Project Information Document (PID)
## BASIC INFORMATION

### A. Basic Project Data

<table>
<thead>
<tr>
<th>Country</th>
<th>Project ID</th>
<th>Parent Project ID (if any)</th>
<th>Project Name</th>
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<tbody>
<tr>
<td>Sri Lanka</td>
<td>P172342</td>
<td></td>
<td>Kandy Multimodal Transport Terminal Development Project (P172342)</td>
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<table>
<thead>
<tr>
<th>Region</th>
<th>Estimated Appraisal Date</th>
<th>Estimated Board Date</th>
<th>Practice Area (Lead)</th>
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<td>SOUTH ASIA</td>
<td>Jan 06, 2020</td>
<td>Mar 26, 2020</td>
<td>Transport</td>
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<table>
<thead>
<tr>
<th>Financing Instrument</th>
<th>Borrower(s)</th>
<th>Implementing Agency</th>
</tr>
</thead>
</table>

**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.

## PROJECT FINANCING DATA (US$, Millions)

### SUMMARY

<table>
<thead>
<tr>
<th>Summary</th>
<th>Amount (US$ Millions)</th>
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<tr>
<td>Total Project Cost</td>
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<tr>
<td>Total Financing</td>
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<tr>
<td>of which IBRD/IDA</td>
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<td>Financing Gap</td>
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### DETAILS

**World Bank Group Financing**

<table>
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<tr>
<th>Financing Instrument</th>
<th>Amount (US$ Millions)</th>
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<tr>
<td>International Development Association (IDA)</td>
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<td>IDA Credit</td>
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</table>
Environmental and Social Risk Classification
Substantial

Concept Review Decision
Track I - The review did authorize the preparation to continue

Other Decision (as needed)

B. Introduction and Context

Country Context

1. Sri Lanka has shown steady growth over the last decade although key macroeconomic challenges persist. Sri Lanka is an upper middle-income country with a GDP per capita of USD 4,102 (2018) and a total population of 21.7 million people. Following 30 years of civil war that ended in 2009, Sri Lanka’s economy grew at an average 5.6 percent during the period of 2010-2018, reflecting a peace dividend and a determined policy thrust towards reconstruction and growth; although growth slowed down in the last few years.

2. The country’s economy is transitioning from a predominantly rural-based economy towards a more urbanized economy oriented around manufacturing and services. Social indicators rank among the highest in South Asia and compare favorably with those in middle-income countries. Economic growth has translated into shared prosperity with the national poverty headcount ratio declining from 15.3 percent in 2006/07 to 4.1 percent in 2016. Extreme poverty is rare and concentrated in some geographical pockets. However, a relatively large share of the population subsists on slightly more than the poverty line. Female Labour Force participation (FLFP) at 33.6% was less than a half of men by 2018 and needs to increase to support the country to gain sustained economic growth.

3. Low fiscal revenues combined with largely non-discretionary expenditure in salary bill, transfers, and interest payments have constrained critical development spending on health, education and social protection, which is low compared to peer countries. Public debt levels are high while the overall debt portfolio indicate some important challenges. In view of the Easter bombings of April 2019, the economic outlook is subject to heightened uncertainty.

Sectoral and Institutional Context

4. Background. The ongoing Sustainable Cities Development Project (SCDP) financed by the World Bank has identified Kandy Multimodal Transport Terminal a critical area for urban improvement and made it a key component of the project. Multiple studies have been carried out which strategically identified directions for the development. This proposed project is a strategic split from SCDP in order to provide adequate time for SCDP to complete on time, and

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to provide more dedicated attention to both SCDP and Kandy Multimodal Transport Terminal component with dedicated implementation support.

5. **A city of strategic importance.** Located in central Sri Lanka, Kandy is known both for its natural and cultural attractions and its strategic geographic location. The city has a population of 173,121 (2011)\(^2\) spreading across a land area of approximately 28.53 square kilometers. Kandy is the capital city of the Central Province of Sri Lanka, which is the second biggest contributor to the country’s economy with a share of 10.7 percent\(^3\) of the GDP. The city’s central location with road access to all other regions of the island positions it with the potential to become a residential and commercial hub. Kandy has been identified as a World Heritage Site by UNESCO in 1988 and is a major tourist attraction of the country. Thus, the city stands to benefit significantly with a well-planned urban transport network which could enhance accessibility to and from the city as well as efficiency of mobility within the city.

