Concept Environmental and Social Review Summary

Concept Stage

(ESRS Concept Stage)

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BASIC INFORMATION

A. Basic Project Data

Country	Region	Project ID	Parent Project ID (if any)
Sri Lanka	SOUTH ASIA	P172342	
Project Name	Kandy Multimodal Transport Terminal Development Project		
Practice Area (Lead)	Financing Instrument	Estimated Appraisal Date	Estimated Board Date
Transport	Investment Project Financing	1/6/2020	3/26/2020
Borrower(s)	Implementing Agency(ies)		
Democratic Socialist Republic of Sri Lanka	Ministry of Megapolis and Western Development		

Proposed Development Objective(s)

The proposed project development objective is to enhance the accessibility, efficiency, and safety for public transport users through the development of the Kandy Multimodal Transport Terminal and improve its connectivity with surrounding areas.

Financing (in USD Million)	Amount
Total Project Cost	70.00

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

No

C. Summary Description of Proposed Project [including overview of Country, Sectoral & Institutional Contexts and Relationship to CPF]

The project is built around improving bus transport within the Kandy city and integrating different modes of transport to improve efficiency and accessibility. Bus transport is considered as one of the most efficient modes of motorized public transport systems for urban mobility all over the world. It occupies minimum road space while carrying maximum passengers. The strategic transport intervention in the city of Kandy focuses on the augmentation and

maintenance of the 'bus mode' to ease out the vehicular congestion by developing a Multi Modal Transport Terminal integrating the city's largest bus stand and the railway station.

D. Environmental and Social Overview

D.1. Project location(s) and salient characteristics relevant to the ES assessment [geographic, environmental, social]

The project is located in the heart of the Kandy city, which is Sri Lanka's second largest city with an estimated population of close to 150,000. The project area covers an estimated 8 acres that includes the present Good Sheds Bus Stand (GSBS), railway land adjacent to GSBS and William Gopollawa Mawatha, SWRD Bandaranayake Mawatha and a small portion of private land.

The proposed site is situated in a busy urban centre in the Kandy City, geographically sitting at a lower elevation relative to the surrounding hilly areas. The site and its surroundings are completely built with almost no natural features. Specifically, the site borders a number of dilapidated and structurally unsound private buildings along its northern boundary and is nestled between two of the main roads that provide entry/exit to/from the city. In addition, there are number of utility structures located in the proposed project area, such as electricity lines, water supply, storm water drains, telephone lines etc. Meda Ela, the main drainage canal that runs through the city, traverses underneath the site as a tunnel and opens up at the end of the project site.

At present, a large number of buses and commuters use the Good Shed bus stand on a daily basis and is very busy during the day time. Traffic congestion due to improper public transport management has been identified as one of the major issues faced by the city of Kandy according to a study carried out by the Road Development Authority in 2011, contributing to long travel time during peak hours, restricted mobility and deteriorating air quality in the city. If not properly managed, the proposed construction can contribute to worsened traffic congestion and safety issues to people and property. However, a very structured approach has been taken by the Government of Sri Lanka (GoSL) to address the issue of vehicular congestion in Kandy through the incremental implementation of the Kandy Transport Master Plan, which identifies numerous measures aimed at relieving congestion in the short to medium to long term. The Kandy Multimodal Transport Terminal Development Project (hereafter, KMTT), is one of the main initiatives proposed.

D. 2. Borrower's Institutional Capacity

The Ministry of Megapolis and Western Development (MoMWD) has the overall responsibility for the administration of the urban sector in Sri Lanka. It has been implementing Bank-funded projects in the urban sector since 2012 and has been trained on numerous occasions on the application of safeguards policies; thus, the awareness and requirements of Bank's safeguards policies, is considerable. The parent project of KMTT, SCDP, is being implemented by a special Project management Unit (PMU) set up under the MoMWD and separate Project Implementation Units (PIUs) set up in each of the three cities where SCDP is being implemented. The PMU of SCDP along with the PIU for the Kandy city, have demonstrated strong capacity and commitment for safeguards management under SCDP since 2014—the same institutions will continue to oversee environment and social management for the KMTT from the GoSL side. The PMU and the PIU have qualified and experienced Environmental and Social staffs already in place, however, a new environmental officer and a social officer will be placed directly under the KMTT PMU to meet the daily management commitments under the KMTT.

The GoSL has placed high priority on the implementation of the RAP, including getting cabinet approval for the entitlement matrix and the associated budget. An Entitlement Assessment Committee (EAC) has been established to

determine the amount of compensation based on a methodology and entitlement matrix presented in the RAP. A reputable national NGO with well-recognized experience in livelihood development has been on-board since February 2019 with a contract for three years to implement the Livelihood Restoration Plan (LRP) prepared under the RAP. The team has been supporting the vendors and businesses with capacity building and business development support services since then.

