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Integrated Safeguards Data Sheet (Updated)

Date ISDS Prepared/Updated: 11/26/2002

Section I - Basic Information

A. Basic Project Data

Country: SRI LANKA	Project ID: P058067
Project: Second Community Water Supply and Sanitation Project	Task Team Leader: Toshiaki Keicho
Authorized to Appraise Date: October 30, 2002	IBRD Amount ($m):
Bank Approval: April 17, 2003	IDA Amount ($m): 33.70
Managing Unit: SASEI	Sector: Central government administration (30%); Water supply (25%); Sanitation (25%); Media (20%)
Lending Instrument: Specific Investment Loan (SIL)	Theme: Pollution management and environmental health (P); Other rural development (S); Decentralization (S)
Status: Lending	

I.A.2. Project Objectives:
The Second Community Water Supply and Sanitation Project will support the Government of Sri Lanka's (GOSL) Rural Water Supply and Sanitation (RWSS) sector program in the North Western and Central Provinces. The Project Development Objective is to increase service coverage and achieve effective and sustained use of water and sanitation services in rural communities in these provinces.

The above objectives will be achieved through:
(1) implementing demand-responsive and sustainable RWSS services, providing safe drinking water and sanitation facilities in rural communities; and
(2) strengthening capacities of key stakeholders (central and local governments, communities, and partner organizations) to deliver and manage sustainable water supply and sanitation services.

I.A.3. Project Description:
The total project cost is US$55 million, of which the Bank will finance US$33.7 million. The project will currently cover the Central and North Western Provinces. The project components are described below:

Component A: Physical Investments (US$42.0M). The project will finance a share of the capital costs for service improvements in water supply, wastewater drainage and on-site sanitation facilities. Beneficiaries represented by community based organizations (CBOs) will be required to select an affordable service level from a range of technical options and to manage and implement construction works. In addition to contributing to capital costs, they will be fully responsible for operation and maintenance of water supply and sanitation systems.

Component B: Social Mobilization and Hygiene Education (US$2.5M). This component will finance partner organizations (POs) to provide a package of assistance for community implementation of water and sanitation works. POs will assist communities in forming CBOs and subsequently work with CBOs to identify, plan, design, and implement water supply and sanitation schemes. To a lesser extent, they will also assist Pradeshiya Sabhas (PSs) with subproject processing and supervision. POs will also provide in-situ training and capacity building to CBOs to allow them to assume their project management responsibilities, and to encourage effective use and maintenance of completed systems. This includes health and environmental education to populations in participating communities to promote improved hygiene and water related practices. Innovative hygiene education approaches will be developed in partnership with the Bank-Netherlands Water Partnership (BNWP) who will co-finance this work.

Component C: Program Management and Capacity Building (US$5.5M). This component will provide support to the GOSL and local governemnts for the implementation of the National RWSS program. Activities that will be financed include:

(i) Technical assistance and training to increase the capacity of implementing entities, including the central RWSS Division, the RWSS Units at the Provincial Councils (PCs), the PSs, POs and CBOs.

(ii) Specialized studies and policy formulation, including strategies for refinement of the sectoral institutional arrangements in small towns and the estate sector, improvement of monitoring and evaluation of sector interventions, technical and financial audits, outcome-based evaluation of progress on decentralization, and other policy reviews.

(iii) Establishment of water quality testing regime, including water quality mapping of participating provincial councils, independent testing of all beneficiary schemes, and provision of water quality testing kits and other testing equipment to all participating PSs and relevant agencies.

(iv) Incremental costs of project administration, including staff salaries, equipment and operating costs.

Component D: Unallocated (US$5.0M). Finally, an unallocated fund has been established to allow for the possibility of providing focused financing for rural water supply and sanitation schemes in another Province. Should project activities expand into another Province, an assessment will be conducted in order to establish whether any of the Bank's Safeguard Policies are applicable. If any of the Bank's Safeguard Policies are triggered, the required documents will be prepared by the Borrow and sent to the Bank for review, and clearance by SASES.

I.A.4. Project Location: (Geographic location, information about the key environmental and social characteristics of the area and population likely to be affected, and proximity to any protected areas, or sites or critical natural habitats, or any other culturally or socially sensitive areas.)

