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Report No: PAD 1689

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT PAPER ON A

PROPOSED ADDITIONAL CREDIT

IN THE AMOUNT OF SDR 39.9 MILLION  
(US\$55 MILLION EQUIVALENT)

AND RESTRUCTURING

TO THE

DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA

FOR A

STRATEGIC CITIES DEVELOPMENT PROJECT

May 3, 2016

Social, Urban, Rural and Resilience Global Practice  
South Asia Region

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**CURRENCY EQUIVALENTS**  
(Exchange Rate Effective February 29, 2016)

Currency Unit Sri Lanka Rupees

LKR 144.550 = US\$1  
US\$1.381310 = SDR 1

**FISCAL YEAR**  
January 1 – December 31

**ABBREVIATIONS AND ACRONYMS**

AF	Additional Financing	PCR	Physical Cultural Resources
		PDO	Project Development Objective
CPS	Country Partnership Strategy	PMU	Project Management Unit
DA	Designated Account	PID	Project Information Document
EA	Environmental Assessment	RPF	Resettlement Policy Framework
EMP	Environmental Management Plans	SCD	Systematic Country Diagnostics
EAMF	Environmental Assessment and Management Framework	SDR	Special Drawing Rights
FM	Financial Management	SORT	Systematic Operations Risk-
GRS	Grievance Redress Service	SLR	Sri Lankan Rupee
GSURR	Global Practice, Social, Urban, Rural	SCDP	Strategic Cities Development
IDA	International Development Association	US\$	United States Dollar
IUFRs	Interim Unaudited Financial Reports	WB	World Bank
JMC	Jaffna Municipal Council		
KMC	Kandy Municipal Council		
MoMWD	Ministry of Megapolis and Western Development		

Regional Vice President:	Annette Dixon
Country Director:	Françoise Clottes
Senior Global Director:	Ede Jorge Ijjasz-Vasquez
Practice Manager:	Ming Zhang
Task Team Leader:	Zhiyu Jerry Chen



## **SRI LANKA**

### **Strategic Cities Development Project - Additional Financing**

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## ADDITIONAL FINANCING DATA SHEET

*Democratic Socialist Republic of Sri Lanka*

*Strategic Cities Development Project - Additional Financing (P157427)*

SOUTH ASIA

GSURR

Basic Information – Parent							
Parent Project ID:	P130548	Original EA Category:	A – Full Assessment				
Current Closing Date:	December 31, 2019	Current EA Category:	A – Full Assessment				
Basic Information – Additional Financing (AF)							
Project ID:	P157427	Additional Financing Type	Scale Up				
Regional Vice President:	Annette Dixon	Proposed EA Category:	A – Full Assessment				
Country Director:	Francoise Clottes	Expected Effectiveness Date:	August 01, 2016				
Senior Global Practice Director:	Ede Jorge Ijjasz-Vasquez	Expected Closing Date:	December 31, 2021				
Practice Manager/Manager:	Ming Zhang	Report No:	PAD1689				
Team Leader(s):	Zhiyu Jerry Chen						
Borrower							
Organization Name	Contact	Title	Telephone	Email			
Ministry of Megapolis and Western Development	N. Rupasinghe	Secretary	+94- 11-286-2412	<a href="mailto:nrupasinghe.cecb@gmail.com">nrupasinghe.cecb@gmail.com</a>			
Project Financing Data–Parent (Strategic Cities Development Project P130548)							
Key Dates							
Project	Ln/Cr/TF	Status	Approval Date	Signing Date	Effectiveness Date	Original Closing Date	Revised Closing Date

P130548	IDA-5428	Effective	5-May-2014	12-Sep-2014	16-Oct-2014	31-Dec-2019	31-Dec-2021		
<b>Disbursements</b>									
Project	Ln/Cr/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed
P130548	IDA-5428	Effective	SDR	95.00	95.00	0.00	6.8	88.2	7.16%
<b>Project Financing Data –Additional Financing Strategic Cities Development Project - Additional Financing (P130548)</b>									
<input type="checkbox"/> Loan <input type="checkbox"/> Grant <input type="checkbox"/> IDA Grant <input checked="" type="checkbox"/> Credit <input type="checkbox"/> Guarantee <input type="checkbox"/> Other									
Total Project Cost:		US\$65 million			Total Bank Financing:		US\$55.00 million		
Financing Gap:		0							
<b>Financing Source – Additional Financing (AF)</b>								<b>Amount (US\$ Million)</b>	
BORROWER/RECIPIENT								10.00	
International Development Association (IDA)								55.00	
Financing Gap								0.00	
Total								65.00	
<b>Policy Waivers</b>									
Does the project depart from the CAS in content or in other significant respects?							No		
Explanation									
Does the project require any policy waiver(s)?							No		
Explanation									
<b>Team Composition</b>									
<b>Bank Staff</b>									
<b>Name</b>		<b>Role</b>	<b>Title</b>			<b>Specialization</b>		<b>Unit</b>	
Zhiyu Jerry Chen		Task Team Leader (ADM Responsible)	Senior Urban Development Specialist			Project Management and municipal services		GSURR	
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Nadeera Rajapakse	Safeguard	Environmental Specialist	Environment	GENDR
Mokshana Wijeyeratne	Safeguard	Environmental Specialist	Environment	GENDR
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Michelle Lisa Chen	Program Assistant	ACS Staff	Facilitation	GSURR

#### Extended Team

Name	Title	Location
Shyamal Sarkar	Municipal Engineering	India
Brendan Finn	Transportation Planning	Ireland
Katherine Davis	Urban Planning	Sri Lanka
Pradeep Pethiyagoda	Municipal Engineering	Sri Lanka
Sumathi Navaratnam	Urban Planning	Sri Lanka
Mohammed Feghoul	Municipal Engineering	Algeria

#### Locations

Country	First Administrative Division	Location	Planned	Actual	Comments
Sri Lanka		Madawala			
Sri Lanka		Katugastota			
Sri Lanka		Kandy			
Sri Lanka	Northern Province	Jaffna	X		
Sri Lanka		Galle			
Sri Lanka		Digana			