In Sri Lanka, the Central Environmental Authority (CEA) is the mandated regulatory agency overseeing environment and to some extent social management in the development sector. The CEA has demonstrated technical capacity in assessing environment and social (E&S) risks and has benefited from many capacity building initiatives in the past. While Sri Lanka has a strong Environmental Impact Assessment (EIA) system, a number of weak areas that need improvement are observed, such as post EIA compliance monitoring and enforcement. Sri Lanka require EIA clearance only for development activity that fall within prescribed thresholds stipulated in its EIA regulations. The proposed construction of the KMTT does not fall within these thresholds that require CEA clearance.

While the PMU and the implementing agencies have a fairly robust experience in managing safeguards issues under the Bank's safeguards policies, additional support will be required to build capacity on ESF as well. In this regard, the TA activities on institutional strengthening and capacity building under Component 3 of the KMTT project, will be used to strengthen ESF capacity within the PMU, PIU-Kandy and implementing agencies, especially on stakeholder engagement given the project is in an urban area where stakeholder engagement throughout the project cycle, is critical.

II. SCREENING OF POTENTIAL ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS

A. Environmental and Social Risk Classification (ESRC) — Substantial

Environmental Risk Rating — Substantial

The proposed Environmental Risk Rating is "Substantial" for KMTT at this stage. Many of the potential environmental risks and impacts come from the location of the proposed facility and its surrounding physical considerations. The current Good Sheds Bus Stand (GSBS), the proposed location for KMTT, is in the middle of the Kandy city adjacent to highly visited sites such as the Kandy Central Railway Station, Kandy old and new Post Offices, Kandy General hospital, other Government offices, Suwasewana private hospital, 4 public schools and number of private commercial shops (all within a radius of 1km). In addition, there are number of utility structures such as electricity lines, water supply, storm water drains, telephone lines, etc., that are located in and traverses through the project area. Meda Ela, the main drainage canal that runs through the city, traverses underneath the site as a tunnel and opens up at the end of the project site. In addition, the site is bordered by a number of dilapidated and structurally unsound private buildings that may potentially be affected from vibrations during civil works. Further, Kandy is a designated UNESCO world heritage city, and while there are no sensitive archaeological features in the close vicinity of the site, extreme caution is required.

Occupational and public health and safety, water and air pollution and traffic congestion would also be important considerations. The site borders a number of densely built, dilapidated and structurally unsound private buildings along its northern boundary which could potentially become vulnerable from heavy construction and piling activity

and vibration impacts. Use of heavy construction machinery and vehicles will also potentially exacerbate existing air pollution levels in the Kandy city, which is considered worse among all Sri Lankan cities.

Traffic congestion due to improper public transport management has been identified as one of the major issues in Kandy, including being one of the main sources of air pollution. The project once completed will help relieve congestion, however, during the construction phase movement of vehicles will add to the existing traffic congestion in the city, particularly the two main arteries bordering the site, which routinely experiences long travel time during peak hours with restricted mobility. This could potentially elevate the risk of public safety with medium to low probability of increased construction related accidents.

The project would require large quantities of construction materials that are sourced from the natural environment such as sand, soil and rock material. It will also be heavy on consumption of water and electricity and discharge of construction wastewater which if released to the Meda Ela without due treatment could result in polluting the Mahaweli river. The river serves as a water supply source to the Kandy city in its downstream parts.

The KMTT, once completed, is expected to handle 330,000 commuters and over 5,000 bus trips per day. The building is designed with all passenger facilities and the generation of liquid and solid waste will be significant and will need careful disposal. The city has no sanitary landfill or other methods of safe disposal. While the potential environmental risks are considered significant, technical capacity and commitment of the PMU who will be in charge of project implementation is considered satisfactory.

Social Risk Rating Substantial

KMTT is expected to require acquisition of 3.6742 hectares of land, out of which 99.5% is public land under the ownership of various government agencies (i.e., SLR, SLTB and Kandy Teaching Hospital). While private acquisition is expected to be minimal, economic displacement will be significant with 820 businesses, mobile vendors, shop assistants, three-wheelers, etc., operating in the existing bus station and/or its immediate buffer zone, being affected.

During the KMTT construction period, bus services currently operating from the existing GSBS will have to be shifted to eight transitional sites in Bogamabara, Clock Tower and Torrington. The operation of these transitional sites is expected to cause temporary construction related disturbances to the public, such as noise, dust, etc, and also lead to temporary livelihoods impact on eight individuals (in Bogambara) and inconveniences to SLTB staff while the two buildings they currently occupy will be demolished after the new one is constructed (in Kandy South Bus Depot). The proposed transitional arrangements during the period of construction of KMTT have been carefully designed and piloted in consultation with SLTB, CPRPTA and other affected parties in order to mitigate their adverse impacts and minimize inconveniences to the public during the period of construction of the new transport terminal. For this purpose, a social impact assessment and mitigation plan (SIAMP) was prepared by SCDP and approved by the World Bank in June 16, 2018. The SIAMP has now been appended to the Resettlement Action Plan (RAP) prepared for KMTT.