The project area will be confined to rural villages and some small towns in the Central and North Western Provinces, but the project activities may at some point be expanded to another Province. If expansion is proposed, an assessment will be conducted in order to establish whether any of the Bank's Safeguard Policies are applicable, and the resulting requirements met, prior to beginning activities in the new Province. Due to the demand-responsive nature of the project, specific project sites have not been identified yet. Therefore, the geographical details, i.e. the proximity to protected areas and natural habitats, will be identified only during the sub-project planning stage. The sub-project environmental framework will help avoid any works in or encroachment into environmentally or culturally sensitive areas. Information on households within the village will be gathered as part of the village mapping exercise during the participatory planning phase of water supply and sanitation facilities. This will help to identify which households or groups within the village may be vulnerable, and ensure that their level

of participation and inclusion are made a priority.

B. Check Environmental Classification: B (Partial Assessment)

Comments: The project is specifically designed to bring about positive health and environmental benefits through supply of safe drinking water from sustainable sources and creation of sanitary conditions in rural areas. As a result, the environmental and health conditions in the rural villages are expected to improve considerably. However, minor negative impacts mainly related to water resource management and water quality issues are likely, if appropriate mitigation strategies are not designed and implemented. For this reason, the project has been classified as Category B, and the Sectoral Environmental Assessment has been prepared.

C. Safeguard Policies Triggered

Policy	Applicability
Environmental Assessment (OP/BP/GP 4.01)	● Yes ○ No
Forestry (OP/GP 4.36)	○ Yes ● No
Natural Habitats (OP/BP 4.04)	○ Yes ● No
Safety of Dams (OP/BP 4.37)	○ Yes ● No
Pest Management (OP 4.09)	○ Yes ● No
Involuntary Resettlement (OP/BP 4.12)	○ Yes ● No
Indigenous Peoples (OD 4.20)	○ Yes ● No
Cultural Property (OP 4.11)	○ Yes ● No
Projects in Disputed Territories (OP/BP/GP 7.60)*	○ Yes ● No
Projects in International Waterways (OP/BP/GP 7.50)	○ Yes ● No

**By supporting the proposed project, the Bank does not intend to prejudice the final determination of the parties' claims on the disputed areas*

Section II - Key Safeguard Issues and Their Management

D. Summary of Key Safeguard Issues. *Please fill in all relevant questions. If information is not available, describe steps to be taken to obtain necessary data.*

II.D.1a. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts.
In general, improvements to rural water supply and sanitation that lead to increased access to safe drinking water, improvements in hygiene and sanitation and reduced bacterial contamination of water sources due to controlled disposal of human wastes, are expected to generate positive health and environmental impacts to communities. By promoting an integrated approach to water supply, sullage drainage, sanitation, and hygiene education in each community, the project is expected to capitalize on these potential benefits. A Project Implementation Manual has been developed to guide the communities, non-governmental organizations (NGOs), staff from the Provincial RWSS units, and RWSS cells in the PS's on the precautions needed to maximize the positive and minimize the negative health, social and environmental impacts of project interventions.

A Sectoral Environmental Assessment (SEA) for the Rural Water Supply and Sanitation Sector, prepared by the RWSS Division of the Ministry Housing and Plantation Infrastructure identified two issues of serious concern with implications for subproject implementation. First, growing competition for water resources among domestic, agricultural, industrial and commercial users has resulted in substantial water shortages in some areas of Sri Lanka, especially in the dry zones. Although rural water supply schemes may not result in significant depletion of water resources, it is necessary to ensure that water resource

management is addressed during the design stage of sub-projects. The GOSL has prepared a draft National Water Resources Policy which will serve as a guideline for regulation of small scale water use under the project. Community based enforcement of user sharing arrangements will be introduced to beneficiary communities. Evidence from the International Development Association (IDA) financed Energy Services Delivery Project has demonstrated that user sharing arrangements (for off-grid village hydro power schemes) has been very effective, and this model will be replicated under the proposed project. Watersheds will also be protected to ensure long term sustainability of water supply. Community based watershed management initiatives will form part of the Environmental Management Plans (EMPs) that will be developed and implemented by the beneficiary communities.