6. Traffic congestion poses a major constraint to the city’s development potential. Kandy City attracts many commuters for employment, shopping, education, services, cultural and entertainment purposes. There are around 25 major schools and number of other smaller schools located within the city. According to a study carried out by the World Bank in 2015\(^4\), nearly 389,000 commuters enter the Kandy city on a typical weekday through different transport modes for various purposes (27 percent for employment and 19 percent for education purposes). Around 50 percent of the commuters (209,000) use public bus transport to enter the city through approximately 5,000 bus trips daily. The high volumes of bus and passenger flows into the city has resulted in significant levels of congestion in the heart of the city during peak hours, leading to inefficiency and loss of productivity. According to Kandy Transport Improvement Project (KTPI) Report (2014), the average network speed during the peak period is calculated at 16.7 kmph while the off-peak speed is calculated at 25.7 kmph. However, the speeds on the busier roads are estimated to be below this average, with peak period flows recorded between 4 kmph to 15 kmph\(^5\).

7. Lack of adequate transport infrastructure has aggravated traffic congestion in the city. The city center has three main bus terminals - Good Shed, Clock Tower and Torrington - which are used by both public and private bus operators. They attract nearly 79 percent (or 165,000) of the bus commuters entering into the Kandy city daily (Good Shed being the largest terminal). With an equal number of outbound bus travelers, a total of nearly 330,000 passengers (served by 10,000 bus trips) use the three terminals on a daily basis. This coupled with other pedestrian traffic users within the city results in heavy pedestrian movement around the city area. The terminals lack critical infrastructure required for their efficient functioning, such as adequately planned bus bays, parking areas, passenger waiting and queuing areas, centralized ticket counters, to accommodate the high volume of bus and passenger traffic. The lack of adequate segregation of bus and pedestrian movement around the area poses significant safety risks for the pedestrians. A study conducted by UNFPA states that at least 90% of women have been subjected to sexual harassment when using public transport\(^6\). This experience leads women to either drop out from the labor force due to lack of safety during travel or resort to use of private transport as an alternative\(^7\). Furthermore, the SCDP study finds that nearly all bus trips (97.4 percent) into the Kandy city terminate at these three terminals with only 2.6 percent of inter-provincial trips bypassing

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\(^2\) Public Transport Design & Operations Management Plan & Strategic Traffic Demand Management & Design Plan for Kandy
\(^3\) Central Bank of Sri Lanka, Annual Report 2019
\(^4\) Public Transport Design & Operations Management Plan & Strategic Traffic Demand Management & Design Plan for Kandy
\(^5\) Strategic Traffic Management and Traffic Circulation Plan Report for Kandy CBD
\(^6\) Sexual Harassment on public trains and buses, UNFPA (2015) (unpublished)
or passing-through the City for onward journey (touch-and-go). This has led to abnormally high requirement of dispatch and parking bays, spill-over parking on the road around the terminals, long layovers, and congestion around the three terminals.

8. Lack of organized off-street parking both in public and private domain has resulted in unbridled on-street parking of all the vehicles. Facilities provided in the existing three terminals and in parking places in the surrounding areas are not sufficient to meet the current bus-parking requirements. Organized off-street bus parking is available only at two venues - Bogambara and Kandy South Depot - for 70 and 30 buses respectively. Bus parking requirements reach a daytime peak at 183 bus spaces within a 30-minute span (11.00 hours - 11.30 hours) at the three terminals, Bogambara, Kandy South Depot and on-street, congesting all major streets in the city.

9. The narrow approach roads connecting the city center with the suburbs lack capacity to accommodate the high volume of bus and passenger traffic entering and exiting the city. The inadequate road network in and around Kandy City which has led to the lack of bypass connectivity into certain areas (south to east and west to east directions) has resulted in a significant level of passengers entering the city bus terminal only to transfer into a different bus route (through passengers – 43 percent or 70,950 of total bus commuters entering the city terminals). As typically seen across the country, the railway system is underutilized, with only one railway track passing through Kandy from Colombo, served by only 6 trains in a day. Thus, the railway serves only about 2 percent of the commuters entering the city on a weekday.

