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Report No: PAD1274

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT PAPER

ON A

PROPOSED ADDITIONAL CREDIT

IN THE AMOUNT OF SDR14.3 MILLION
(US\$20 MILLION EQUIVALENT)

TO THE

DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA

FOR THE

NORTH EAST LOCAL SERVICES IMPROVEMENT PROJECT

July 28, 2015

South Asia Region
Social, Urban, Rural and Resilience Global Practice

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CURRENCY EQUIVALENTS

Exchange Rate Effective April 30, 2015

Currency Unit	=	Sri Lankan Rupee (LKR)
LKR 130	=	US\$1
US\$ 1.40642	=	SDR 1

FISCAL YEAR

January 1 – December 31

ABBREVIATIONS AND ACRONYMS

AF	Additional Financing	GSURR	Social, Urban, Rural and Resilience (Global Practice
AUS	Australian	HC	High Commission
ADM	Accountability Decision Making	IDA	International Development Association
CAS	Country Assistance Strategy	LAs	Local Authorities
CPS	Country Partnership Strategy	LKR	Sri Lankan Rupee
Cr.	Credit	MPCRD	Ministry of Provincial Councils and Regional Development
DFAT	Department of Foreign Affairs and Trade	NELSIP	North East Local Services Improvement Project
EA	Environmental Assessment	NPV	Net Payment Value
EIRR	Economic Internal Rate of Return	O&M	Operation and Maintenance
ESMF	Environmental Social Management Framework	PAD	Project Appraisal Document
FAO	Food and Agricultural Organization	PDO	Project Development Objective
GENDR	Environment and Natural Resources (Global Practice)	SACSL	South Asia Country – Sri Lanka
GFADR	Agriculture (Global Practice)	SDR	Special Drawing Rights
GGODR	Governance (Global Practice)	US\$	United States Dollar

Vice President	:	Annette Dixon
Country Director	:	Françoise Clottes
Senior Global Director	:	Ede Jorge Ijjasz-Vasquez
Practice Manager	:	Ming Zhang
Task Team Leader	:	Seenithamby Manoharan
Co-Task Team Leader	:	Abdu Muwonge

SRI LANKA
North East Local Services Improvement Project - Additional Financing

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MAP (IBRD 41373)

ADDITIONAL FINANCING DATA SHEET

Sri Lanka

North East Local Services Improvement Project - Additional Financing (P152623)

SOUTH ASIA

GSU12

Basic Information – Parent				
Parent Project ID:	P113036	Original EA Category:	B - Partial Assessment	
Current Closing Date:	31-Dec-2015			
Basic Information – Additional Financing (AF)				
Project ID:	P152623	Additional Financing Type (from AUS):	Cost Overrun	
Regional Vice President:	Annette Dixon	Proposed EA Category:		
Country Director:	Francoise Clottes	Expected Effectiveness Date:	01-Aug-2015	
Senior Global Practice Director:	Ede Jorge Ijjasz-Vasquez	Expected Closing Date:	31-Dec-2016	
Practice Manager/Manager:	Ming Zhang	Report No:	PAD1274	
Team Leader(s):	Seenithamby Manoharan Abdu Muwonge			
Borrower				
Organization Name	Contact	Title	Telephone	Email
Ministry of Provincial Councils and Regional Development	Mr J J Rathnasiri	Secretary	94112399673	sec@pclg.gov.lk

Project Financing Data - Parent (North East Local Services Improvement Project (NELSIP)- P113036) (in USD Million)									
Key Dates									
Project	Ln/Cr/TF	Status	Approval Date	Signing Date	Effectiveness Date	Original Closing Date	Revised Closing Date		
P113036	IDA-47280	Effective	13-May-2010	08-Nov-2010	15-Dec-2010	31-Dec-2015	31-Dec-2015		
P113036	TF-13787	Effective	08-May-2014	08-May-2014	08-May-2014	31-Dec-2015	31-Dec-2015		
Disbursements									
Project	Ln/Cr/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed
P113036	IDA-47280	Effective	USD	50.00	50.00	0.00	50.00	0.71	100.00
P113036	TF-13787	Effective	USD	20.30	20.30	0.00	17.19	3.11	84.67
Project Financing Data - Additional Financing North East Local Services Improvement Project - Additional Financing (P152623)(in US D Million)									
<input type="checkbox"/> Loan <input type="checkbox"/> Grant <input type="checkbox"/> IDA Grant <input checked="" type="checkbox"/> Credit <input type="checkbox"/> Guarantee <input type="checkbox"/> Other									
Total Project Cost:		20.00		Total Bank Financing:		20.00			
Financing Gap:		0.00							
Financing Source – Additional Financing (AF)							Amount		
BORROWER/RECIPIENT							0.00		
International Development Association (IDA)							20.00		
Financing Gap							0.00		