<b>Institutional Data</b>				
<b>Parent (Sri Lanka Strategic Cities Development Project-P130548 )</b>				
<b>Practice Area (Lead)</b>				
Social, Urban, Rural and Resilience Global Practice				
<b>Contributing Practice Areas</b>				
<b>Cross Cutting Topics</b>				
[ ] Climate Change				
[ ] Fragile, Conflict & Violence				
[ ] Gender				
[ ] Jobs				
[ ] Public Private Partnership				
<b>Sectors / Climate Change</b>				
Sector (Maximum 5 and total % must equal 100)				
Major Sector	Sector	%	Adaptation Co-benefits %	Mitigation Co-benefits %
Transportation	Urban Transport	45		
Water, sanitation and flood protection	General water, sanitation and flood protection sector	35		
Public Administration, Law, and Justice	Sub-national government administration	20		
Total		100		
<b>Themes</b>				
Theme (Maximum 5 and total % must equal 100)				
Major theme	Theme	%		
Urban development	City-wide Infrastructure and Service Delivery	40		
Urban development	Municipal governance and institution building	20		
Urban development	Urban planning and housing policy	15		
Environment and natural resources management	Other environment and natural resources management	15		
Financial and private sector development	Other Private Sector Development	10		



Total				100
<b>Additional Financing Strategic Cities Development Project- Additional Financing (P157427)</b>				
<b>Practice Area (Lead)</b>				
Social, Urban, Rural and Resilience				
<b>Contributing Practice Areas</b>				
Water, and Transport				
<b>Cross Cutting Topics</b>				
[ ] Climate Change				
[ ] Fragile, Conflict & Violence				
[ ] Gender				
[ ] Jobs				
[ ] Public Private Partnership				
<b>Sectors / Climate Change</b>				
Sector (Maximum 5 and total % must equal 100)				
Major Sector	Sector	%	Adaptation Co-benefits %	Mitigation Co-benefits %
Transportation	Rural, Inter-Urban and By-pass Roads	45	70	10
Public Administration, Law, and Justice	Sub-national government administration	20		10
Water, sanitation and flood protection	Water supply	35	80	
Total		100		
<b>Themes</b>				
Theme (Maximum 5 and total % must equal 100)				
Major theme	Theme	%		
Urban development	City-wide Infrastructure and Service Delivery	40		
Urban development	Municipal governance and institution building	20		
Urban development	Urban planning and policy	15		
Environment and natural resources management	Other environment and natural resources management	15		

Financial and private sector development	Other Private Sector Development	10
Total		100
<b>Consultants (Will be disclosed in the Monthly Operational Summary)</b>		
Consultants Required? Yes		



## I. INTRODUCTION

1. This Project Paper seeks the approval of the Executive Directors to provide an Additional Credit in the amount of SDR 39.9 million (US\$55 million equivalent) to the Democratic Socialist Republic of Sri Lanka for the Strategic Cities Development Project (SCDP) currently supported through an IDA Credit of SDR 95 million (US\$147 million equivalent at approval, Credit 5428-LK). The proposed Additional Finance (AF) would help finance the costs associated with scaling up SCDP activities in the city region of Jaffna and would have a closing date of December 31, 2021.

2. In addition, the following changes are proposed to the parent project: (i) update the results framework to better capture intended outcomes; (ii) extension of the closing date by two years to December 31, 2021 to accommodate the updated implementation schedule of the original activities; (iii) revision of costs and financing plans; (iv) minor revision of component description to reflect changes in scope during implementation; and (v) revision of disbursement estimates.

## II. BACKGROUND AND RATIONALE FOR ADDITIONAL FINANCING

3. **Background.** SCDP was conceptualized as a first intervention to tackle key infrastructure and service bottlenecks in Sri Lanka's strategic urban centers outside of the Colombo metropolitan region. The overall purpose was to strengthen the performance of city and town centers in order to achieve a well-connected system of cities by addressing critical infrastructure needs and by increasing the cities' capacity for sustainable urban planning and management. The original credit in the amount of SDR 95 million (equivalent to US\$147 million at approval) was approved by the Board on May 5, 2014 and became effective on October 16, 2014; it is scheduled to close on December 31, 2019. The Project Development Objective (PDO) of SCDP is to improve selected urban services and public open spaces in the participating city regions of Sri Lanka. SCDP is comprised of three components: Kandy City Region Urban Interventions; Galle City Region Urban Interventions; and Implementation Support.

4. Project implementation has been affected by the changes in national and local government structures following elections in January and August 2015. The initial period of implementation has clearly indicated the lack of capacity at both the Project Management Unit (PMU) level and the local authority level. These issues are now being addressed and overall implementation has picked up; the project has disbursed 7.2% of the Credit to date. The PDO remains valid and the likelihood of achieving the PDO is rated Satisfactory, while implementation progress is rated Moderately Satisfactory. Project implementation has been in compliance with IDA fiduciary and safeguards policies. Currently, there are no overdue audit reports or ineligible expenditures. In addition, no serious accountability issues or observations have been reflected in the external audit reports, internal audit reports or reviews carried out by the Bank.

5. The status of implementation of the three project components is summarized below:

- **Component 1: Kandy City Region Urban Interventions.** Implementation performance of this component is satisfactory. Contracts valued at over US\$8 million have been awarded and

contracts valued at US\$36 million are in the tendering stage. Some of the key sub-components and sub-projects, e.g., Kandy transport improvement and urban upgrading, are however still in the design stage.

- **Component 2: Galle City Region Urban Interventions.** Implementation performance of this component is moderately satisfactory. Contracts valued at almost US\$3 million have been awarded and contracts valued at US\$2 million are in the tendering stage. However, the majority of sub-projects are still at the design stage.
- **Component 3: Implementation Support.** Implementation performance of this component is satisfactory. The PMU has been established in Colombo under Ministry of Megapolis and Western Development (MoMWD) and is responsible for overall project implementation, including fiduciary and safeguards. Field offices of the PMU have been established in Kandy and Galle with technical and safeguards staff in place.

6. **Rationale for Additional Financing.** The proposed additional financing (AF) will scale up SCDP by including the additional city region of Jaffna, which was severely affected during the decades-long civil conflict in Sri Lanka and will play a crucial role in strengthening the system of cities in particular for the northern part of the country. The proposed additional financing is an important element in the Government’s broader peace building and reconciliation efforts and program.