10. Fragmented institutional structure has made transport planning and integration difficult both at the national and provincial levels. The complex institutional structure distributes urban transport responsibilities across multiple ministries, with no lead institution or coordinating body for the sector, inhibiting policymaker’s ability to promote an integrated multi-modal planning approach. Urban transport responsibilities fall under three cabinet-level ministries with Ministry of Transport Services Management (MTSM) focusing on railways and buses, Ministry of Roads and Highways (MRH) focusing on expressways and national highways, and the Ministry of Public Administration, Home Affairs, Provincial Councils and Local Government being responsible for provincial and local roads. In the last few years, certain transport projects, such as light rail transit (LRT) and multimodal transport terminal development came under the purview of the Ministry of Megapolis and Western Development (MMWD) under the previous regime. The Sri Lanka Transport Board (SLTB), a state institution under the MTSM operates public buses at both the national and provincial levels. Private bus ownership is extremely fragmented with around 20,241 private buses across the country, owned and operated mostly by individuals. The National Transport Commission (NTC), under the MTSM regulates inter-provincial private buses at the national level and provincial Passenger Transport Service Authorities (PTSA), under provincial Ministries of Transport, regulate the intra-provincial private busses. Route permits are issued by NTC and PTSA based on a fixed-sum as opposed to passenger demand forecasts.

11. The shortfall in services of public transport has led to an increase in the use of private vehicles and para-transit modes. A survey conducted by the SCDP study shows that between 2010 and 2015, there has been a significant increase of the use of private transport modes such as motor cycles (8%) and cars (6.4%) as well as para-transit modes such as three-wheeler (9.6%). Para transits, mainly three wheelers, plays an important role in contributing to the commuting needs. Nearly 20,000 three wheelers ply on the Kandy city with estimated 33,000 passenger trips on daily basis. Three wheelers do not have a proper/assigned parking places and can be seen all over the places restricting the smooth passage of traffic flow and creating congestion. School and tourist vans/ buses play important role in serving the commuting needs for targeted commuters. Concurrent school timing results in excessive parking requirement and
traffic flow on the roads of Kandy city which leads to heavy congestions during school hours. There are very few designated parking places provisioned for school buses within the city.

Relationship to CPF

12. The proposed project is well aligned with the Sri Lanka Performance and Learning Review (PLR) FY2017-2021. It ties in directly with the Pillar 1 of the PLR which seek to improve competitiveness of the economy and Pillar 3 which seek to improve urban livability. The project has the potential to significantly improve the economic contribution of the Kandy region by improving efficiency of its transport system. An efficient transport system can improve productivity and increase the regions attractiveness as a tourist destination, thereby creating more economic benefits. Improved accessibility and connectivity through the project will also provide more opportunities and access to economic and social activities of the city, thereby promoting inclusiveness among its citizens. This is also in line with Pillar 2 of the PLR which looks to promote inclusion and opportunities for all.

C. 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.

Key Results (From PCN)

13. The PDO – level outcome indicators are proposed to be the following:
   1. Accessibility and connectivity: Percentage of population who can access the terminal by public transport and non-motorized transport.
   2. Efficiency: Reduction of average travel time by public transport during peak hours in city center.
   3. Safety: Reduction of accidents occurring at the terminal area. Reduction in reports of personal safety concerns compared to baseline, by female commuters at the terminal area and who utilize public transport originating from the terminal.

D. Concept Description

14. Under the Strategic Cities Development Project (SCDP) financed by the World Bank which commenced in 2014, Kandy was identified as a city for key strategic interventions. Accordingly, two broad technical consultations were carried out under SCDP to identify key activities to be financed under the project for the improvement of the urban space of the city. The initial consultation, the Kandy Transport Improvement Program (KTIP) identified the need for improved and well managed public transport services as a prerequisite for relieving traffic congestion and facilitating the growth momentum in Kandy. The key objectives of the KTIP are as follows;

   a. Retain the public transport share of commuter traffic at least at the current 60% level.
b. Upgrade public transport services in Kandy in line with the needs of the commuters and make them user-friendly.

c. Integrate private and public bus services and bus and railway services so as to enable commuters to transfer from one to the other as and when necessary.

d. Enhance the efficiency and effectiveness of public transport delivery by using modern technology, including central ticketing and improved information services.

e. Improve the quality of public transport services including terminal facilities.

f. Improve overall attractiveness of public transport so as to encourage users of private vehicles to switch to public transport without sacrificing efficiency and convenience.

g. Reduce traffic congestion in Kandy as an overall outcome of a series of complementary interventions.

15. Based on the requirements identified under KTPI, a comprehensive technical study was commissioned to identify bottlenecks in urban transport in the Kandy city. The Public Transport Design & Operations Management Plan & Strategic Traffic Demand Management & Design Plan for Kandy comprised of an Integrated Strategic Public Transport Plan and a Strategic Traffic Management and Traffic Circulation Plan for Kandy central business district (CBD). These studies identified key constraints in urban mobility in the city and proposed possible interventions to address these issues.