The KMTT RAP was prepared under the original project, SCDP, and extensive consultative process, primarily 22 rounds of consultations that started on 27 November 2017, formed the basis of the RAP. Cut-off date for eligibility for entitlements was 7 Dec 2017 and the RAP was cleared by the Bank and disclosed on 9 Nov 2018, and is currently under implementation. Since economic displacement under the project is significant, a reputable national NGO with well-recognized experience in livelihood development has been on board since February 2019, with a contract for

three years, to implement the Livelihood Restoration Plan (LRP) included as part of the RAP and support livelihood restoration activities for the economically displaced PAPs.

Since the existing safeguards instruments, including the RAP, were prepared under the World Bank's safeguards policies, these would have to be retrofitted to meet the standards and requirements under the Environmental and Social Framework (ESF). Accordingly, a gap analysis will be carried out which among others will include an audit of the RAP, identify the potential limitations of the stakeholder consultations carried out so far, assess the effectiveness of the LRP included in the RAP, and examine other areas such as those relating to universal access, labor management, non-discrimination, etc., that have not been covered in sufficient detail, as required under the ESF.

Updating the existing instruments that are already under implementation (e.g., RAP) and preparing new plans (e.g., a revised Stakeholder Engagement Plan, Labor Management Procedure, etc) within the suggested timeline for the project by the client poses substantial risks for the project. Further, the implementation of RAP will require continuous oversight and monitoring , and any delays or interruptions will pose significant socio-economic risks as well as reputational risks. For instance, some of the PAPs have already shifted their businesses and are paying monthly rentals in their new locations; PAPs who have decided to discontinue their businesses are awaiting entitlements committed in the RAP; suppliers have stopped/reduced credit facilities to business operators; and tenants are unable to renew tenancy agreements due to the proposed relocation, etc.

Due to these reasons, the proposed social risk rating for the project is 'Substantial' at this stage.

B. Environment and Social Standards (ESSs) that Apply to the Activities Being Considered

B.1. General Assessment

ESS1 Assessment and Management of Environmental and Social Risks and Impacts

Overview of the relevance of the Standard for the Project:

ESS1 is relevant to the entire project as social and environmental impacts are expected from the proposed construction of the KMTT. As explained in E&S risk classification, the key environmental risks are associated with the elevated occupational and public health and safety risks, labour influx , traffic congestion and disruption to public activity and environmental pollution from noise, vibration and air, liquid & solid waste discharge. During operation of the completed project, liquid and solid waste generation will be significant and will need to be properly managed.

Since the site is located in a highly urbanized area and the surrounding area consists of main transport routes within and into the city and cannot be restricted to the public, the impact of traffic congestion is likely to be significant. These routes will very much be susceptible to congestion. During the construction phase, a comprehensive traffic management plan will have to be implemented to reduce the transportation impacts with key measures such as transportation of building material/machinery encouraged during night time. As for the temporary relocation of the bus operation, clear measures have been laid out in the Kandy Traffic Management Master plan, some of which are already in operation and working successfully. As the site would be cordoned off from the public during construction and the entire bus operation temporarily relocated to pre-identified sites within the city, the risk of public safety from construction activity per se would not be that significant. The risks would be more from vehicular mishaps due to increased congestion, noise, vibration and pollution and risks to public and private properties from structural damage. Activities such as piling and excavation for leveling of the site will produce a significantly moderate noise

and vibration. But it will be limited for a shorter time period. A number of these risks have been identified and minimized through the proposed design and construction methodology. Special care has been taken to ensure that: (i) Noise and vibration levels within the area to be restricted to allowable limits as per the CEA standards (through the use of silent pile driving etc); (ii) Air Circulation Effectiveness (ACE) in each space complies with ASHRAE 129 – 1997; and (iii) Environmental, Health and Safety aspects comply with national regulations and EHS Guidelines of the World Bank.

Construction waste and waste from labor camps are expected during the construction phase while a considerable amount of solid waste and liquid waste will be produced on a daily basis during the operation stage. During construction period, erosion and siltation is expected due to modifications to the ground and it will cause moderate impacts to the runoff. In addition, oils and greases and can be expected to be mixed with the runoff due to the use of many construction machinery. Proper storm water drainage management within the site is required prior to discharge to the Meda Ela canal.