Total				20.00	
Policy Waivers					
Does the project depart from the CAS in content or in other significant respects?				No	
Explanation					
Does the project require any policy waiver(s)?				No	
Explanation					
Team Composition					
Bank Staff					
Name	Role	Title	Specialization	Unit	
Seenithamby Manoharan	Team Leader (ADM Responsible)	Senior Rural Development Specialist	Local Governance, Community Driven Development and	GFADR	
Abdu Muwonge	Team Leader	Senior Economist	Urban, Rural, Economy	GSURR	
Asif Ali	Procurement Specialist	Senior Procurement Specialist	Procurement	GGODR	
Jiwanka B. Wickramasinghe	Financial Management Specialist	Sr Financial Management Specialist	Financial Management	GGODR	
Darshani De Silva	Environmental Specialist	Environmental Specialist	Environment	GENDR	
Mohamed Ghani Razaak	Safeguards Specialist	Senior Social Development Specialist	Social Safeguards	GSURR	
Peter D. Ellis	Team Member	Lead Urban Economist	Urbanization and Growth, National Urban Policies,	GSURR	

Rama Krishnan Venkateswaran	Team Member	Lead Financial Management Specialist	Public Financial Management	GGODR	
Rohan G. Selvaratnam	Team Member	Operations Analyst	Costing	GFADR	
Ulrich K. H. M. Schmitt	Team Member	Program Leader	Country Context	SACSL	
Extended Team					
Name		Title	Location		
Aiden Gulliver		Snr. Investment Officer	Thailand		
Azhar Khan		M&E Specialist	New York		
Brian Roberts		Technical Consultant	Australia		
Dilhara Goonewardena		Sr. Program Officer	Sri Lanka		
Mokshana Wijeyeratne		Consultant	Sri Lanka		
Sarath Wickramaratne		Consultant	Sri Lanka		
Steven Wawrzonek		First Secretary	Sri Lanka		
Locations					
Country	First Administrative Division	Location	Planned	Actual	Comments
Sri Lanka	Northern Province	Vavuniya		X	
Sri Lanka	Eastern Province	Trincomalee		X	
Sri Lanka	North Western	Puttalam		X	
Sri Lanka	North Central	Polonnaruwa		X	
Sri Lanka	Northern Province	Mullaittivu		X	
Sri Lanka	Uva	Monaragala		X	

Sri Lanka	Northern Province	Mannar		X	
Sri Lanka	Northern Province	Kilinochchi		X	
Sri Lanka	Northern Province	Jaffna		X	
Sri Lanka	Eastern Province	Batticaloa		X	
Sri Lanka	North Central	Anuradhapura		X	
Sri Lanka	Eastern Province	Ampara		X	
Institutional Data					
Parent (North East Local Services Improvement Project (NELSIP)-P113036)					
Practice Area (Lead)					
Social, Urban, Rural and Resilience Global Practice					
Contributing Practice Areas					
Cross Cutting Topics					
[x] Climate Change					
[x] Fragile, Conflict & Violence					
[x] Gender					
[x] Jobs					
[x] Public Private Partnership					
Sectors / Climate Change					
Sector (Maximum 5 and total % must equal 100)					
Major Sector	Sector	%	Adaptation Co-benefits %	Mitigation Co-benefits %	

Transportation	Rural and Inter-Urban Roads and Highways	40		
Public Administration, Law, and Justice	Sub-national government administration	30		
Water, sanitation and flood protection	Water supply	15		
Agriculture, fishing, and forestry	Irrigation and drainage	15		
Total		100		
Themes				
Theme (Maximum 5 and total % must equal 100)				
Major theme	Theme	%		
Rural development	Rural services and infrastructure	25		
Social dev/gender/inclusion	Participation and civic engagement	25		
Social dev/gender/inclusion	Conflict prevention and post-conflict reconstruction	25		
Public sector governance	Public expenditure, financial management and procurement	25		
Total		100		
Additional Financing North East Local Services Improvement Project - Additional Financing (P152623)				
Practice Area (Lead)				
Social, Urban, Rural and Resilience Global Practice				
Contributing Practice Areas				