16. The study recognized that improvements to the public transport network in the Kandy city to reduce overcrowding of buses within the city core requires reorganization of the city’s key transport infrastructure. In this context, key interventions recommended by the study are to establish an integrated, multi-modal transport hub; transport facilities outside the city at appropriate locations; a revised bus network, enhanced services, and bus priority measures on selected main routes. Traffic reducing measures were also recommended to be put in place to improve pedestrian-friendliness, such as migrating on-street car parking to off-street facilities; setting up of a traffic management regime and prioritizing public transport and pedestrians within the city.

17. The development of the Kandy Multi Modal Transport Terminal (KMTT) was conceived out of these strategic consultations and studies as an important step towards streamlining public transport services in Kandy. The construction of the terminal, including the implementation of transitional transport service solutions while the development of the terminal takes place were included to be financed under SCDP. However, the project, which was prepared in 2014 to include strategic interventions in three cities within the country (Kandy, Galle and Jaffna) has faced a number of issues which has significantly delayed the implementation of the project activities. As a result, after five years in implementation of the project, the construction of the KMTT is still in procurement stage due to various reasons, inter alia include, significant delays in the feasibility study, consultations for safeguards requirements and delays in finalizing the design.

18. Given the significant implementation delays faced by SCDP, the strategic importance of addressing congestion and mobility issues in Kandy, the technical complexity of the KMTT, linkages of other proposed transport interventions in the city to the KMTT which have already been incorporated to the design of these proposed projects and the size of the intervention, the GoSL and the World Bank agreed to carry forward the development of the KMTT as a stand-alone project, separated from SCDP. Therefore, the new project has been developed on the ground work that has already been carried out under SCDP to continue and complete the construction of the KMTT. A number of preliminary work around the development of the KMTT has been initiated under SCDP and is currently in various stages of procurement.
and implementation. These activities, which were carried out under a consultancy service awarded in April 2017 with the approval of the World Bank, are as follows;

a. Development of transitional bus operation and construction of transitional terminals to clear the land for the development of KMTT
b. Design and construction of facilities for Sri Lanka Railways (SLR) as the existing property of SLR adjacent to the Kandy Good Shed bus stand will be released for KMTT construction.
c. Resettlement of vendors and business activity operated in Good Shed area to clear the land for KMTT construction. A Resettlement Action Plan based on World Bank safeguards policies has been developed and published for this purpose and is currently being implemented.
d. An Environment Screening Report and Environmental Management Plan for the KMTT construction area has been developed and is currently being reviewed by the World Bank.
e. Preparatory activities for the development of the KMTT.

19. The new project being proposed by this concept note will develop on the base work described above and carry forward the construction of the KMTT along with some technical assistance in the areas of institutional strengthening and capacity building required in the operation of the KMTT. The proposed components of this project are described below.

20. **Component 1: Development of Kandy Multi Modal Transport Terminal (KMTT) - $64M.** This component will finance the development of the multimodal-terminal at the existing Good Shed station in Kandy. Currently Kandy bus terminal exists of three scattered stations, Good Shed, Clock Tower and Torrington. All of them are located at the city center in close vicinity, the largest one being Good Shed. The KMTT will be developed at the location of the Good Shed station, which is currently located at the city center and provide easy access to the railway station. This component will finance the following civil works for the construction of the KMTT:
   a. **Demolition and moving of existing infrastructure** to create space for the MMT construction, including moving of public utility structures and fuel pumping stations.
   b. **Construction of the main structure** of the KMTT with all required services to facilitate the volume of commuters, bus services and transport terminal facilities, distributed in three floors. The terminal facility will include safety measures for women; and information kiosks and messaging to reduce sexual harassment of female commuters.
   c. Construction of a 150m long **Skywalk** stretching from old Peradeniya Road to William Gopallawa Road and the adjoining Kandy Teaching Hospital, allowing pedestrians to move safely between the important points of railway station, hospital and KMTT. The Skywalk will create signage around information to reduce sexual harassment of female pedestrians.
   d. **Creation of pedestrian friendly public space** and a grassed roof terrace.
   e. Construction of a **parking building** alongside the KMTT offering space for three-wheeler taxis and private cars.
   f. **Diversion of Meda Ela**, the urban storm water drainage canal, incorporating KMTT building construction ensuring smooth functioning of entire system.