7. The Jaffna City Region is one of the areas in Sri Lanka with high absolute numbers of both poor and vulnerable population. The conflict resulted in the neglect or destruction of a diverse range of citizens’ needs and services that now need to be addressed to rebuild society. In addition, the Jaffna area has recently experienced very rapid expansion and growth. A greater focus on basic services improvement (including strengthening urban planning and management, and improving administrative and management capacity to deliver urban services) will help Jaffna to respond more effectively to reconciliation and development needs.

8. The needs in Jaffna are huge and activities under the proposed AF – roads to improve connectivity, drainage improvements, and urban upgrading and cultural heritage, and capacity building and institutional strengthening – are aligned with SCDP’s targeting of two broad categories of strategic investments: (i) integrated urban services improvement in targeted sectors to enhance functional aspects of the city; and (ii) public urban spaces enhancement through catalytic urban upgrading to enhance the livability of the city. Other critical urban services, e.g., water supply, sanitation, solid waste management, ground water resources, are either being undertaken by other development partners or require more preparation time and thus cannot be immediately undertaken under the proposed AF. In order to better address the needs of the “post-conflict” urban environment in Jaffna, the preparation of the proposed AF included robust consultations with stakeholders, such as senior officials at the political and administrative level as well as citizen groups; this process will continue during implementation.

9. The proposed AF is considered the optimal means of providing support to the Jaffna city region as it is consistent with the PDO of SCDP and implementation arrangements in place for SCDP in Kandy and Galle can be extended to Jaffna.

10. **Alignment with the Bank Country Partnership Strategy (CPS).** The proposed AF supports one of the three focus areas of the Bank Group's Sri Lanka CPS FY2013-FY2016 (Report No. 66286-LK), i.e., *Improving living standards and social inclusion through increasing quality of services and expanding social inclusion and equitable access*. The proposed AF is also in line with the key findings of the Systematic Country Diagnostic (SCD) for Sri Lanka, completed in October 2015 (Report No. 100226), which clearly identifies Jaffna as a single-city agglomeration in the North with rapid growth and expansion in recent years that requires urgent attention to address key municipal services bottlenecks.

### III. PROPOSED CHANGES

<b>Summary of Proposed Changes</b>	
The proposed AF would help finance the costs associated with the scale-up of SCDP to include the city region of Jaffna. In addition, the following changes are proposed: (i) update the results framework to better capture intended outcomes of the existing project and the proposed scale up; (ii) extension of the closing date by two years to December 31, 2021; (iii) revision of components, costs and financing plans; (iv) minor revision of component description of the parent project to reflect changes in scope during implementation; (v) revision of disbursement estimates; and (vi) changes in implementation arrangements to take into account the addition of Jaffna city region.	
Change in Implementing Agency	Yes [ X ] No [ ]
Change in Project's Development Objective	Yes [ ] No [ X ]
Change in Results Framework	Yes [ X ] No [ ]
Change in Safeguard Policies Triggered	Yes [ ] No [ X ]
Change of EA category	Yes [ ] No [ X ]
Other Changes to Safeguards	Yes [ ] No [ X ]
Change in Legal Covenants	Yes [ ] No [ X ]
Change in Loan Closing Date(s)	Yes [ X ] No [ ]
Cancellations Proposed	Yes [ ] No [ X ]
Change in Disbursement Arrangements	Yes [ ] No [ X ]
Reallocation between Disbursement Categories	Yes [ ] No [ X ]
Change in Disbursement Estimates	Yes [ X ] No [ ]
Change to Components and Cost	Yes [ X ] No [ ]
Change in Institutional Arrangements	Yes [ X ] No [ ]
Change in Financial Management	Yes [ X ] No [ ]
Change in Procurement	Yes [ X ] No [ ]
Change in Implementation Schedule	Yes [ X ] No [ ]
Other Change(s)	Yes [ ] No [ X ]
<b>Development Objective/Results</b>	
<b>Project's Development Objectives</b>	
Original PDO	
The project development objective is to improve selected urban services and public urban spaces in the Participating City Regions of Sri Lanka.	

Revised PDO: No change to the current PDO.

**Change in Results Framework: Yes**

Explanation:

The Results Framework has been updated to better capture the intended outcomes of the existing project and the proposed scale up. The updated Result Framework is presented in Annex 1 and highlights the proposed changes to the SCDP Results Framework. The changes are summarized below.

<b>Indicator in the original RF</b>	<b>Revised Indicator</b>	<b>Justification for the change</b>
<i>PDO Level results indicators</i>		
Aggregate number of people benefiting from improved basic services in Kandy.	Aggregate number of people benefiting from improved basic services in participating city regions.	This indicator is proposed to be expanded to cover all three participating cities; the proposed target value will reflect this change. This change reflects the results of both the AF and the proposed restructuring.
Reduction in area at risk of flood inundation within the designated project area in Galle (10-year return period flood for major canals and 5-year return period flood for local canals and cross drains).	Indicator is marked for deletion.	The hydraulic modeling developed during the first year of implementation confirmed that the flat terrain in Galle makes it difficult to measure this indicator. The first PDO indicator will also capture the benefits of the reduction in flooding in Galle. This change reflects the results of the proposed restructuring.
New or rehabilitated urban public spaces in Kandy and Galle City Region.	New or rehabilitated urban public spaces in participating city regions.	This indicator is proposed to be expanded to cover all three participating cities; the proposed target value will reflect this change. This change reflects the results of the AF.
<i>Intermediate results indicators – Component One Kandy City Region Urban Intervention</i>		
1.1 Number of silt traps implemented around Kandy Lake.	Indicator remains - change in target value from six to five.	The technical study found that the sixth silt trap is not feasible. This change reflects the results of the proposed restructuring.
1.3 Length of underground storm water drainage rehabilitated.	Length of underground and surface storm water drainage rehabilitated.	Indicator is proposed to be revised to include both underground and above-ground drainage and the target value is increased from 2 km to 7 km. This change reflects the results of the proposed restructuring.
1.5 Number of bus terminals constructed or rehabilitated.	Number of bus facilities constructed or rehabilitated including the KMTT.	Bus terminals are proposed to be modified to bus facilities in order to include bus parking and bus stands. This change reflects the results of the proposed restructuring.
<i>Intermediate results indicators – Component Four Jaffna City Region Urban Intervention</i>		