Cross Cutting Topics				
[X] Climate Change				
[X] Fragile, Conflict & Violence				
[X] Gender				
[X] Jobs				
[X] Public Private Partnership				
Sectors / Climate Change				
Sector (Maximum 5 and total % must equal 100)				
Major Sector	Sector	%	Adaptation Co-benefits %	Mitigation Co-benefits %
Water, sanitation and flood protection	Water supply	25		
Transportation	Rural and Inter-Urban Roads and Highways	25		
Agriculture, fishing, and forestry	Irrigation and drainage	24		
Public Administration, Law, and Justice	Sub-national government administration	20		
Public Administration, Law, and Justice	General public administration sector	6		
Total		100		
<input type="checkbox"/> I certify that there is no Adaptation and Mitigation Climate Change Co-benefits information applicable to this project.				
Themes				
Theme (Maximum 5 and total % must equal 100)				
Major theme	Theme	%		

Social protection and risk management	Natural disaster management	25
Urban development	Municipal governance and institution building	25
Urban development	City-wide Infrastructure and Service Delivery	25
Rural development	Rural services and infrastructure	25
Total		100
Consultants (Will be disclosed in the Monthly Operational Summary)		
Consultants Required ?No consultants are required		

I. Introduction

1. This Project Paper seeks the approval of the Executive Directors to provide an Additional IDA Credit to the Sri Lanka North East Local Services Improvement Project (NELSIP, Cr. 47280) in the amount of SDR14.3 million (equivalent to US\$20 million). The proposed additional credit would address a shortfall in the Government's original counterpart financing which resulted in a financing gap.

II. Background and Rationale for Additional Financing

2. Sri Lanka, with a population of 20.3 million people and annual per capita income of US\$3,000 is a lower middle income country. Following the end of the three-decade long civil war in 2009, the government embarked on significant reconstruction and rehabilitation interventions in the war affected areas, including the Northern, Eastern, Uva, North Western, and North Central Provinces. These Provinces were severely affected by the conflict that destroyed human and physical capital and as a result, negatively affected economic growth in the country. NELSIP is one of the projects that helps the Government to tackle the institutional and infrastructure bottlenecks in the war affected areas.
3. The current Project Development Objective (PDO) is to support Local Authorities in the Northern Province, Eastern Province and Adjoining Provinces to deliver services and local infrastructure in a responsive and accountable manner. The original IDA Credit of US\$50 million for NELSIP was approved by the Bank on May 13, 2010 and became effective on December 15, 2010. By way of a first additional financing and restructuring to the original project, a grant of US\$20.3 million from the Australian Government through the Department of Foreign Aid and Trade (DFAT) for NELSIP was approved on April 29, 2014 to expand the project area to Uva, North Western and North Central Provinces. As a consequence, as part of the first additional financing the original PDO "to support local authorities in the Northern and Eastern Provinces to deliver services and local infrastructure in a responsive and accountable manner", was revised to the current PDO with the addition of the mention of adjoining provinces.
4. Progress towards achievement of the PDO and implementation progress rated Satisfactory and Moderately Satisfactory, respectively. The status of achievement of performance indicator targets is shown in Annex 1. The IDA credit is 99% and the DFAT grant is 85% disbursed. Project implementation has been in compliance with IDA fiduciary and safeguards policies. Exceptional approval has been obtained for proceeding with Board approval in view of the overdue audit report for 2014 resulting from delays occasioned by the change in the Government (due to the January 2015 election) and the consequent change in the coordinating Ministry. No accountability issues have been identified either by internal audit reports or by the Bank. The change in the coordinating Ministry, has resulted in a change in implementation arrangements. The Project Coordinating Unit (PCU) is now housed in the Ministry of Provincial Councils and Regional Development.