As for the operational stage, it is expected that the KMTT will be connected to the Kandy City Wastewater Management Project (KCWMP) which will be completed by the time the terminal is operational. The underground sewerage infrastructure needed to connect to Kandy's Wasterwater network is already embedded within its design. The current traffic volume is a considerable source of air pollution although existing air quality measurements show contaminant levels is below stipulated national standards. The KMTT, once operational, is expected to positively contribute towards improving air quality in the city by bringing better order into the traffic flow. The design of the KMTT has been based on the following criteria (which have a positive environmental outcome); (i) incorporation of fire safety measures designed to the mandatory national and international standards (ii) maximization of the natural light and ventilation minimizing energy usage and where needed powered ventilation to maintain acceptable levels of internal air quality. The building will be fixed with sensor modules comprising of carbon monoxide (CO) sensors and nitrogen oxides (NOx) sensors, ensuring air quality standards stipulated by the Central Environment Authority (CEA) of Sri Lanka are complied with. (iii) incorporation of green cover areas for improved air quality and to turn down the thermostat.

The project has already prepared a comprehensive Environmental Screening Report (ESR) which is comparable to an EA in level of detail and an EMP consisting of three parts focusing on demolition, fuel tank relocation and construction activities, as per the EAMF developed for the SCDP. This EMP will be reviewed through the ESF lens to identify key gap areas and will be improved as an ESMP (environment and social management plan) with the required updates to meet ESF standards prior to public disclosure. The Deputy Director for Environment in the SCDP PMU and the Assistant Director for Environment in the Kandy PIU will continue oversee the environmental management aspects of the KMTT while a dedicated environmental officer will be placed in the KMTT PMU. The level of knowledge, awareness and commitment in the PMU/PIU for safeguards management is satisfactory. They will need to be trained on ESF requirements with a capacity building program. The project will have environmental and health and safety professionals in the contractor's as well as the Supervision Consultant's teams. In addition, independent environmental audits will be performed to check the level of risk management, at least thrice through out the project lifetime. Specific measures will be incorporated into the contractor's EMP to ensure sufficient resources will be deployed by him to manage the risks and to provide maximum safety for workers and the public.

In addition to the updated/retrofitted EMP, the project will also update/retrofit the existing RAP to align with the ESF and prepare the Stakeholder Engagement Plan (SEP), Labor Management Procedures (LMP) and the Environmental and Social Commitment Plan (ESCP). All will be disclosed prior to appraisal.

Areas where "Use of Borrower Framework" is being considered:

The project will comply with the World Bank's new Environmental and Social Framework (ESF) and its Environmental and Social Standards (ESS). This project is unlikely to require EIA clearance from the CEA. The Project, however, is also subjected to the national and local permits and clearances as per the existing legal-institutional framework. The exact requirements to obtain such permits and clearances will be recorded in the ESCP.

ESS10 Stakeholder Engagement and Information Disclosure

The 'affected parties' under the project include business operators in the GSBS, rentiers of business premises at GSBS, mobile vendors, three-wheeler operators, business operators in the buffer zone of KMTT and indirectly affected shop assistants. 'Other interested parties' as defined under ESS 10 include MoMWD, Kandy Municipal Council (KMC), Sri Lanka Railways (SLR), Kandy Teaching Hospital, Central Province Passenger Transport Services Authority (CPPTSA), Sri Lanka Transport Board (SLTB), private bus operators, Kandy City Police, Divisional Secretary, Utility Service Providers (KMC, CEB, Sri Lanka Telecom, Dialog), commuters, contractors, etc. In addition, there are also 'vulnerable groups' such as affected persons (APs) suffering from chronic illnesses, people with disabilities, elderly, women-headed households, and those living below the poverty line.

During the preparation of RAP, extensive consultations were carried out with all categories of affected persons (APs) with effect from November 2017. The initial activities involved person-to-person visits to inform as well as build a rapport with various stakeholders. This was followed by a total of 22 focus group discussions conducted with the various groups of APs, including business operators, rentiers, shop assistants and mobile vendors. In addition, key informant interviews were also carried out with leaders of trader associations and relevant officials in key partners of the project such as KMC, SLTB, SLR and CPRPTA. Similarly, the preparation of ESR and EMP included public consultations but they were rather limited in scope and coverage.

Since the consultations were carried out mainly as part of RAP preparation, there is a need to undertake consultations with a cross cutting audience. To that end, a separate Stakeholder Engagement Plan will be prepared that will specify: (i) how the activities carried out so far will be retrofitted to meet the ESF requirements; (ii) additional consultations that need to be carried out at this stage; (iii) consultations that will be required during project implementation, (iv) the full list of relevant stakeholders (other than the direct project affected people), including their interest and influence on the project. The objective of the updated SEP is to establish a systematic approach for stakeholder engagement; maintain a constructive relationship with stakeholders; take into account stakeholders' views; promote and provide means for effective and inclusive engagement with project-affected parties throughout the project life-cycle; and ensure that appropriate project information is disclosed to stakeholders in a timely, understandable, accessible and culturally-appropriate manner. Under Component 3 of the project on 'Institutional strengthening and capacity building,' specific activities will be carried out to strengthen the ESF capacity within PMU, PIU and implementing agencies, especially on stakeholder engagement.