N/A	3.1 Roads Rehabilitated	New indicator developed for Jaffna AF
N/A	3.2 Length of Cycle Lanes rehabilitated or constructed	New indicator developed for Jaffna AF
N/A	3.3 Length of storm water drainage reinstated	New indicator developed for Jaffna AF
N/A	3.4 Number of Ponds rehabilitated	New indicator developed for Jaffna AF
N/A	3.5 Number of Community Centers, Public Convenience / Toilets constructed or rehabilitated	New indicator developed for Jaffna AF
N/A	3.6 Completion of strategic plans / studies in Public Transport and Traffic Management, Drainage and Spatial Development	New indicator developed for Jaffna AF
N/A	3.7 Number of community consultative committees with at least one third of women representative, for pond related activities established as part of the project design and implementation	New indicator developed for Jaffna AF

**Compliance**

**Covenants - Additional Financing for Strategic Cities Development Project (P130548)**

Source of Funds	Finance Agreement Reference	Description of Covenants	Date Due	Recurrent	Frequency	Action
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Source Of Fund	Name	Type
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<b>Description of Condition</b>
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<b>Risk</b>
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Risk Category	Rating (H, S, M, L)
Political and governance	Moderate
Macroeconomic	Moderate
Sector strategies and policies	Moderate



Technical design of the project		Substantial						
Institutional capacity for implementation and sustainability		Substantial						
Fiduciary		Moderate						
Environmental and social		Moderate						
Stakeholders		High						
Other		N/A						
Overall		Substantial						
<b>Finance</b>								
<b>Loan Closing Date - Additional Financing ( Strategic Cities Development Project- Additional Financing - P157427 )</b>								
<b>Source of Funds</b>		<b>Proposed Additional Financing Loan Closing Date</b>						
International Development Association (IDA)		December 31, 2021						
<b>Loan Closing Date(s) - Parent ( Sri Lanka Strategic Cities Development Project - P130548 )</b>								
The closing date of the parent project is being extended by two years to December 31, 2021 to accommodate updated implementation schedule and to allow for sufficient time for project implementation. Activities relating to Components 1 and 2 are planned to be completed by December 31, 2019. Component 3 (Implementation Support) relates to all project activities including the scaled-up activities, and the Closing Date of the parent project is being extended to December 31, 2021 – the same as for the AF.								
<b>Ln/Cr/TF</b>	<b>Status</b>	<b>Original Closing Date</b>	<b>Current Closing Date</b>	<b>Proposed Closing Date</b>	<b>Previous Closing Date(s)</b>			
IDA-5428-LK (Original financing)	Effective	December 31, 2019	December 31, 2019	December 31, 2021				
<b>Change in Disbursement Estimates</b>		<b>(including all sources of Financing)</b>						
<b>Explanation:</b>								
The proposed estimates for disbursement, shown in the table below, take into account: disbursements so far under the existing SCDP credit and anticipated disbursements from the existing SCDP Credit for the remaining years; and estimated disbursements of the proposed AF.								
<b>Expected Disbursements (in USD Million)(including all Sources of Financing)</b>								
Fiscal Year	2015	2016	2017	2018	2019	2020	2021	2022
Annual	9.8	15	30	45	50	20	15	2.2
Cumulative	9.8	24.8	54.8	99.8	149.8	169.8	184.8	187.00 <sup>1</sup>
<b>Allocations - Additional Financing for Strategic Cities Development Project (P157427)</b>								

<sup>1</sup> The US Dollar amount of the original credit for SCDP has reduced from US\$147 million equivalent at the time of negotiation in March 2014 to US\$132 million equivalent at the time of appraisal of the Additional Financing in February 2016, due to depreciation of SDR.

Source of Fund	Currency	Category of Expenditure	Allocation	Disbursement % (Type Total)
			Proposed	Proposed
IDA	SDR	Goods, Works, non-consulting services, consultants' services, Training and Operating Costs for Part 4 of the project.	39,900,000	100.00
<b>Total:</b>			39,900,000	

#### Components

#### Change to Components and Cost

##### Explanation:

An additional component - Component 4: Jaffna City Region Urban Interventions - is proposed to be added to SCDP under the proposed AF to support priority investments in Jaffna City to improve basic services and to enhance the capacities of relevant institutions for urban planning and management through the following sub-components:

- **Roads and Traffic Improvement.** This sub-component will support the improvement of selected sections of key connectivity roads within and around Jaffna Municipal Council; and development of a comprehensive public transport and traffic management strategy including for bus terminal and parking.
- **Drainage Improvement.** This sub-component will support: reinstatement of the existing drainage system in Jaffna City Region, and procurement of equipment for operation and maintenance of the drainage system; rehabilitation and restoration of selected water ponds within the Jaffna City Region area and improvement of the urban amenity around ponds; and carrying out a comprehensive drainage improvement study, and preparing a drainage master plan and identifying and implementing high priority investments.
- **Urban Upgrading and Cultural Heritage.** This sub-component will support to carry out urban upgrading activities for both area-specific and city-wide improvement, including the enhancement of selected streets, parks, community centers and public spaces, public amenities such as public toilets, restoration of cultural heritage assets, public safety and adaptive reuse of historic and landmark buildings.
- **Capacity Building and Implementation Support.** This sub-component will strengthen the Jaffna Municipal Council by delivering systems and building the capacities of its staff to improve urban planning and management and service delivery.

Annex 2 provides a more detailed project description, as well as detailed cost estimates.

