Early Warning System

ADB-37378-014

Jaffna and Kilinochchi Water Supply Project-Additonal Financing

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Quick Facts

Countries	Sri Lanka
Specific Location	Jaffna and Kilinochchi
Financial Institutions	Asian Development Bank (ADB)
Status	Approved
Bank Risk Rating	A
Voting Date	2017-11-28
Borrower	Government of Sri Lanka
Sectors	Infrastructure, Water and Sanitation
Loan Amount (USD)	$ 120.00 million
Grant Amount (USD)	$ 0.50 million
Project Cost (USD)	$ 120.50 million

Project Description

The project supports the restructuring of the current project. It will (i) finance the cost overrun under the current project; and (ii) support the additional components of the desalination plant and related works under Output 1 and water resource management plan under Output 3. The overall project has the following outputs.

Output 1: Water supply infrastructure and service in Jaffna Peninsula improved. The overall project will (i) install a desalination plant of 24,000 m3/day capacity; (ii) install 700 km of water mains and distribution pipes; (iii) install 60,000 metered new water connections; and (iv) operate and maintain the desalination plant for 5 years. The desalination plant will be designed, constructed, operated and maintained by a single contractor using DBO and performance-based contract. The O&M; period under the DBO contract will be 7 years, out of which 5 years will be covered by the project and the remaining 2 year period will be financed by the government. The overall project will support the monitoring and independent review of the desalination plant services and the DBO contractor performance. The DBO contractor will ensure (i) proper bulk water metering; (ii) adequate water pressure at the turning point; and (iii) supplied water complies with national quality standards for drinking water. The National Water Supply and Drainage Board will manage the water transfer and distribution systems, and ensure timely payments of fixed and performance-linked variable fees to the DBO contractor. The DBO contractor will train the NWSDB staff in operating the assets during the O&M; period and will turn over the desalination plant to NWSDB at the end of 7 years. NWSDB has committed to the continuity of O&M; of the desalination plant beyond the contract period.

Output 2: Headworks at the Iranamadu water tank improved. The overall project will support enhancement and strengthening of headworks at the Iranamadu tank to increase its water storage capacity from 131.4 million m3 to 148.0 million m3. Iranamadu tank remains an important drinking water resource for Jaffna, especially when the demand for drinking water is expected to increase significantly in the future. This output is expected to be completed by end of 2017 under the current project by the Ministry of Local Government and Provincial Council as executing agency and will not be covered by the additional financing.

Output 3: Water resource management systems and capacity strengthened. The overall project will support long term water resource management and capacity-building of NWSDB. This output will include (i) developing a detailed action plan for ground and surface water monitoring and rehabilitation in Jaffna; (ii) conducting awareness campaign on water conservation and sharing from Iranamadu tank; (iii) completing a water resources management plan for Iranamadu tank; and (iv) community development in Vadamarachchi village, where the desalination plant will be located. Capacity development will also be carried out under the attached technical assistance.

The current project needs restructuring primarily to reflect the change of water source from Irranamadu tank to a desalination plant and to strengthen the water supply component. The following changes are proposed: (i) inclusion of a desalination plant using a DBO contract; (ii) cancellation of water treatment plant and bulk water transportation from Iranamadu tank, originally cofinanced by the Agence Fran aise de D veloppement (AFD); (iii) exclusion of the sewerage component; (iv) inclusion of the household water connections; and (v) inclusion of water resource management and outreach activities. Based on the revised cost estimates and the cancellation of the AFD financing, the government has requested additional financing of $120 million from ADB to meet the change in project scope and cost overruns. The closing date of current loan needs to be extended from 14 August 2017 to 31 December 2020 to complete the revised project scope through the current project and the proposed additional financing.

Investment Description

- Asian Development Bank (ADB)

Private Actor 1	Private Actor 1 Role	Private Actor 1 Sector	Relation	Private Actor 2	Private Actor 2 Role	Private Actor 2 Sector
-	-	-	-	Business Promoters & Partners Ltd - BPPE	Client	-
-	-	-	-	China Machinery Engineering Corporation - CMEC	Client	-

Contact Information

Executing Agencies:
Ministry of City Planning and Water Supply
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ACCOUNTABILITY MECHANISM OF ADB

The Accountability Mechanism is an independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an Asian Development Bank-financed project. If you submit a complaint to the Accountability Mechanism, they may investigate to assess whether the Asian Development Bank is following its own policies and procedures for preventing harm to people or the environment. You can learn more about the Accountability Mechanism and how to file a complaint at: http://www.adb.org/site/accountability-mechanism/main

Bank Documents

- Jaffna and Kilinochchi Water Supply and Sanitation Project - Additional Financing: Initial Poverty a [Original Source]
- Jaffna and Kilinochchi Water Supply Project - Additional Financing: Environmental Impact Assessment [Original Source]
- Jaffna and Kilinochchi Water Supply Project - Additional Financing: Project Data Sheet (Sinhala Tran [Original Source]
- Jaffna and Kilinochchi Water Supply Project - Additional Financing: Project Data Sheet (Tamil Transl [Original Source]
- Jaffna and Kilinochchi Water Supply Project - Additional Financing: Thalaiyadi Village Seawater Desa [Original Source]
- Project Disclosure PDF [Original Source]

Media

- CMEC & BPPE wins Jaffna- Kilinochchi Water Supply and Sanitation Project