21. **Component 2: Technical Assistsances for broad land use/zoning policy and access issues to the terminal - $1M.** This component will include the further analysis of implementation for the walkability study already carried out under SCDP in the area around KMTT and access to the terminal by different transport modes.
22. **Component 3: TA Institutional strengthening and capacity building: Improved coordination of public transport providers - $5M.** The Government with the discussion of the SCDP team has currently proposed a Semi-Government structure for the management of the terminal. This component will provide further support to finetune the structure. Once it’s finalized, the project will support the setting up of the new structure and provide necessary capacity building to all stakeholders involved in the management and operation of the terminal. A need assessment will be carried out to identify specific capacity requirements, including steps required to increase female commuters’ safety. Potentially, capacity building can include aspects such as training for operators (use of new software and hardware) and drivers, policy formulation, coordination among different stakeholders, preparation of schedules and timetables, database management, etc. Furthermore, it is important to carry out a proper assessment of how the terminal’s operations and maintenance can be financed. This component can explore funding options such as private sector participation and use of municipal finance.

23. Under this component all stakeholders in the management, operation of the terminal, bus and train drivers; and conductors will be sensitized on the issue of sexual harassment and develop protocols for bystander interventions which include referral processes to law enforcement and other related service providers (Hotlines established to report gender-based violence, psychosocial and other health services). The project will provide information on laws and processes related to sexual harassment and encourage bystander intervention, within the terminal, buses and trains, skywalk and main pedestrian spaces, introduce safety audits which will be integrated into the GRM mechanism and through ICT to increase safety for female commuters and notify the management of areas which require further improvements for safety.

24. **Citizen Engagement:** The project is planning a robust Citizen Engagement approach to contribute towards the achievement of the PDO to enhance the accessibility, efficiency, and safety for public transport users through the development of the terminal. This approach includes: a) comprehensive consultations during the design and implementation of the project with a focus on the more vulnerable stakeholders about the safety, accessibility, and efficiency of the new terminal; b) multi-faceted Grievance Mechanism (GM) with multiple uptake channels and strong referral mechanisms to process complaints or grievances related to construction and use of the terminal; c) beneficiary feedback mechanisms, such as satisfaction surveys to track users’ perceptions of the accessibility and safety of the new terminal, or other feedback mechanisms for the users of the terminal or nearby areas to provide feedback, and suggestions or post any issues or inquiries related to the project. This Citizen Engagement approach will be further developed during the next steps of the project preparation, which will include the preparation of a Stakeholder Engagement Plan (SEP) and the formulation of relevant beneficiary feedback indicators.

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<th>Legal Operational Policies</th>
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<tr>
<td>Projects in Disputed Areas OP 7.60</td>
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Summary of Screening of Environmental and Social Risks and Impacts

25. The project is sensitive in terms of its location in the heart of the Kandy city and poses (i) numerous restrictions for a large-scale construction such as the KMTT and (ii) challenges for construction management
not to cause too much public inconvenience, public health and safety issues and interruption to the city that can result in serious public inconvenience. Demolition of the existing Good Shed bus stand and the several surrounding structures will generate large volumes of solid wastes, some of which will be hazardous in nature (asbestos roofing sheets), which will need careful disposal. Kandy does not have a proper waste disposal facility. Noise and vibration caused by piling and construction activity pose a risk to the structures in the surrounding area, some of the which are weakly built and are in a dilapidated state. Since 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 from movement of heavy vehicles is likely to be significant. Since the bus operation of the Good Shed has been relocated to pre-identified sites within the city, the project area can be completely delineated from the public, however, health and safety risks remain to be significant and would require great diligence and planning to minimize accidents. Construction of the KMT will require a substantial work force, which is estimated to be around 150-200 persons, a sizeable proportion of which may have to be brought in from outside the project area. This could pose risks of social conflicts, increased burden on and competition for public service provision, increased risk of illicit behavior and crime, local inflation of prices, increased risks of gender-based violence etc. While private land acquisition is minimal, the economic displacement from the demolition of the Good Shed bus stand is significant and include temporary loss of livelihoods, loss of client base, access difficulties etc for 820 vendors who have been operating in the Good Shed bus stand and surrounding areas. The project has (i) a comprehensive RAP which has been cleared, disclosed and currently in implementation and (ii) a comprehensive Environmental Social Screening Report and an EMP. All these will be reviewed from an ESF lens and updated and retrofitted according to ESF requirements.

26. 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, and identify 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 is poses substantial risks for the project. Further, the RAP requires continuous oversight and monitoring and oversight, and any delays or interruptions will pose significant socio-economic risks to the PAPs and reputational risks for the Bank as some of the APs have already shifted their businesses and are paying monthly rentals in their new locations.
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APPROVAL

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