5. The status of project implementation is summarized below:

- **Infrastructure Service Delivery.** Implementation performance of this component is satisfactory. As of March 20, 2014, the project had completed 703 sub-projects (84%) of the planned 817 sub-projects. The remaining 74 sub-projects will be completed by the end of August 2016.
- **Institutionalizing Accountabilities.** Implementation performance of this component is satisfactory. This component has ensured that Local Authorities (LAs) undertake public expenditures and deliver local services in a transparent and accountable manner. It has strengthened upward and downward accountability systems at LAs. This component supported an information education & communication campaign to disseminate project related information to different stakeholders at all levels. It also facilitated working with other civil society stakeholders to strengthen demand-side approaches to local governance.
- **Building Capacities.** Implementation performance of this component is satisfactory. This component strengthened service delivery systems and built capacities of LAs to deliver their mandated services, and strengthened the monitoring capacities of provincial and national level institutions. Social Audit Committees, comprising community members, were involved in monitoring the quality of construction as well as maintenance of assets.
- **Assessments and Evaluations.** Implementation performance of this component is moderately satisfactory. This component financed: (a) activities pertaining to establishing a comprehensive monitoring system, including baseline assessment, repeater surveys of social assessments, social accountability assessment, and capacity assessments; (b) evaluating technical and social audits and the preparation of citizen score cards; and (c) other analysis as needed.

6. **Rationale for Additional Financing.** The proposed additional credit in the amount of US\$20 million equivalent, requested by the Government in March 2014, addresses a cost overrun due to a shortfall in the government's original counterpart financing which resulted in a financing gap. Due to budgetary constraints, the Government has only been able to provide US\$14 million of the originally envisaged counterpart funding of US\$34 million. This funding shortfall has mainly affected sub-projects under the infrastructure service delivery component, which have already been approved at local, district, and provincial levels. There are currently no other sources of financing to meet this financing gap. The proposed additional credit is the preferred financing mechanism, because it will enable NELSIIP to be completed satisfactorily substantially maintaining the implementation arrangements that have been effective.

7. **Consistency with the CAS/CPS.** The proposed additional financing supports one of the three focus areas of the Country Partnership Strategy (CPS) FY2013-FY2016, i.e., *Improving living standards and social inclusion through increasing quality of services and expanding social inclusion and equitable access.*

III. Proposed Changes

Summary of Proposed Changes	
The proposed changes include additional resources, a new implementing agency, and a new project coordinating unit (PCU) which necessitated changes in the closing date, disbursement arrangements, disbursement estimates, results framework and the implementation schedule.	
Change in Implementing Agency	Yes [X] No []
Change in Project's Development Objectives	Yes [] No [X]
Change in Results Framework	Yes [X] No []
Change in Safeguard Policies Triggered	Yes [] No [X]
Change of EA category	Yes [] No [X]
Other Changes to Safeguards	Yes [] No [X]
Change in Legal Covenants	Yes [] No [X]
Change in Loan Closing Date(s)	Yes [X] No []
Cancellations Proposed	Yes [] No [X]
Change in Disbursement Arrangements	Yes [X] No []
Reallocation between Disbursement Categories	Yes [] No [X]
Change in Disbursement Estimates	Yes [X] No []
Change to Components and Cost	Yes [] No [X]
Change in Institutional Arrangements	Yes [X] No []
Change in Financial Management	Yes [] No [X]
Change in Procurement	Yes [] No [X]
Change in Implementation Schedule	Yes [X] No []

Other Change(s)						Yes [] No [X]	
Development Objective/Results							
Project's Development Objectives							
<p>Original PDO</p> <p>To support local authorities in the Northern Province and the Eastern Province to deliver services and local infrastructure in a responsive and accountable manner.</p> <p>Revised PDO</p> <p>To support Local Authorities in the Northern and Eastern Provinces and Adjoining Provinces to deliver services and local infrastructure in a responsive and accountable manner.</p>							
Change in Results Framework							
<p>Explanation:</p> <p>Some indicators were being monitored by the project team but were not officially part of the results matrix these have been added. Some indicators were deleted due to duplication. A number of indicators have been refined to make the indicator more specific.</p>							
Compliance							
Covenants - Additional Financing (North East Local Services Improvement Project - Additional Financing - P152623)							
Source of Funds	Finance Agreement Reference	Description of Covenants	Date Due	Recurrent	Frequency	Action	
Conditions							
Source Of Fund		Name		Type			
Description of Condition							

