

**PROJECT INFORMATION DOCUMENT (PID)  
ADDITIONAL FINANCING**

Report No.: PIDA24180

<b>Project Name</b>	North East Local Services Improvement Project - Additional Financing (P152623)
<b>Parent Project Name</b>	North East Local Services Improvement Project (NELSIP) (P113036)
<b>Region</b>	SOUTH ASIA
<b>Country</b>	Sri Lanka
<b>Sector(s)</b>	Water supply (25%), Rural and Inter-Urban Roads and Highways (25%), Irrigation and drainage (24%), Sub-national government administration (20%), General public administration sector (6%)
<b>Theme(s)</b>	Rural services and infrastructure (25%), City-wide Infrastructure and Service Delivery (25%), Municipal governance and institution building (25%), Natural disaster management (25%)
<b>Lending Instrument</b>	Investment Project Financing
<b>Project ID</b>	P152623
<b>Parent Project ID</b>	P113036
<b>Borrower(s)</b>	Ministry of Finance
<b>Implementing Agency</b>	Ministry of Provincial Councils and Regional Development
<b>Environmental Category</b>	B-Partial Assessment
<b>Date PID Prepared/Updated</b>	22-May-2015
<b>Date PID Approved/Disclosed</b>	26-May-2015
<b>Estimated Date of Appraisal Completion</b>	20-May-2015
<b>Estimated Date of Board Approval</b>	24-Jun-2015
<b>Appraisal Review Decision (from Decision Note)</b>	The review did authorize the team to appraise and negotiate

**I. Project Context**

**Country Context**

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. Despite the efforts toward addressing the post-conflict development challenges in the Northern and Eastern Provinces as well as the adjoining provinces, there is still a large backlog in local infrastructure and basic services in these areas, including the need to rehabilitate rural roads, production infrastructure, such as irrigation and drainage, as well as drinking water schemes,

primary health clinics, schools, and local markets. NELSIP aimed at tackling the above challenges by providing direct support to the Local Authorities (LAs) in the war-affected Northern and Eastern and adjoining Provinces.

### **Sectoral and institutional Context**

Despite the efforts toward addressing the post-conflict development challenges in the Northern and Eastern Provinces as well as the adjoining provinces, there is still a large backlog in local infrastructure and basic services in these areas, including the need to rehabilitate rural roads, production infrastructure, such as irrigation and drainage, as well as drinking water schemes, primary health clinics, schools, and local markets. NELSIP aimed at tackling the above challenges by providing direct support to the Local Authorities (LAs) in the war-affected Northern and Eastern and adjoining Provinces.

## **II. Proposed Development Objectives**

### **A. Current Project Development Objectives – Parent**

The primary development objective of the project is to improve the delivery of local infrastructure services by local authorities in the Northern and Eastern Provinces of Sri Lanka in an accountable and responsive manner.

## **III. Project Description**

### **Component Name**

Component 1: Infrastructure Service Delivery.

### **Comments (optional)**

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 end of June 2015.

### **Component Name**

Component 2: Institutionalizing Accountabilities.

### **Comments (optional)**

Implementation performance of this component is satisfactory. This component has ensured that 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.

### **Component Name**

Component 3: Building Capacities.

### **Comments (optional)**

Implementation performance of this component is satisfactory. This component strengthens service delivery systems and build capacities of LAs to deliver their mandated services, and strengthens the monitoring capacities of provincial and national level institutions. Social Audit Committees,

comprising community members, are involved in monitoring the quality of construction as well as maintenance of assets.

**Component Name**

Component 4: Assessments and Evaluations.

**Comments (optional)**

Implementation performance of this component is moderately satisfactory. This component finances: (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.

**Component Name**

Component 5: Project Management.

**Comments (optional)**

Implementation performance of this component is moderately satisfactory, due to lapses in procurement administration. This component supports the key agencies at the central, provincial and local levels that are involved in the day to day management of the project to procure necessary consultant, equipment and operational support for the smooth implementation of the project.

**IV. Financing (in USD Million)**

Total Project Cost:	20.00	Total Bank Financing:	20.00
Financing Gap:	0.00		
<b>For Loans/Credits/Others</b>			<b>Amount</b>
BORROWER/RECIPIENT			0.00
International Development Association (IDA)			20.00
Total			20.00

**V. Implementation**

Project's Development Objectives:

The Project Development Objective (PDO) is to improve the delivery of local infrastructure services by LAs in the Northern Province, Eastern Province and adjoining Provinces in an accountable and responsive manner.

**VI. Safeguard Policies (including public consultation)**

<b>Safeguard Policies Triggered by the Project</b>	<b>Yes</b>	<b>No</b>
Environmental Assessment OP/BP 4.01	x	
Natural Habitats OP/BP 4.04	x	
Forests OP/BP 4.36		x
Pest Management OP 4.09		x
Physical Cultural Resources OP/BP 4.11	x	
Indigenous Peoples OP/BP 4.10		x
Involuntary Resettlement OP/BP 4.12	x	
Safety of Dams OP/BP 4.37		x
Projects on International Waterways OP/BP 7.50		

**Comments (optional)**

An ESMF and RAP have been prepared under the parent project and was updated to highlight the changes under the additional financing in 2013. The same documents will be applicable for the current additional financing being done to cover the funding gap of US\$20 Million.

**VII. Contact point****World Bank**

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**Borrower/Client/Recipient**

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**Implementing Agencies**

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