At present, under SCDP, there is project-based four-tier grievance redress mechanism (GRM) which is easily accessible to the aggrieved parties. The GRM is considered transparent and accountable in grievance handling as well as in responding both effectively and efficiently to the grievances reported by the affected parties. The GRM consists of a dedicated social development officer responsible for grievance handling at the project site level; Grievance Redress Committee (GRC) operating at the project level; a grievance response mechanism led by the Project Director; and an Independent Grievance Panel (IGP) operating at the national level. The GRM is expected to function throughout the life cycle of the project implementation.

At the time of RAP preparation, information and awareness about the GRM was disseminated using a variety of media such as brochures, leaflets and posters printed in Sinhala and Tamil and the electronic media. Specifically, using these modes of communication, the roles and functions of the GRM and its different tiers, specific locations where the different tires are established, grievance reporting procedures, time frames for grievance resolution at each level, etc., were disseminated to the affected persons as well as the general public. However, to ensure that the GRM meets the ESF requirements, an assessment of the existing GRM as well as the grievances received so far and their resolution, will be carried out as part of the gap analysis. The findings will be used to determine whether the existing GRM system can be used for the project or needs to be modified further to meet the requirements under ESS10.

In terms of information disclosure, the existing RAP was cleared by the World Bank and disclosed on 9 November 2018 on the GoSL's as well as World Bank's external website. The updated RAP as well as other instruments such as the ESMP, LMP, SEP, will also be disclosed prior to appraisal. While preparing these instruments, particularly the SEP, the stakeholders will be provided with timely, relevant, understandable and accessible information, including those relating to the project design and planned activities, expected benefits and potential risks and impacts of the project. As part of the environmental and social assessment, a documented record of stakeholder engagement, including a description of the stakeholders consulted, a summary of the feedback received and a brief explanation of how the feedback was taken into account, or the reasons why it was not, will also be maintained and disclosed on a regular basis.

B.2. Specific Risks and Impacts

A brief description of the potential environmental and social risks and impacts relevant to the Project.

ESS2 Labor and Working Conditions

ESS2 is considered relevant for the project. The expected types of workers to be employed by the project include: Direct workers (workers and staff at the PMU and PIU); Contracted workers (contractors, sub-contractors, laborers); Primary supply workers (suppliers of construction materials such as aggregates, equipment, etc.); and Community workers. Since the scope of construction work of KMTT is comparatively large, it will require a substantial work force, which is estimated to be around 150-200 contracted workers. To meet this demand, it may or may not be possible to find the required labor force and associated goods and services locally for a number of reasons, among them, worker unavailability and lack of technical skills and capacity. Therefore, a sizeable proportion of the labor force may have to be brought in from outside the project area.

It is also anticipated that this expected influx of workers will be compounded by an influx of other people ("followers") who follow the incoming workforce with the aim of selling them goods and services, or in pursuit of job or business opportunities. The rapid migration to and settlement of workers and 'followers' in the already congested project area could have adverse impacts in terms of risks of social conflicts, increased burden on and competition for public service provisions, increased risk of illicit behavior and crime, local inflation of prices, increased risks of gender-based violence, etc.

The various categories of workers hired for the anticipated civil works (as required) and the influx of 'followers' will be subject to the requirements of ESS2 (and ESS4), including clear information on the terms and conditions of employment, principles regarding non-discrimination and equal opportunity and the establishment of workers' organizations, rules regarding child labor and forced labor, and occupational health and safety measures. There will also be a grievance mechanism for labor issues, drawing on national laws and procedures.

To some extent, these issues have been addressed in the RAP but a comprehensive Labor Management Procedure (LMP) in line with the requirements of ESS2, is needed. the LMP will be prepared and disclosed prior to appraisal. Further, to ensure health and safety of workers during the construction and operational phases of the project, a Health, Safety and Environmental (HSE) plan, in line with the World Bank Group Environmental Health and Safety Guidelines and Good International Industry Practice (GIIP), will also need to be prepared. The HSE plan will be prepared and implemented by the contractor based on the final design and construction method for the project. Preparation of the HSE Plan by the Health and Safety Specialist in the contractor's team will be included as one of the requirements in the ESCP.