Risk	
Risk Category	Rating (H, S, M, L)
1. Political and Governance	Substantial
2. Macroeconomic	Low
3. Sector Strategies and Policies	Substantial
4. Technical Design of Project or Program	Moderate
5. Institutional Capacity for Implementation and Sustainability	Moderate
6. Fiduciary	Substantial
7. Environment and Social	Moderate
8. Stakeholders	Low
9. Other	Moderate
OVERALL	Moderate
Finance	
Loan Closing Date - Additional Financing (North East Local Services Improvement Project - Additional Financing - P152623)	
Source of Funds	Proposed Additional Financing Loan Closing Date
International Development Association (IDA)	31-Dec-2016
Loan Closing Date(s) - Parent (North East Local Services Improvement Project (NELSIP) - P113036)	
<p>Explanation:</p> <p>The original Credit will close on December 31, 2015 but it is not possible to complete all additional works to be financed under the proposed Additional Financing (AF) before the current closing date. As such, a one year closing date extension until December 31, 2016 is proposed for the original credit agreement, the grant agreement associated with the first additional financing and the proposed additional financing.</p>	

Ln/Cr/TF	Status	Original Closing Date	Current Closing Date	Proposed Closing Date	Previous Closing Date(s)
IDA-47280	Effective	31-Dec-2015	31-Dec-2015	31-Dec-2016	
TF-13787	Effective	31-Dec-2015	31-Dec-2015	31-Dec-2016	31-Dec-2015

Change in Disbursement Arrangements

Explanation:

As a result of the elections in January 2015, the original implementing agency the Ministry of Economic Development (MED), was closed and the Ministry of Provincial Councils and Regional Development (MPCRD) was made responsible for implementing the project. A new Project Coordinating Unit (PCU) has been established under the Ministry of Provincial Councils and Regional Development (MPCRD) and it will have responsibility for submitting disbursement applications.

Change in Disbursement Estimates (including all sources of Financing)

Explanation:

Disbursement estimates will change to take into account additional resources and extension of the closing date. The additional resources will be allocated between the existing disbursement categories.

Expected Disbursements (in USD Million)(including all Sources of Financing)

Fiscal Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Annual	8.00	12.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cumulative	8.00	20.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Allocations - Additional Financing (North East Local Services Improvement Project - Additional Financing - P152623)

Source of Fund	Currency	Category of Expenditure	Allocation	Disbursement %(Type Total)
			Proposed	Proposed

IDA	XDR	Goods, works, consultant's services, incremental operating costs and training and workshop	2,000,000.00	100.00
IDA	XDR	Grants under Part 1 of the Project	18,000,000.00	100.00
		Total:	20,000,000.00	
Other Change(s)				
Change in Implementing Agency				
Explanation: The new coordinating ministry is the Ministry of Provincial Councils and Regional Development (MPCRD) and the Project Coordinating Unit (PCU) is housed in this Ministry. The new PCU is comprised of a number of staff of the original PCU thus retaining capacity. All PCU staff is on board at present and the PCU was fully operational on June 30, 2015.				
Implementing Agency Name		Type	Action	
Ministry of Provincial Councils and Regional Development		Implementing Agency	New	
Change in Institutional Arrangements				
Explanation: While there has been a change in the coordinating ministry, the institutions responsible for implementation at the provincial and local levels remain unaffected. It is expected that project implementation will continue satisfactorily.				
Change in Implementation Schedule				
Explanation: The implementation schedule will change as a result of additional resources from the AF and extension of the closing date by one year.				