Secondly, apart from water scarcity, contamination of water resources through agricultural run-off, fluoride contamination, improper disposal of sewage and solid waste, and industrial development has contributed to a deterioration in the safety of traditional water sources. Therefore, water quality testing and regular monitoring will be an integral part of sub-project development and implementation. It has been agreed with the Ministry of Housing and Plantation Infrastructure that a phased approach will be adopted to water quality testing. In the first phase, the National Water Supply and Drainage Board (NWSDB) will be commissioned to undertake a water quality survey and mapping exercise in the provinces where the project will be operational. Ground and surface water sources as well as a selection of existing dug wells will be tested for physical and chemical parameters recommended for testing in potable waters by the World Health Organization (WHO). In a second phase and based on the survey data, potential pollutants will be identified for testing by the NWSDB when sub-project locations and water sources are identified. In the final and third phase, the NWSDB will also provide training for community members to undertake routine water sampling using simple, easy to use indicator test kits. These test kits provide a quick positive/negative result. In the case of positive test results, water samples will be collected by communities and transported to the nearest Regional NWSDB Water Testing Laboratory for detailed analysis.

Other: Currently, wastewater management is not a significant issue, since in most cases piped water (where available) is used solely for drinking purposes with insignificant levels of wastewater discharge. Wastewater management may, however, become an issue with the provision of piped water to communities under the project, as increased water use without adequate disposal facilities may cause pollution, water logging, and mosquito breeding. To minimize this risk, the project will require the inclusion of adequate measures for wastewater disposal as a pre-condition for provision of water supply schemes, and will finance sullage drainage facilities to beneficiary communities, as needed. There is a risk that water quality issues may arise from sullage disposal, source pollution, and potential groundwater fecal contamination due to increased number of latrines. These issues will be studied in each of the sub-project areas, and communities will be encouraged to develop their own solutions to water resources and wastewater management, with technical guidance provided under the project. The planning and design of sub-projects will also ensure that the location of latrines minimizes the risk of pollution of aquifers and other water sources.

Haphazard disposal of garbage constitutes a potential source of surface and ground water pollution, especially in small towns where garbage is often disposed in "open dumps" alongside water bodies. Addressing the issue of solid waste management is beyond the scope of this project, but precautions will be taken to include only small towns that do not dispose of garbage into or alongside water supply sources, thereby ensuring source protection. Since improper solid waste disposal in participating rural communities could result in adverse health impacts, the hygiene education component will include this topic in its various activities. Moreover, the project will provide technical guidance to communities on environmentally acceptable garbage disposal methods, including disposal at the household level in

villages. Based on the experience of the first Community Water Supply and Sanitation Project (CWSSP), there could be adverse environmental issues arising as a result of contamination of the spring source during development and construction, but this has largely been temporary and confined to the construction period. In addition, precautions will be taken to avoid excavation and pipe laying during periods of heavy rain to minimize impacts from soil erosion.

OD 4.01 on Environmental Assessment: All sub-projects will be subject to an environmental analysis based on the Framework contained in the SEA. The Operations Manual will contain a checklist of potential environmental issues that will be evaluated at the subproject design stage. If substantial environmental issues emerge during the initial analysis, a more detailed environmental analysis will be undertaken by the RWSS Units in the (PCs).

OD 4.30 (OP 4.12) on Involuntary Resettlement does not apply since the project will not involve any involuntary land acquisition. For both rural communities and small town schemes, all land required for water supply installations (the source area for gravity schemes, land for storage tanks, wells, and drainage) will either consist of government land free of claims, or of voluntary land donations. The passage of underground distribution pipes through private land will require the permission by the owner. The availability of such land will be a condition for participation in the project by a community or small town, and its type and location will be described in the sub-project application. Where government land is used for a sub-project, its availability will be certified by the PS. All voluntary donations will meet the following criteria: (i) the land will be free of claims or encroachments; (ii) the ownership by the donor will be verified by the local authorities, and (iii) the donated land will be vested in the community/CBO through a deed of donation. In addition, in order to ensure that land contributions are truly voluntary, no undue social pressure has been exerted on landowners, and that all related transactions have been conducted in a transparent manner, the project will employ two mechanisms: (i) a Memorandum of Understanding (MOU) between the landowner, the community/CBO, and the PS will be prepared and signed before work can proceed; and (ii) as part of their semi-annual audit, the independent monitoring agency will assess, on a sample basis, compliance with the principles of voluntary land donation. These principles are in accordance with and acceptable under existing Sri Lankan law.

There is a potential for conflicting water use where sources identified for gravity schemes are already used for other purposes. Potential sources for gravity schemes are as a rule located in upland forest areas owned by the government, and utilization will require the consent of the Divisional Secretary. Where potential sources are located in estates, they may be subject to prior use, and their utilization for water supply will require the consent of the estate management. All potential sources for gravity schemes will involve an assessment of multiple use, and flow measurements will establish whether a potential source can accommodate both current use (e.g. for irrigation) and the planned utilization for drinking water supply. Where multiple use can not be accommodated, the source will not be used. Where dry season flows from a source limit the water available for multiple uses, the service hours for the piped drinking water supply system will be limited to accommodate the earlier users (as was the practice in the first CWSSP).