ESS3 Resource Efficiency and Pollution Prevention and Management

ESS3 is relevant for the project. The KMTT has been designed to obtain the green building certification from the Urban Development Authority. As such, Green Building guidelines have been taken into consideration in the KMTT design to the extent possible, governing areas such as energy efficiency, sustainable site planning management, materials and resource management, quality of the building environment, water efficiency and green cover enhancement have been applied in the development of the terminal. Some of the measures that will be taken in the implementation of the project which are relevant to this standard include:

• The inclusion of low flow fixtures for reduction in water consumption and greywater/ sewage generation without affecting the health and safety of occupants. The washrooms within the KMTT will use low flush toilet systems, low flow urinals, wash basins with water saving pipes etc.

• Water use efficiency has been a key criterion in the building design - Treated drinking water from the Kandy Municipal Council (KMC) will be used only for potable purposes while dug wells will serve the purpose of non-potable requirements of the KMTT. The terminal will have facilities to harvest rainwater and to recover wastewater to reduce consumption from primary sources. The rainwater intercepted by the building will get recycled via a rainwater harvesting system. The rainwater collected will be stored in a sump built underground within the premises and pumped up for non-potable purposes. (garden taps to water the gardens and to flush the toilets via cisterns).

• Energy saving has been a key criterion throughout the electrical design of the KMTT. The building will be fitted with the incorporation of occupancy controls to turn off lights when the space is unoccupied, maximum use of natural day light for illumination, exterior lighting complying with dark sky standards, use of solar street lamps etc. Highly efficient lighting and equipment are planned to be used to contribute to the overall reduction in energy usage, while

proper switching and lighting control will be implemented for improved building operation. Most of the roof structures shall be provided with high efficiency polycrystalline solar photovoltaic panels to enhance sustainable power generation.
• Design of each part of the KMTT development has provision for green cover enhancement which will uplift the environmental conditions and turn down the thermostat not to mention the improvement in the aesthetic environment.

Construction of the KMTT will have impacts on air, water and land pollution. However, these impacts will be temporary. Kandy city is considered to have the worse air quality among all Sri Lankan cities in Sri Lanka, however ambient air quality measurements show levels below prescribed air quality standards by the CEA. Demolition and construction will add dust and other fugitive particles, vehicle emissions to the air. Waste water from the site that are mixed with oil and grease have the potential to contaminate surface and ground water in the locality and solid waste from labour camps as well as construction activity could pollute the general environment. With the operation of the KMTT, many of these issues will stop to exist and an actual significant improvement in the environment could be expected. Due to reduction in traffic congestion in the city, city air quality is expected to improve. In order to document and analyse the impact on urban air quality resulting from operationalization of the KMTT, a baseline air quality assessment has been conducted by SCDP and will be repeated and documented throughout KMTT construction and operational phases. A parking space will be allocated for the mobile air quality unit (vehicle) to be parked enabling the Central Environmental Authority (CEA) to operate an air quality monitoring unit. It is expected that air quality trend monitoring within the Kandy city in the future will formally take place in collaboration with the CEA. For this, (i) an operational fund will be provided and managed by the CEA and an (ii) MOU will have to be arranged between CEA and the KMTT operator. As part of the updated ESCP, greenhouse gas assessment for the overall project will be carried out. Similarly, a proper SWM system will be implemented in the KMTT reducing garbage scattering and pollution as it is now.

ESS4 Community Health and Safety

The ESS4 is relevant as the project is expected to pose health and safety risks and impacts to the local community, which is largely the public that use this urban space. The project will involve the construction of a large terminal and an overhead skywalk connecting the KMTT to the William Gopollawa Mawatha over the Kandy Railway Station which will pose various construction safety risks to the public who use the surrounding areas. The site is expected to be completely delineated prohibiting public access to the construction area, as such providing opportunity to manage the risk. However, the construction of the skywalk needs particular attention as the Kandy Railway Station cannot be closed.

The project will also involve the use of heavy machinery and transportation vehicles, the increased volume and movements of which would risk increased number of traffic accidents and road safety issues. The likely influx of labour could expose the local public to health risks and communicable diseases, the risk of which is not fully known. Pollution of ground with oil and grease and other contaminants can contaminate drinking water sources, although this is not a significant risk as the entire area is supplied with a municipal water supply. Contamination of Meda Ela

and subsequently the Mahaweli river downstream, with chemicals and turbidity can give rise to various health issues although the risk of Mahaweli getting seriously contaminated is low.

The ESMP will lay out stringent measures to arrest contaminated storm water directly flowing into the Meda ela. Meda Ela diversion will precede the construction of the KMTT building and as such temporary diversion will be required to maintain the canal flow. All storm-water inlets to the canal from the KMTT construction grounds will need to be protected for siltation control and trapping of contaminants. The ESMP will need to be updated with specific measures to achieve this.

Dust and other air contaminants pollute the air that the public inhales. The existing EMP incorporates measures to handle health and safety issues. However, these measures will need to be reviewed from an ESF lens and improved as an ESMP. The contractor would be required to engage an experienced safety expert to develop a full Health, Safety and Environmental (HSE) plan for the project and an accompanying awareness program which will be implemented during the construction period. The ToR for the HSE Plan will be developed prior to appraisal. Among others, the HSE Paln will have emergency response procedures clearly laid out that covers both man-made and natural emergencies during construction and O&M stages of the project.