Appraisal Summary
Economic and Financial Analysis
<p>Explanation:</p> <p>As the proposed AF is to meet a financing gap for NELSIP and there are no new activities, the economic analysis for NELSIP remains valid. Economic analysis of completed NELSIP sub-projects yielded the following results: Economic Internal Rate of Return (EIRR) of 22% and Net Present Value (NPV) of LKR9 million for drinking water supply sub-projects; EIRR of 23% and NPV of LKR11.6 million for drainage sub-projects; EIRR of 22% and NPV of LKR98.5 million for road sub-projects; EIRR of 22% for rural electricity sub-projects; and EIRR of 23% for slaughter house sub-projects.</p>
Technical Analysis
<p>Explanation:</p> <p>There is no change in the original technical design and analysis of NELSIP, as the AF will meet a financing gap to enable activities envisaged under original NELSIP to be completed.</p> <p>Financial Management: A new PCU has been established in the new coordinating Ministry, MPCRD, and the financial management procedures remain the same. The new PCU is comprised of a number of staff of the original PCU thus retaining capacity. The new staff has experience working in other donor funded projects including the Bank financed Provincial Roads Project under MPCRD. All PCU staff is on board at present and the PCU was fully operational only June 30, 2015. Therefore, the PCU has adequate capacity to commence the fiduciary arrangements of the project. The institutions responsible for implementation at the provincial and local levels have already been assessed and remain unaffected. They have experience managing IDA and DFAT funds under this project</p> <p>The main lesson on FM is that the eligible criteria relating to audit reports is very relevant as it has helped improve the timeliness and quality of financial reporting at LA level. These eligibility criteria will continue under the AF. AF will use a segregated Designated Account. The quarterly financial reports will provide the necessarily information for the purpose of reporting expenditures of Local Authorities in the Bank system. Disbursement under the AF is expected to commence after completion of disbursements under original Credit and DFAT Grant under this project. Procurement plan contains loan-wise contract information. Internal and external financial auditing will be continued. Currently there is one overdue audit report and exceptional approval has been obtained to proceed with Board approval and an action plan has been agreed with the government and is being implemented</p> <p>Procurement arrangements under this additional financing will remain unchanged and</p>

procurement will be carried out primarily by the Local Authorities, while the PCU will remain involved mainly in selection of consultants. The updated and approved procurement plan of the original NELSIP project already includes the project activities of the additional financing for the period ending December 31, 2016. It has been reviewed during appraisal. No new contracts or activities will be initiated as part of the AF and hence no separate procurement plan applies for the AF. Lessons learned from the project implementation thus far will be used to further streamline the implementation of procurement and contract administration under the project and to manage the fiduciary risk in a more proactive manner. There are allegations of fraud and corruption on some of the contracts under the project in the Northern Province. The Government has replaced the Northern Provincial Project Director, removed the Engineer and is also taking action against other responsible officials. The measures to tackle fraud and corruption will include: ensuring that realistic qualification requirements are set in the bidding document; addressing the incidence of bid rejection based on minor issues; ensuring proper specifications, materials testing and compliance; strengthening contract administration; clarifying roles and responsibilities between the Employer and Contractor; and creating a team of specialists drawn from some of the most competent officers across various LAs to be able to provide ongoing guidance and assistance to implementation staff in LAs

Social Analysis

Explanation:

Social Safeguards: There is no change to the social analysis of NELSIP. The environmental and social management framework (ESMF) has been implemented satisfactorily and will remain in force under the AF. The updated ESMF was re-disclosed both locally and in the Info Shop on February 28, 2014. There is no change to the project grievance redress mechanism. In addition, the Bank's corporate Citizen Engagement and Grievance Redress System (see below) will apply to the proposed AF

Gender: Gender mainstreaming activities under the proposed AF will follow the successful actions implemented under NELSIP, which included gender analysis, consultations with women and youth at the local level, and gender specific M&E indicators to assess the project impacts.

Citizen Engagement and Grievance Redress System: There is no change in the system which is working well.

Environmental Analysis

Explanation:

Activities under the proposed AF will not trigger any new safeguard policy or change the environmental category of NELSIP. The updated ESMF will continue to apply under the proposed AF.

Risk
<p>Explanation:</p> <p>The overall implementation risk of the project is rated Moderate. Political and governance as well as sector strategies and policies are rated Substantial. The Ministry of Provincial Councils and Regional Development and the Ministry of Public Administration and Local Government are both responsible for overseeing governance at the local level providing guidance on development activities and administration, respectively. This could lead to conflicting guidance that could negatively impact project implementation. To mitigate this risk, the government has agreed to form a Project Advisory Board under the Project National Steering Committee to oversee and coordinate all sector strategies and policy matters that may affect the project implementation. This Board will have representation from all related line and provincial ministries and meet quarterly. Project activities will continue to be presented for clearances at divisional, district and provincial level coordinating committees. Fiduciary risks are rated Substantial in light of the recent allegation of fraud and corruption related to procurement processes. In addition to the actions already taken by the government, lessons learned from the project implementation thus far will be used to further streamline the implementation of procurement and contract administration under the project and to mitigate the fiduciary risk in a more proactive manner.</p>

V. World Bank Grievance Redress

Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing project-level grievance redress mechanisms or the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/GRS>. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.