	Project Cost (US\$ mil)	IDA (US\$ mil)	GoSL (USD mil)
Sub-Component 4.1: Roads and Traffic Improvement	15.50	15.50	--

Sub-Component 4.2: Drainage Improvement	11.00	11.00	--
Sub-Component 4.3: Urban Upgrading and Culture Heritage	18.60	18.60	--
Sub-Component 4.4: Implementation Support and Capacity Building	1.65	1.65	--
<b>Contingencies (15%)</b>	8.25	8.25	--
<b>Total (including contingencies)</b>	55.00	55.00	--
<b>Taxes &amp; Duties, and land acquisition/ resettlement</b>		N.A.	10.00
<b>Total Project Cost</b>	65.00	55.00	10.00

As part of the proposed restructuring, the following activities are proposed to be revised or removed from existing SCDP:

Component 1: Kandy City Region Urban interventions - “Development of an integrated master plan” will be revised to be “development of a city development strategy”.

Component 2: Galle City Region Urban Interventions - “Development of an integrated master plan” will be revised to be “development of a city development strategy”, and “coastal erosion reduction measures for selected areas” will be removed. This was studied during the first year of implementation and it was confirmed that this is not part of the project scope.

No changes are envisaged to the cost estimates for the parent project at this time. The government will cover financing needs arising from exchange rate fluctuations.

<b>Current Component Name</b>	<b>Proposed Component Name</b>	<b>Current Cost (US\$ Million)</b>	<b>Proposed Cost (US\$ Million)</b>	<b>Action</b>
Component 1: Kandy City-region Urban Interventions	Component 1: Kandy City-region Urban Interventions	94.00	94.00	
Component 2: Galle City-region Urban Interventions	Component 2: Galle City-region Urban Interventions	43.00	43.00	
Component 3: Implementation Support	Component 3: Implementation Support	10.00	10.00	
	Component 4: Jaffna City Region Urban Interventions	NA	55.00	Additional Component
Taxes and Duties and Land acquisition / resettlement and other counterpart financing		45.08	55.08	

	<b>Total:</b>	192.08	257.08	
<b>Other Change(s)</b>				
<b>Change in Implementation Schedule</b>				
Explanation:				
Activities relating to Components 1 and 2 are planned to be completed as scheduled by December 31, 2019. The scaled-up activities (Component 4) are expected to be completed by December 31, 2021. Component 3 (Implementation Support) relates to all project activities including the scaled-up activities, and the Closing Date of the parent project is being extended to December 31, 2021 – the same as for the AF.				
<b>Change in Implementation Agency</b>				
Explanation:				
As a result of the election and Government changes in 2015, the Implementation Agency which earlier was the Ministry of Defense and Urban Development is now the Ministry of Megapolis and Western Development.				
<b>Change in Institutional Arrangement</b>				
Explanation:				
In order to implement the Jaffna component under the AF, a local implementation cell will be established in Jaffna as a branch office of the PMU. It will consist of personnel from key agencies, including Jaffna Municipal Council, as well as staff who will be recruited for technical and safeguards matters.				
<b>Change in Financial Management</b>				
Explanation:				
FM arrangements under the original credit would be applicable for the AF Credit. The PMU which is well versed with WB procedures and guidelines and whose FM performance has been satisfactory will manage the overall FM arrangements for AF credit along with the original credit. An additional accountant would be recruited under the PMU Finance manager to handle the additional work load.				
A separate DA will be maintained by the PMU for the AF Credit. IDA funds will be transferred by the Bank to the Designated Account (DA) using report based disbursements. A separate set of Interim Unaudited Financial Reports (IUFs) will be prepared by the PMU for replenishment of the AF DA. The PMU would open a separate LKR account for the AF and would also maintain a separate set of books for AF activities. All payments under AF will be centrally handled and managed at the PMU level.				
The external audit will be carried out by the Auditor General of Sri Lanka and a consolidated audit report that would include both SCDP activities and AF activities will be submitted by the PMU to the Bank within six months of the end of the financial year. Common expenditures relating to incremental operating costs (IOC) and all expenditures under Parts 1, 2 and 3 of the project would be charged to the original SCDP Credit. All IOC and other expenditures incurred in relation to activities pertaining to the Part 4 of the Project (Jaffna's activities) will be attributed to the AF. Taxes are not eligible to be financed under the AF. Taxes will be financed by borrower's funds and will be separately shown in the IUFs.				
<b>Change in Procurement</b>				
Explanation:				

The PMU will be responsible for procurement under the proposed AF, including: (i) drafting and updating the Procurement Plan; (ii) drafting Requests for Proposals and bid documents; (iii) inviting bids; (iv) obtaining necessary internal clearances; and (v) obtaining prior clearance from the Bank when necessary. An additional staff will be assigned exclusively for procurement under the proposed AF, and will work under the guidance of senior procurement staff.

The PMU will prepare an updated Procurement Plan, acceptable to the Bank, both for the parent project and the proposed AF.

#### **IV. APPRAISAL SUMMARY**

##### **Economic and Financial Analysis**

###### **Explanation**

Cost-benefit Analysis (CBA) has been undertaken (based on preliminary estimates of capital costs) for two of the roads identified for potential improvement under the “roads and traffic improvement” sub-component of the AF: Point Pedro - Kodikamam road (AB31); and Jaffna – Ponnalai -PPD road (AB21). The estimated Economic Internal Rate of Return (EIRR) of upgrading Point Pedro-Kodikamam Road (AB31) and Jaffna-Ponnalai road (AB21) is 15.0 percent and 10.5 percent respectively, and the average EIRR of upgrading both roads is 12.75 percent. Therefore, it is possible to conclude solely based on the CBA that the proposed upgrading of both AB31 and AB21 roads are economically feasible. However, the economic feasibility of upgrading AB31 is higher than that of AB21. Further, the robustness of the economic feasibility of these two roads is high since they are economically feasible even if their capital cost increased by 20 percent.

A qualitative socio-economic benefit analysis identified the following potential benefits: drainage improvements will help avoid losses from flooding, as flooding has been a frequent occurrence in Jaffna in recent decades; and urban upgrading and cultural heritage improvements are amenities with direct utility value and contribute to Jaffna’s attractiveness as a destination for both domestic and foreign tourists. The CBA or cost effectiveness analysis for the drainage improvement and the urban upgrading and cultural heritage sub-components will be conducted as the feasibility studies for the individual investments become available.

The economic analysis of the three infrastructure investment sub-components will be updated prior to their implementation, based on final cost estimates for AB31 and AB21, as well as the feasibility studies of activities under the other sub-components.