The design of the building has incorporated full safety measures complying with international best standards. The project planning will require the deployment of security personnel for the protection of workers and equipment, and the risks associated with the use of security personnel will be assessed and necessary prevention and mitigation mechanism will need to be planned and put in place under the project.

Several measures have been taken to relocate the functions of the Good Shed bus stand (which will become KMTT) to other parts of the city so that public transport will not be paralysed during the KMTT construction. Some of these measures are already completed and functioning with positive impact on congestion. The only additional burden to traffic will be the movement of construction vehicles for which the contractor will have to prepare a traffic management plan as part of his ESMP.

The building design has already considered structural measures for adaptation to climate change and natural hazards based on an understanding of the nature and type of climate risks. The project location exposure risk to urban flooding and landslides is moderate. The overall climate risk to the outcome of the project is considered to be Moderate which can be brought down to low through design related mitigation.

ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

ESS5 is relevant for the project due to land acquisition requirements and economic displacement expected during the construction of KMTT. Based on the preliminary design, the total land requirement for KMTT will be 3.6742 hectares. Out of this, 3.6552 ha or 99.5% will be secured from various government agencies, including SLR, SLTB and Kandy Teaching Hospital. However, economic displacement under the project will be significant with 820 businesses, mobile vendors, shop assistants, three-wheelers, etc., operating in the existing bus station and/or its immediate buffer zone, being affected. The total household population among these business operators is 3,688, as established through the census of APs conducted as part of the SIA related to KMTT. The project related economic damages include both

permanent and temporary loss of livelihoods due to permanent demolition of all commercial and other structures located inside the technical boundary of the existing bus station, temporary access difficulties and loss of the client base during the construction of KMTT that will be experienced by many of the commercial establishments in the immediate buffer zone of the project site. To address these impacts, a comprehensive RAP was prepared and cleared by the Bank and disclosed on 9 November 2018.

Additionally, the operation of transitional bus sites where the bus services from the current bus stand will be temporarily relocated to, is expected to cause temporary construction related disturbances to the public, such as noise, dust, etc, and also lead to temporary livelihoods impact on eight individuals (in Bogambara) and inconveniences to SLTB staff while the two buildings they currently occupy will be demolished after the new one is constructed (in Kandy South Bus Depot). The proposed transitional arrangements during the period of construction of KMTT have been carefully designed and piloted in consultation with SLTB, CPRPTA and other affected parties in order to mitigate their adverse impacts and minimize inconveniences to the public during the period of construction of the new transport terminal. A social impact assessment and mitigation plan (SIAMP) for the eight transitional sites was prepared by SCDP and approved by the World Bank in June 16, 2018. The SIAMP has now been appended to the Resettlement Action Plan (RAP) prepared for KMTT.

The RAP is currently under implementation, and as of 15 August 2019, the Entitlement Assessment Committee (EAC) has determined compensation amount for 443 APs, and payments have been issued to to 591 APs, including leaseholders, vendors, shop assistants, mobile vendors, and three-wheeler operators. Likewise, the Livelihood Restoration consultant, a reputable national NGO with well-recognized experience in livelihood development, has conducted 12 consultation sessions with vendors to raise their awareness on the livelihood restoration process and assisted 195 individual business vendors prepare their future business plans. The consultant has also conducted a program with commercial banks to explore the possibility of getting additional financial resources to augment the compensation amounts of the APs, thus allowing the APs to either scale up or invest in more profitable businesses. As of mid-August 2019, about 290 APs have commenced new income generating activities using their compensation.

In terms of land acquisition, the public land to be used for KMTT is state land, vested in Sri Lanka Railways and KMC. SCDP has negotiated via the Commissioner General of Lands to get the clearance from both SLR and KMC to construct the KMTT on these lands. Accordingly, the General Manager of SLR has given the consent to use the railway land to construct the KMTT while retaining the land ownership with SLR. Similarly, the Council of KMC too has agreed to the construction of KMTT on their land while retaining the ownership of the land with KMC. There is also a small public land lot that belongs to the Kandy Teaching Hospital, and in this case too, the Director of the hospital has given consent to the construction of KMTT on their land. Regarding the acquisition of two private land lots, the Valuation Department is currently in the process of preparing the valuation report.

