional Social Development Unit or Practice Manager?	Yes [ ] No [ ] NA [×]
OP/BP 4.12 - Involuntary Resettlement	
Has a resettlement plan/abbreviated plan/policy framework/ process framework (as appropriate) been prepared?	Yes [×] No [ ] NA [ ]
If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?	Yes [×] No [ ] NA [ ]
Is physical displacement/relocation expected? Provided estimated number of people to be affected	Yes [ ] No [×] TBD [ ]
Is economic displacement expected? (loss of assets or access to assets that leads to loss of income sources or other means of livelihoods) Provided estimated number of people to be affected	Yes [ ] No [ ] TBD [×]
OP/BP 4.36 - Forests	
Has the sector-wide analysis of policy and institutional issues and constraints been carried out?	Yes [×] No [ ] NA [ ]
Does the project design include satisfactory measures to overcome these constraints?	Yes [×] No [ ] NA [ ]
Does the project finance commercial harvesting, and if so, does it include provisions for certification system?	Yes [ ] No [×] NA [ ]
The World Bank Policy on Disclosure of Information	
Have relevant safeguard policies documents been sent to the World Bank's Infoshop?	Yes [×] No [ ] NA [ ]
Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?	Yes [×] No [ ] NA [ ]
All Safeguard Policies	
Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?	Yes [×] No [ ] NA [ ]
Have costs related to safeguard policy measures been included in the project cost?	Yes [×] No [ ] NA [ ]
Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?	Yes [×] No [ ] NA [ ]

Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?	Yes [×] No [ ] NA [ ]

V. Contact point

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VII. Approval

Task Team Leader(s):	Name: Darshani De Silva,Abdelaziz Lagnaoui
Approved By	

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