##### **Technical Analysis**

###### **Explanation:**

Jaffna City Region Urban Interventions will support priority investments in: roads and traffic improvements; improvements to the existing drainage system and the development of a drainage masterplan; and urban upgrading and cultural heritage, including streetscapes, public spaces, and restoration and safety around landmark historic buildings. These interventions address essential gaps in local service standards, and mitigate anticipated future negative impacts from traffic congestion on the overall livability of the city. Proposals for improvements to roads and transport, urban upgrading and cultural heritage interventions, and drainage and ponds contribute to improvement of city functions. Most of the sub-projects require studies, planning, and design,

which are either on-going or are to be conducted. These studies will support the detailed development of these sub-projects and will provide design and supervision support, where required, to project implementation agencies.

The proposed AF includes capacity development of Jaffna Municipal Council, which is the key for future service delivery and maintenance of rehabilitated municipal assets. Activities could include organizational and capacity assessment, and support establishing necessary engineering divisions to be responsible for various aspects of urban management.

**Citizen Engagement.** At the local level, a City Stakeholder Forum will be used to review and monitor project interventions to ensure that these interventions adequately address the needs of the people. At the project level this process will continue, in particular for improvement of water ponds and the cycling network. Proactive citizen engagement is expected to yield: (i) better design of the investments drawing on local knowledge; (ii) better acceptance of the proposed solutions, as citizens can identify their input to the project; (iii) use of improved community knowledge and skills in identifying issues and solving them; (iv) use of community networks (in the form of pond committees) to better ensure that project goals are met; (v) better opportunity to deal with problems or discuss concerns in a timely manner; and (vi) increased trust between communities and government institutions in managing the proposed investments.

Participatory planning processes have already been utilized to introduce the cultural heritage sub-component and the ponds and drainage works to the broader Jaffna community. These processes will be utilized to form ponds committees and to invite feedback on the cycle networks.

**Climate Change and Disaster Screening.** The project design includes both mitigation and adaptation benefits. The project will undertake Disaster and Climate proof design of investments, as well as capacity building and strengthening post-EIA monitoring for compliance with agreed mitigation measures. The drainage rehabilitation and the drainage masterplan activities will address future variability in climate events, especially flooding. Support for the Public Transport and Traffic Management Strategy and non-motorized transport (e.g., pedestrian and cycling lanes) will help mitigate climate risks.

### **Social Analysis**

Explanation:

Activities proposed for Jaffna under the AF are very similar to the activities under the original project and hence the AF will not trigger new social safeguard policies.

A Rapid Social Assessment was carried out to understand the unique social and political context of Jaffna and to identify additional safeguard requirements. The findings of the assessment have been incorporated in the revised Resettlement Policy Framework (RPF), which is acceptable to the Bank. The revised RPF will serve as a guideline to undertake social assessments and/or resettlement action plans as required. This revised RPF was disclosed in Sri Lanka on January 27, 2016 and through the InfoShop on January 28, 2016.

Implementing agencies have identified a potential list of investments and activities under the proposed AF. During detailed designs, sub-project specific social assessments will be undertaken and resettlement action plans will be developed as required. Necessary due diligence and risk management measures will be implemented in accordance with the revised RPF.

**Gender.** A gender analysis, focused on understanding and documenting the differences in gender roles, activities, needs, and opportunities for this project, was carried out as part of the Rapid Social Assessment and project preparation. Jaffna is a post conflict area, with about 24% of households in the district being headed by females. The main mode of transport for young girls and working women in Jaffna is bicycles and scooters. Urban upgrading and road improvement interventions under the AF will be geared towards these specific social conditions. The proposed AF will collect gender disaggregated data to measure impacts in particular regarding the community consultative process and committees, as part of the project design and implementation. M&E data will be disaggregated by gender to determine the percentage of women participating in the community consultation process to reflect their needs. Gender assessments will also be carried out for the specific interventions in Jaffna, e.g., cycle lanes, and pond rehabilitation, to measure the impact on women's quality of life, safety and access to services.

### **Environmental Analysis**

#### **Explanation:**

The technical scope of the AF is essentially the same as that of the parent project. As such the AF will maintain the same Environmental Category A, and all policies triggered by SCDP will be applicable to the AF. The Environmental Assessment and Management Framework (EAMF), currently under implementation, has been updated with relevant information pertaining to the proposed AF and is acceptable to the Bank. It was disclosed in Sri Lanka on January 27, 2016 and in the InfoShop on January 28, 2016. This framework outlines the processes and serves as a guide to undertake environmental assessments (EAs) and/or environmental management plans (EMPs) as required for site specific investments during project implementation. Specific due diligence mechanisms for sound management of Physical Cultural Resources (PCRs), including PCR specific screening and guidelines to undertake management and/or adaptive reuse plans, are outlined in the EAMF.

Most AF activities have inherently low environmental risk, with adverse impacts lasting only during the construction period. The desilting of drainage canals and ponds carries a high environmental risk. In Jaffna, the approach to flood water management needs careful consideration as the city is solely dependent on ground water resources, with percolation being the primary means of recharge. Appropriate studies and plans, such as Drainage Master Plan and Water Resource Board study on safe depth of pond rehabilitation desilting will be commissioned prior to major interventions.

The AF will follow the SCDP institutional mechanisms and procedures for safeguards management.

### **Risk**

#### **Explanation:**

The overall implementation risk of the proposed AF is rated Substantial. Stakeholder risk is rated as High as this is the first dedicated Bank operation tackling urban development and municipal services in the Jaffna. Institutional capacity for implementation and sustainability is rated as Substantial due to the weak capacity of local government for project implementation and to ensure long term sustainability of assets needs. Technical design is rated as Substantial because the project is targeting multiple municipal sectors for both investment and technical assistance support requiring institutional coordination during planning and implementation stages. These risks will be

mitigated by: a strong local unit of the PMU in Jaffna, with an adequate number of capable staff as well as close liaison with the central SCDP PMU in Colombo; clear and proactive communications and the extension of the SCDP grievance redress systems to Jaffna; and inclusion of capacity building activities as part of the project. The Bank will continue to provide on-going guidance and implementation support from the Colombo office and through periodic missions.