OD 4.20 on Indigenous Peoples does not apply since within the project target areas (the Central and North Western Provinces) there are no indigenous people (i.e., Veddahs) meeting the criteria of OD 4.20. Among the total Sri Lankan population of 19 million, there are only approximately 2,500 unassimilated Veddahs, living in an area of Uva Province which borders the Eastern Province.

II.D.1b. Describe any potential cumulative impacts due to application of more than one safeguard policy or due to multiple project component.

Many of the project components will have a complimentary positive impact on the environment. For example, community participation in identifying water supply sources, community based management of water resources and monitoring of water quality will result in improved sustainability of water resources. Identification of safe water supply sources, continuous water quality monitoring, provision of sanitary facilities and hygiene education to rural communities will contribute to a reduction in water borne diseases and lead to improved public health in the targeted communities. No cumulative adverse environmental and/or social impacts are anticipated due to application of one or more safeguard policies.

II.D.1c Describe any potential long term impacts due to anticipated future activities in the project area.
No long-term impact from future activities is anticipated.

II.D.2. In light of 1, describe the proposed treatment of alternatives (if required)
Not required. The community consultation process to be adopted for the preparation of each sub-project will explore alternative water supply sources and alternative technologies for water supply.

II.D.3. Describe arrangement for the borrower to address safeguard issues
The overall project design, which requires active community involvement in the planning, implementation, and management of water supply and sanitation sub-projects, is the primary means of ensuring that social and environmental safeguard issues are addressed. As part of the project design, the borrower has developed and disclosed to the public (October 2002) Principles of Voluntary Land Donation. The text of the MOU regarding Voluntary Land Donation will be drafted during the appraisal mission, included in the Project Appraisal Document (PAD), and disclosed to the public prior to Negotiations.

An electronic database has been established to monitor project performance and outcomes. Household level data is being collected by the POs carrying out the information dissemination campaign. In addition, the sub-project proposal format requires information to be provided on the existence of ethnic minority groups in a community and their inclusion among beneficiaries of the sub-projects. These data, together with data from the 2001 Census of Population and Housing, will establish a baseline for subsequent internal project monitoring. The borrower has also developed a grievance redress mechanism, to deal with all project related complaints, including voluntary land donations, competing demands for water from scarce sources, and the exclusion of vulnerable or minority groups from access to project benefits. This mechanism is enhanced by internal project monitoring and semi-annual audits by an independent monitoring agency, which will include an assessment of the inclusion of vulnerable or minority groups in community level planning and as project beneficiaries.

On the environment, all sub-projects wil be subject to an environmental analysis based on the Framework contained in the SEA. The Operations Manual will contain a checklist of potential environmental issues that will be evaluated at the subproject design stage. If substantial environmental issues emerge during the initial analysis, a more detailed environmental analysis will be undertaken by the RWSS Units in the PCs. For sub-projects without significant environmental issues, the checklist with screening criteria and guidelines for mitigation measures will be followed as part of the community development process. The sub-project proponent will be responsible for ensuring compliance with the Environmental Analysis Framework and implementation of the Environmental Management Plan (EMP). The EA information will be forwarded by the community to the Environmental Development Officer of the Local Authority (LA) area (who is an employee of the Central Environmental Authority (CEA) and located in the Divisional Secretariat in the respective LA areas) who will be primarily responsible for review and clearance of the environmental analysis and subsequent monitoring of compliance. The RWSS Division and the CEA main office will randomly monitor compliance and outcomes and refine

strategies, as necessary. The same review and monitoring procedure will be followed for the detailed environmental; analysis undertaken by the RWSS Units, with the CEA providing clearance and undertaking monitoring.

II.D.4. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.
The primary stakeholders are the residents of rural villages and small towns populations. As part of project preparation, key stakeholders were consulted in November 1999 regarding their willingness to pay for improved water supply services. In addition, a series of consultations with the PCs, PSs, NGOs and other civil society organizations were undertaken from October 2000 to October 2002. Regarding the development of an estate sector approach, consultations with estate stakeholders (relevent ministries, plantation companies, plantation management, plantation workers, and NGOs, are ongoing including. Plantation company case studies which will assist with pilot selection began at the end of October 2002.

