



1. Project Data:		Date Posted : 06/27/2002	
PROJ ID: P010467		Appraisal	Actual
Project Name: Colombo Environmental Improvement	Project Costs (US\$M)	49.10	28.76
Country: Sri Lanka	Loan/Credit (US\$M)	39.0	24.08
Sector(s): Board: UD - Sanitation (50%), Solid waste management (40%), Sub-national government administration (10%)	Cofinancing (US\$M)		
L/C Number: C2757; CP838			
	Board Approval (FY)		95
Partners involved :	Closing Date	06/30/2001	06/30/2001
Prepared by :	Reviewed by :	Group Manager :	Group:
John English	Roy Gilbert	Alain A. Barbu	OEDST
2. Project Objectives and Components			
a. Objectives			
Specific objectives for the project were to;			
<ul style="list-style-type: none"> • improve municipal solid waste management (SWM) and services in the Colombo Municipal Council (CMC) and participating local authorities (LAs); • reduce wastewater pollution in the Beira Lake catchment area and selected industrial zones; • develop the capabilities of local governments and institutions to plan and manage municipal services in a sustainable, environmentally beneficial manner, and • assist in mobilizing private participation in the development and operation of urban infrastructure services . 			
b. Components			
As appraised the project had four components :			
<i>Municipal Solid Waste Management</i> (US\$ 15.7 million) comprising (i) construction of a sanitary landfill of 3.5 million cubic meters capacity at Welisara to meet the disposal needs of CMC and 14 local authorities located in the CMA; (ii) construction of a 100 ton/day capacity compost plant at the Welisara landfill; (iii) provision of potable water supply and other infrastructure to the community residing adjacent to the landfill site; and (iv) purchase of equipment and vehicles for safe collection, transport, and final disposal of hospital wastes at the Welisara landfill :			
<i>Wastewater Collection Systems</i> (US\$ 11.4 million) for construction of sewer networks in two industrial zones each with a separate wastewater treatment plant to be operated by the private sector;			
<i>Beira Lake Catchment Pollution Control</i> (US\$ 12.9 million) comprising (i) interception of unauthorized wastewater outlets initially discharging to the storm drainage system and connecting them to the sewerage system; and (ii) reduction of sewerage overflows through cleaning of sewer lines, rehabilitating pumping stations and adding a sewer line along the northwest bank of East Lake; and			
<i>Technical Assistance</i> (US\$ 9.0 million) comprising: (i) project preparation assistance; (ii) project implementation support; (iii) assistance to CMC and other LAs to improve solid waste services; (iv) assistance to the Urban Development Authority (UDA) to update the Colombo Master Plan, establish a GIS system for the region and develop long term strategies for environmental improvement, including developing a public awareness program .			
c. Comments on Project Cost, Financing and Dates			
The total project cost, as appraised, was US\$ 49.0 million. During implementation the wastewater treatment component was canceled, the scope of works for the wastewater collection component reduced and the TA input for a public awareness program reduced . Final project expenditure was the equivalent of US\$ 25.6 million. The closing date was not extended.			
3. Achievement of Relevant Objectives:			
The project's objectives were largely unachieved :			
<ul style="list-style-type: none"> • <i>Solid waste management.</i> The planned activities have not been undertaken, but some progress has been made on developing an alternative strategy . 			

- *Wastewater pollution.* The physical works were only partially completed and are not operational .
- *Local agency capacity.* The capabilities of local governments and institutions to plan and manage municipal services in a sustainable and environmentally beneficial manner have been enhanced .
- *Private sector involvement.* No private sector interest was generated in the development and operation of urban infrastructure services.

4. Significant Outcomes/Impacts:

The principal positive outcomes were as follows :

- *Solid Waste Management.* The component was cancelled but, as a result of the awareness developed by the project, the LAs are developing an alternative waste management strategy .
- *Beira Lake Pollution Control* The physical works were substantially completed, but were behind schedule and are not yet fully operational.
- *Technical Assistance.* The TA provided to the UDA for plan updating, developing a GIS for UDA, and developing a long-term solid waste disposal strategy, was fully utilized and satisfactory . In spite of the failure to complete physical works, the TA has stimulated agencies to develop initiatives to address problems encountered. For example, the Western Province Council (WPC) set up a SWM authority under a December 2000 statute that assists LAs to develop local waste management plans .

5. Significant Shortcomings (including non-compliance with safeguard policies):

There were substantial shortcomings in project design and implementation :

- *Solid waste management.* The project design clearly did not adequately identify and plan for the constraints to development of a major solid waste landfill . Investigations and hearings were conducted on three sites but technical problems and/or public opposition prevented agreement on developing any of the sites and the component was cancelled in 1999. As a result, it appears likely that an alternative strategy will be required .
- *Wastewater collection.* There were delays in initiating the component and then the international contractor selected for the contract clearly lacked the skills and experience to manage such a contract . The contract was terminated in January 2001, a year after the original completion date and unused materials were stored . Only part of the sewerage collection network has been completed .

No private sector interest was forthcoming in the development of a privately operated sewerage treatment works under a BOT (build -operate - transfer) contract .

- *Beira Lake.* Work was substantially delayed, in part because of restrictions resulting from the security situation, but more because the main contractor subcontracted much of the work and coordination of the subcontractors was inadequate . UDA has assumed responsibility for the lake, but has yet to develop a comprehensive monitoring program for water quality .

Both Bank and Borrower performance have been rated as unsatisfactory because of these major shortcomings in preparation and implementation.

6. Ratings :	ICR	OED Review	Reason for Disagreement /Comments
Outcome :	Highly Unsatisfactory	Unsatisfactory	The project has "failed to achieve most of its major objectives" and is, therefore, rated "unsatisfactory". To be "highly unsatisfactory" it would also have to have resulted in "no worthwhile development benefits". Minor development benefits have been achieved, primarily in strengthening the role and operations of UDA in the environmental field.
Institutional Dev .:	Modest	Modest	
Sustainability :	Unlikely	Unlikely	
Bank Performance :	Unsatisfactory	Unsatisfactory	
Borrower Perf .:	Unsatisfactory	Unsatisfactory	
Quality of ICR :		Satisfactory	

NOTE: ICR rating values flagged with '*' don't comply with OP/BP 13.55, but are listed for completeness.

7. Lessons of Broad Applicability:

- In designing projects to undertake activities where there is little local experience, and where several agencies will be involved in implementation, either an extended preparation period is required to ensure that the activities or agencies are ready for implementation, or the scope of the project should be reduced .
- Prequalification of contractors is important . In particular, emphasis should be placed on the international experience and previous performance of potential contractors, and it is important to verify this data
- In technically complex projects, in particular, the Bank should not allow lending /portfolio pressure to determine the timing of project approval .

- The Bank should avoid changing the Task Team Leader between appraisal and negotiations .

8. Assessment Recommended? Yes No

9. Comments on Quality of ICR:

The ICR is satisfactory. It provides a satisfactory review of the project and its outcome, and has made a commendable effort to determine the reasons for the failure of the project .