Project Name:	North East Local Services Improvement Project - Additional Financing (P152623)	Project Stage:	Additional Financing	Status:	DRAFT
Team Leader(s):	Seenithamby Manoharan	Requesting Unit:	SACSL	Created by:	Michelle Lisa Chen on 03-Dec-2014
Product Line:	IBRD/IDA	Responsible Unit:	GSU12	Modified by:	Samanmalee Kumari Sirimanne on 14-Jul-2015
Country:	Sri Lanka	Approval FY:	2016		
Region:	SOUTH ASIA	Lending Instrument:	Investment Project Financing		
Parent Project ID:	P113036	Parent Project Name:	North East Local Services Improvement Project (NELSIP) (P113036)		

Project Development Objectives

Original Project Development Objective - Parent:

To support local authorities in the Northern Province and the Eastern Province to deliver services and local infrastructure in a responsive and accountable manner.

Revised Project Development Objective :

To support Local Authorities in the Northern and Eastern Provinces and Adjoining Provinces to deliver services and local infrastructure in a responsive and accountable manner.

Proposed Project Development Objective - Additional Financing (AF):

Results

Core sector indicators are considered: Yes

Results reporting level: Project Level

Project Development Objective Indicators

Status	Indicator Name	Core	Unit of Measure		Baseline	Actual(Current)	End Target
New	Beneficiaries that feel project investments reflected their needs (percentage)	<input checked="" type="checkbox"/>	Percentage	Value	0.00	1680000.00	1900000.00
				Date	13-May-2010	16-Jun-2015	31-Dec-2015
				Comment		This has been achieved Satisfactorily	
New	Beneficiaries that feel project inv. reflected their needs - female (number)	<input checked="" type="checkbox"/>	Number Sub Type Supplemental	Value	0.00	540000.00	600000.00
New	Total beneficiaries - female (number)	<input checked="" type="checkbox"/>	Number Sub Type	Value		680000.00	760000.00

			Supplemental				
New	Total beneficiaries - male (number)	<input checked="" type="checkbox"/>	Number Sub Type Supplemental	Value		1000000.00	1140000.00
New	Beneficiaries that feel project inv. reflected their needs - male (number)	<input checked="" type="checkbox"/>	Number Sub Type Supplemental	Value		800000.00	900000.00
New	Construction and Rehabilitation of Waste Collection Facilities	<input type="checkbox"/>	Number	Value	0.00	50.00	100.00
				Date	13-May-2010	16-Jun-2015	31-Dec-2015
				Comment		This facility is newly added and yet to be fully achieved	Indicator added to accommodate the request of the people for this intervention
New	Construction and Rehabilitation of Rural Electrification	<input type="checkbox"/>	Kilometers	Value	0.00	21.30	10.00
				Date	13-May-2015	16-Jun-2015	31-Dec-2015

				Comment		Achievement has exceeded the target	
New	Construction and Rehabilitation of Markets and Maternity Homes	<input type="checkbox"/>	Number	Value	0.00	200.00	200.00
				Date	13-May-2010	16-Jun-2015	31-Dec-2015
				Comment			
New	New piped household water connections that are resulting from the project intervention	<input checked="" type="checkbox"/>	Number	Value	7.00	600.00	600.00
				Date	13-May-2010	16-Jun-2015	31-Dec-2015
				Comment			
No Change	Percentage of capital grants released against allocation	<input type="checkbox"/>	Percentage	Value	0.00	80.00	70.00
				Date	13-May-2010	16-Jun-2015	30-Jun-2015
				Comment			
Revised	Construction and Rehabilitation of Playgrounds and Nurseries	<input type="checkbox"/>	Number	Value	0.00	200.00	205.00
				Date	13-May-2010	16-Jun-2015	30-Jun-2015
				Comment			

No Change	Construction and rehabilitation of water points	<input type="checkbox"/>	Number	Value	0.00	400.00	439.00
				Date	13-May-2010	16-Jun-2015	30-Jun-2015
				Comment	Accurate data not available	The target is achievable	An estimated 198,178 people are expected to benefit from construction and rehabilitation of water points.
Revised	Construction of drainage systems	<input type="checkbox"/>	Meter(m)	Value	0.00	23000.00	245000.00
				Date	13-May-2010	16-Jun-2015	30-Jun-2015
				Comment	Accurate data not available	This target is not achievable within the closing date since many LAs prepared master plans first using project funds and then started with prioritized drainages.	
Marked for	Construction/rehabilitation of	<input type="checkbox"/>	Kilometers	Value	0.00	611.00	1000.00