## **V. World Bank Grievance Redress**

11. Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing project-level grievance redress mechanisms or the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the WB's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the WB's corporate GRS, please visit <http://www.worldbank.org/GRS>. For information on how to submit complaints to the WB Inspection Panel, please visit [www.inspectionpanel.org](http://www.inspectionpanel.org)



**ANNEX 1: RESULTS FRAMEWORK AND MONITORING  
SRI LANKA: Strategic Cities Development Project**

<b>Project Development Objectives</b>							
Original Project Development Objective - Parent:							
The Project Development Objective (PDO) is to improve selected urban services and public urban spaces in the Participating City Regions of Sri Lanka.							
Proposed Project Development Objective - Additional Financing (AF): No Change							
<b>Results</b>							
Core sector indicators are considered: Yes				Results reporting level: Project Level			
<b>Project Development Objective Indicators</b>							
Status	Indicator Name	Core	Unit of Measure		Baseline	Actual(Current)	End Target
Revised	Aggregate number of people benefiting from improved basic services in participating city regions.	<input type="checkbox"/>	Number / day	Value	0.00	0.00	650,000
				Date	10-Apr-2014	25-Feb-2016	31-Dec-2021
				Comment			
Marked for Deletion	Reduction in area at risk of flood inundation within the designated project area in Galle (10-year return period flood for major canals and 5-year return period flood for local canals and cross drains).	<input type="checkbox"/>	km2	Value	0.00	N/A	N/A
				Date	10-Apr-2014	25-Feb-2016	N/A
				Comment			
Revised	New or rehabilitated urban public spaces in participating city regions.	<input type="checkbox"/>	square meter	Value	0.00	0.00	250,000
				Date	10-Apr-2014	25-Feb-2016	31-Dec-2021
				Comment			
<b>Intermediate Results Indicators Component One: Kandy City Region Urban Intervention</b>							
Status	Indicator Name	Core	Unit of Measure		Baseline	Actual(Current)	End Target
Revised	1.1 Number of silt traps implemented around Kandy Lake	<input type="checkbox"/>	Number	Value	0.00	0.00	5
				Date	10-Apr-2014	25-Feb-2016	31-Dec-2019
				Comment			

No Change	1.2 Length of water transmission and distribution pipes replaced	<input type="checkbox"/>	Kilometer	Value	0.00	0.00	30.00
				Date	10-Apr-2014	25-Feb-2016	31-Dec-2019
				Comment			
Revised	1.3 Length of underground and surface storm water drainage rehabilitated	<input type="checkbox"/>	Kilometer	Value	0.00	0.00	7.00
				Date	10-Apr-2014	25-Feb-2016	31-Dec-2019
				Comment			
No Change	1.4 Roads Rehabilitated	<input checked="" type="checkbox"/>	Kilometer	Value	0.00	0.00	20.00
				Date	10-Apr-2014	25-Feb-2016	31-Dec-2019
				Comment			
Revised	1.5 Number of bus facilities constructed or rehabilitated including the Kandy Multi-modal Transport Terminal	<input type="checkbox"/>	Number	Value	0.00	0.00	3.00
				Date	10-Apr-2014	25-Feb-2016	31-Dec-2019
				Comment			
No Change	1.6 Asset Management system with maintenance program for municipal infrastructure developed and adopted in Kandy City Region	<input type="checkbox"/>	Yes/No	Value	N	0.00	Y
				Date	10-Apr-2014	25-Feb-2016	31-Dec-2019
				Comment			
<b>Intermediate Results Indicators Component Two: Galle City Region Urban Intervention</b>							
No Change	2.1 Length of major canals and local drains improved under the project	<input type="checkbox"/>	Kilometers	Value	0.00	0.00	20
				Date	10-Apr-2014	25-Feb-2016	31-Dec-2019
				Comment			
No Change	2.2 Number of bridges rehabilitated	<input type="checkbox"/>	Number	Value	0.00	0.00	3.00
				Date	10-Apr-2014	25-Feb-2016	31-Dec-2019
				Comment			
No Change	2.3 Length of new or rehabilitated streets with sidewalks	<input type="checkbox"/>	Kilometers	Value	0.00	0.00	2.50
				Date	01-Apr-2014	10-Aug-2015	31-Dec-2019
				Comment			
No Change	2.4 Length of new or	<input type="checkbox"/>	Kilometers	Value	0.00	0.00	2.50

	rehabilitated ocean pathway			Date	10-Apr-2014	25-Feb-2016	31-Dec-2019
				Comment			
No Change	2.5 Asset Management systems with maintenance program for municipal infrastructure developed and adopted in Galle City Region	<input type="checkbox"/>	Yes/No	Value	N	N	Y
				Date	10-Apr-2014	25-Feb-2016	31-Dec-2019
				Comment			
<b>Intermediate Results Indicators Component Four: Jaffna City Region Urban Intervention</b>							
New	3.1 Roads Rehabilitated (non-rural)	<input checked="" type="checkbox"/>	Kilometers	Value	0.00	0.00	25.00
				Date	10- March - 2016	N/A	31-Dec-2021
				Comment			
New	3.2 Length of Cycle Lanes rehabilitated or constructed	<input type="checkbox"/>	Kilometers	Value	0.00	0.00	10.00
				Date	10- March - 2016	N/A	31-Dec-2021
				Comment			
New	3.3 Length of storm water drainage reinstated	<input type="checkbox"/>	Kilometers	Value	0.00	0.00	30.00
				Date	10- March - 2016	N/A	31-Dec-2021
				Comment			
New	3.4 Number of Ponds rehabilitated	<input type="checkbox"/>	Number	Value	0.00	0.00	25.00
				Date	10- March - 2016	N/A	31-Dec-2021
				Comment			
New	3.5 Number of Community Centers, Public Conveniences constructed or rehabilitated	<input type="checkbox"/>	Number	Value	0.00	0.00	10.00
				Date	10- March - 2016	N/A	31-Dec-2021
				Comment			
New	3.6 Completion of strategic plans / studies in Public	<input type="checkbox"/>	Number	Value	0.00	0.00	3.00
				Date	10- March -	N/A	31-Dec-2021