Some examples of stakeholders consulted during preparation include:

- Workshops with staff from the First CWSSP Project Management Unit to identify problems and solutions regarding the inclusion of poor and/or marginalized groups;
- Group discussions with selected CBOs in the three districts under the first CWSSP on issues related to participation;
- Discussions with NGOs involved in the First CWSSP on their role and assessment of the project; and
- Workshops with plantation company management, labor unions, NGOs, and CBOs on the development of an estate sector approach.

Consultations with NGOs and other civil society organizations will continue throughout the project period, and are envisioned as an integral part of project implementation. These organizations will play a key role in assisting CBOs and helping to ensure the participation of different community groups. In addition, as part of the development and pilot implementation of the estate sector approach, NGOs, labor unions, and estate worker cooperatives and committees will have a substantial role in monitoring and evaluating the effectiveness of the approach.

Disclosure: The OD 4.30 (OP4.12) on Involuntary Resettlement does not apply since the project will not involve any involuntary land acquisition. For both rural communities and small town schemes, all land required for water supply installations will either consist of government land free of claims, or of voluntary land donations. (See Sections II.D.1a and II.D.3 above).

The OD 4.20 on Indigenous Peoples does not apply since within the project target areas (the Central and North Western Provinces) there are no indigenous people (i.e., Veddahs) meeting the criteria of OD 4.20. (See Section II.D.1a above).

The RWSS Division has prepared and released to the public (October 2002) a document on the Principles of Voluntary Land Donation. The documents have been made available in all three languages – English, Singhalese, and Tamil – and can be reviewed by the public at the locations listed below:

- RWSS Division, Ministry of Housing and Plantation Infrastructure;
- Chief Secretary's Office, Central Provincial Council, Kandy;
- Chief Secretary's Office, North Western Provincial Council, Kurunegala;
- Offices of the District Secretaries of Nuwara Eliya, Kurunegala, and Matale; and
- Offices of the Pradeshiya Sabhas in the Districts of Nuwara Eliya, Kurunegala, and Matale.

During appraisal, the text of the MOU regarding Voluntary Land Donation will be drafted during the appraisal mission, included in the PAD, and disclosed to the public (at the locations listed above), in all three languages, prior to Negotiations.

E. Safeguards Classification. Category is determined by the highest impact in any policy. Or on basis of cumulative impacts from multiple safeguards. Whenever an individual safeguard policy is triggered the provisions of that policy apply.

[ ] S1. – Significant, cumulative and/or irreversible impacts; or significant technical and institutional risks in management of one or more safeguard areas
[X] S2. – One or more safeguard policies are triggered, but effects are limited in their impact and are technically and institutionally manageable
[ ] S3. – No safeguard issues
[ ] SF. – Financial intermediary projects, social development funds, community driven development or similar projects which require a safeguard framework or programmatic approach to address safeguard issues.

F. Disclosure Requirements

Environmental Assessment/Analysis/Management Plan:	*Expected*	*Actual*
Date of receipt by the Bank	8/30/2002	9/2/2002
Date of "in-country" disclosure	10/1/2002	9/9/2002
Date of submission to InfoShop	10/15/2002	10/28/2002
Date of distributing the Exec. Summary of the EA to the ED *(For category A projects)*		
Resettlement Action Plan/Framework:	*Expected*	*Actual*
Date of receipt by the Bank		
Date of "in-country" disclosure		
Date of submission to InfoShop		
Indigenous Peoples Development Plan/Framework:	*Expected*	*Actual*
Date of receipt by the Bank		
Date of "in-country" disclosure		
Date of submission to InfoShop		
Pest Management Plan:	*Expected*	*Actual*
Date of receipt by the Bank		
Date of "in-country" disclosure		
Date of submission to InfoShop		
Dam Safety Management Plan:	*Expected*	*Actual*
Date of receipt by the Bank		
Date of "in-country" disclosure		
Date of submission to InfoShop		

If in-country disclosure of any of the above documents is not expected, please explain why.
The SEA was disclosed to the public in the Provinces that will partcipate in the project as well as to the general public through an advertisement in national newspapers where interested public could have access to the SEA either at the Ministry of Housing and Plantation Infrastructure in Battramulla or in the respective Provincial Councils.

Signed and submitted by	Name	Date
Task Team Leader:	Toshiaki Keicho	11/26/02
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Project Safeguards Specialists 3:		

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