Deletion	rural and other village roads (kilometers)			Date		08-Sep-2014	30-Jun-2015
				Comment	Accurate data not available		Out of 1000 Kms of access roads, 865 Kms are expected to be tarred and 135 Kms to be concrete. An estimated 369,727 people are expected to benefit from construction/rehabilitation of rural and other village roads.
Revised	Improved community water points constructed or rehabilitated under the project	☒	Number	Value	0.00	50.00	439.00
				Date	13-May-2010	16-Jun-2015	30-Jun-2015
				Comment	Note: Indicator added again to reflect as core sector indicator		An estimated 198,178 people are expected to benefit from construction and rehabilitation of

							water points
Revised	Roads rehabilitated, Rural	<input checked="" type="checkbox"/>	Kilometers	Value	0.00	611.00	1000.00
				Date	13-May-2010	08-Sep-2014	30-Jun-2015
				Comment	Accurate date not available	The target is achievable by the closing date.	Out of 1000 Km of access roads, 865 Km are expected to be tarred and 135 Km to be concrete.

Intermediate Results Indicators

Status	Indicator Name	Core	Unit of Measure		Baseline	Actual(Current)	End Target
New	Quarterly progress reports including status of project processes, submitted by PCU before end of the following month	<input type="checkbox"/>	Number	Value	0.00	4.00	4.00
				Date	13-May-2010	16-Jun-2015	31-Dec-2015
				Comment		This will be successfully carried out by PCU	
New	Number of LAs whose	<input type="checkbox"/>	Number	Value	0.00	70.00	70.00

	revenues, expenditures and procurement decisions are publicly disclosed			Date	13-May-2010	16-Jun-2015	31-Dec-2015
				Comment			
New	Number of LAs with budgets prepared in a participatory manner	<input type="checkbox"/>	Number	Value	70.00	70.00	70.00
				Date	13-May-2010	16-Jun-2015	31-Dec-2015
				Comment		This is satisfactorily carried out by the LAs	
New	Grievance registered related to delivery of project benefits that are actually addressed within a quarter	<input type="checkbox"/>	Number	Value	0.00	80.00	80.00
				Date	13-May-2010	16-Jun-2015	31-Dec-2015
				Comment		This is satisfactorily carried out by the provinces	Indicators amended to fix the time limit of 3 months for redressing of grievances.
New	Fund Released to LAs for subproject Implementation	<input type="checkbox"/>	Percentage	Value	0.00	100.00	100.00
				Date	13-May-2010	16-Jun-2015	31-Dec-2015

				Comment		Target Achieved	
No Change	Percentage of people in the project area aware of the subproject priority targeting criteria.	<input type="checkbox"/>	Percentage	Value	0.00	90.00	90.00
				Date	13-May-2010	16-Jun-2015	31-Dec-2015
				Comment	not available	Target Achieved	
No Change	Number of LAs preparing annual financial statements within 3 months after close of the financial year.	<input type="checkbox"/>	Number	Value	0.00	70.00	70.00
				Date	13-May-2010	16-Jun-2015	31-Dec-2015
				Comment		Target achieved	
No Change	Sub projects with community contribution	<input type="checkbox"/>	Percentage	Value	0.00	100.00	100.00
				Date	13-May-2013	16-Jun-2015	31-Dec-2015
				Comment	not available	Target Achieved	
No Change	Subprojects for which arrangements for community engagement in post project sustainability and O&M are established.	<input type="checkbox"/>	Percentage	Value	0.00	80.00	80.00
				Date	05-May-2010	16-Jun-2015	31-Dec-2015
				Comment	not available	Target Achieved	
No Change	Acceptable financial audits of	<input type="checkbox"/>	Number	Value	0.00	67.00	60.00

	accounts			Date	13-May-2010	16-Jun-2015	31-Dec-2015
				Comment		Actual has exceeded the end target	
Marked for Deletion	Rising satisfaction of Local People on LAs	<input type="checkbox"/>	Percentage	Value	0.00	87.00	80.00
				Date	13-May-2010	16-Jun-2015	31-Dec-2015
				Comment		Actual has exceeded the end target	