Notwithstanding this progress, since the RAP was prepared under the previous operational policies, there is a need to assess its adequacy against the requirements of the ESS5. Thus, as part of gap analysis, a rapid audit of RAP will be conducted to verify the payment of compensation, livelihoods support, and relocation support . The gap analysis will also consider the effectiveness of the GRM currently in place. The findings of the gap analysis and the audit of the RAP, will determine if there are any corrective measures that needs to be taken based on the ESF requirements. If so, sections of RAP cleared in 2018 and currently under implementation, will be updated, if relevant. In the updated RAP, activities that have been implemented will need to be captured as part of the documentation process and the RAP

audit (and its summary) will be added as an annex. If corrective actions are not required as per the findings of the gap analysis, the RAP audit will be appended to the current RAP and re-disclosed.

ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

ESS6 is considered relevant for the project. The project area is a completely modified urban landscape with very little remnant natural features. Meda Ela, which used to be a natural canal flows underneath the proposed KMTT site. However, it has been reduced to an urban drain due to urban expansion and carries a significant load of pollution from a heavily built catchment before discharging to the Mahaweli River 500m downstream. During construction, there is a potential risk that contaminated storm flows can enter the Meda Ela with downstream impacts to the river. Therefore, the revised ESMP will need to include specific provision to treat all inlets to the Meda ela within the project site with siltation and contamination control measures. There are several trees within the project area, some of which, may need removal, but their removal would not affect any natural ecosystems. The project will need large quantities of construction material which will involve burrowing, quarrying and extraction. The locations of such sites are not known. If the contractor directly operates such sites, the EMP should be extended to cover such areas as well in a way that is consistent with the ESF and the national regulations.

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

This ESS is not relevant since here is no evidence suggesting the presence of Indigenous Peoples/Sub-Saharan Historically Underserved Traditional Local Communities in the project area.

ESS8 Cultural Heritage

Kandy is a World UNESCO heritage site. The Department of Archaeology has investigated locations for artifacts of high historical and archaeological interest in the Kandy city and its region but none has been found within the project location. The Kandy city and its urban heritage has been maintained in the proposed building designs ensuring historical and cultural identity of the Kandy city. Design features have been decided upon after receiving inputs from all the stakeholders including the Kandy city Heritage Committee. That said, the updated EMP will include provisions for Chance Finds, which will also be included in the contractor's contract.

ESS9 Financial Intermediaries

Given the nature of the project, this standard is not relevant as there will not be an financial intermediaries involved.

C. Legal Operational Policies that Apply

OP 7.50 Projects on International Waterways No

This policy is not relevant in the context of Sri Lanka

OP 7.60 Projects in Disputed Areas No

This policy is not relevant as there are no disputed areas in the country

III. WORLD BANK ENVIRONMENTAL AND SOCIAL DUE DILIGENCE

A. Is a common approach being considered? No

Financing Partners

No, as no other financing partners are considered.

B. Proposed Measures, Actions and Timing (Borrower's commitments)

Actions to be completed prior to Bank Board Approval:

The following actions will be completed prior to Bank appraisal:

1) Conduct a gap analysis to review the EMP, RAP, LRP, GRM and stakeholder consultations carried out so far, from an ESF lens. The analysis is expected to lead to: RAP audit (to be appended to the current RAP), Update of the ESMP, GRM, and RAP, if relevant, preparation of a comprehensive SEP and LMP, to meet the additional ESF requirements.
2) Disclose the updated RAP (including RAP audit) and ESMP
3) Prepare and disclose the SEP and LMP
4) Prepare a TOR for the Health and Safety expert
5) Adopt the GBV risk assessment tool to assess the GBV/SEA related risks and prepare the risk mitigation strategy accordingly.
6) Prepare a draft Environmental and Social Commitment Plan (ESCP)

The following actions will be completed prior to Bank appraisal
1) Finalize Environment and Social Commitment Plan (ESCP)

Possible issues to be addressed in the Borrower Environmental and Social Commitment Plan (ESCP):

Implementation of the ESMP, RAP, SEP, LMP and ESCP
- Preparation and implementation of an Occupational Heath, Safety and Environment (HSE) Management Plan
- Implementation of the capacity building program on Environment and Social Standards
- Incorporation of E&S and OHS Standards in the bidding documents for contractors, sub-contractors and Supervision Consultants
- Submission of the Contractor's Environment and Social Management Action Plan (ESMAP) based on the project ESMP
- Establishment of GRM for workers

C. Timing

Tentative target date for preparing the Appraisal Stage ESRS 25-Nov-2019

IV. CONTACT POINTS

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Borrower/Client/Recipient

Borrower: Democratic Socialist Republic of Sri Lanka

Implementing Agency(ies)

Implementing Agency: Ministry of Megapolis and Western Development

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VI. APPROVAL

Task Team Leader(s):	Wei Wang
Practice Manager (ENR/Social)	David Seth Warren Recommended on 08-Nov-2019 at 09:18:49 EST
Safeguards Advisor ESSA	Agi Kiss (SAESSA) Cleared on 03-Dec-2019 at 13:54:54 EST