	Transport and Traffic Management, Drainage and Spatial Development				2016		
				Comment			
New	3.7 Number of community consultative committees with at least one third of women representative, for pond related activities established as part of the project design and implementation		Number	Value	0.00	0.00	5
				Date	10-March-2016	N/A	31 Dec 2021
				Comment			

## **Annex 2: Detailed Project Description**

### **SRI LANKA: Strategic Cities Development Project- Additional Financing**

1. Jaffna is a post-conflict society that was a pivotal part of the 30-year armed conflict which ended in 2009. The conflict resulted in the neglect or destruction of a diverse range of citizens' needs and services, that now require attention to rebuild. Urban and town centers on Jaffna Peninsula have played important roles during the conflict and post-conflict period in providing key basic and social services to the population, including the poor and vulnerable. Jaffna area has recently experienced very rapid expansion and growth as a single-city agglomeration in the Northern part of the country, alongside recent increases in connectivity with the rest of the country. A greater focus on basic services improvement, including strengthening urban planning and management as well as improving administrative and management capacity to deliver urban services, will help Jaffna respond more effectively to the reconciliation and development needs and challenges. The AF comprises four sub-components as described below.

#### **Road and Traffic Improvement**

2. Jaffna Peninsula and Jaffna Municipal Council (JMC) are well connected overall as a result of the improvement in the road network following the end of the conflict. While there are smaller sections of roads within JMC which could be improved, the project proposes to focus on improving the two arterial roads which connect key rural or agriculture areas on Jaffna Peninsula with JMC and thus play a crucial role in strengthening the rural-urban linkages. The two roads are described below:

- a. AB31 from Point Pedro to A9 at Kodikamam - A 14 km stretch of this road is currently in poor condition. Structural and surface improvements to the road would lead to improved speed and would reduce journey times by at least 10 minutes per journey. This would improve vehicular access from Point Pedro Urban Council and its surrounding agriculture and fishery areas to the A9 road, which is the key road connecting the rest of the country with Jaffna Peninsula and is the entry road to JMC. It would also improve access to the bus stand and the railway station at Kodikamam.
- b. AB21 from Jaffna to Ponnalai - A 10-16 km stretch of the lagoon-front road is currently in poor condition. Structural and surface improvement of the road would lead to improved speed and reduce journey times by up to 10 minutes per journey. This would improve access and reduce logistics costs in the Ponnalai and Moolai areas and also to/from Karainagar Island. Improvements would be made to selected sections of this road depending on land availability. This creates an opportunity for the city to preserve its key lagoon-front public corridor and regulate future development.

3. This sub-component would also support a comprehensive public transport and traffic management strategy for Jaffna. This will need to define how Jaffna functions as a city, complementary to the overall urban vision. It would establish sustainable means of mobility and circulation to and within Jaffna, as well as examining issues related to the bus terminal and parking.

## **Drainage Improvement**

4. The storm water drainage system in JMC comprises drains (main drains 32.6 km, sub-main drains 30.4 km and 62 km of other drains), ponds (37) and sea outfalls (8). There are no comprehensive studies or data available to full understand the issues of flooding and the capacity of the current drainage network. It is locally understood that rainfall of up to 100 mm per day could be drained without substantial flooding. Daily rainfall values above 100 mm generally cause problems, especially if the system is already saturated. According to JMC staff, severe flooding occurs about every six or seven years.

5. Urban drainage in JMC has in the past been more or less controlled by ponds, combined with a system of drainage canals. Some of the ponds were natural, being local depressions in the area, while others were constructed by the inhabitants or the city. Originally there were 42 ponds in the JMC area; as a result of urbanization, presently there are 37 ponds in Jaffna municipal area. Further, ponds in JMC have been subject to encroachment and illegal settlement, and the total area of the ponds has decreased by about 20% in the last 80 years. These ponds are integral part of the drainage system but some are also connected to JMC's groundwater system. Any intervention relating to the ponds will need to be treated with caution, based on a careful study.

6. Proposed interventions for drainage improvement under the AF are:

- a. Support to JMC in preparing a Drainage Master Plan and to identify future interventions needed and implement selected high priority investments.
- b. In parallel, support for cleaning up of the existing drainage network by conducting field surveys, identifying bottlenecks and designing and implementing reinstatement interventions.
- c. Improve and/or rehabilitate selected ponds within and adjacent to the JMC area, including (i) improving urban/community amenities around the ponds (e.g., walkway and seating), (ii) fixing or constructing retaining walls and silt traps, if appropriate, (iii) desilting selected ponds after a careful study, and (iv) establishing a Pond Committee for each pond to monitor the future function and activities around the ponds. It would be critical to assess the feasibility of desilting ponds from an environmental and social perspective. The implementing agency will need to work with Water Resource Board in validating interventions for desilting.
- d. Developing an operation and maintenance system, including procuring operation and maintenance (O&M) equipment for the drainage system.

## **Urban Upgrading and Cultural Heritage**

7. JMC has a unique urban fabric, consisting of a well laid out street network, cultural heritage assets and areas of different historic periods, a system of public spaces and parks, and a culture of cycling, especially among women and school children. Most of these assets, however, have deteriorated over the years and are in critical condition due to lack of maintenance.

8. This sub-component comprises the following activities under the themes of urban upgrading, historic preservation, public domain improvements, and parks and recreation:
  - a. Activities across the JMC area, including cycle links, historical linkages, pocket parks, public amenities, ponds, pathways, and urban spaces.
  - b. Area-specific interventions in Project precincts, including Old Kachcheri Precinct, Clock Tower and Fort Precinct, and Old Kingdom Precinct.
  
9. Sub-component activities will include: (i) restoration and possible adaptive reuse of the Manthiri Manai area and the Old Kachcheri Building (subject to feasibility study and Government approval); (ii) enhancements to main urban streets within the city core, e.g., Hospital Road, Esplanade Road and MG Road; (iii) city-wide mobility enhancements (pavements and cycling lanes) on selected streets and pathways; (iv) rehabilitation of urban recreational areas, e.g., Fort Park, selected neighborhood parks and public spaces around ponds; (v) possible support for the design and implementation of the Town Hall area and the adjacent Subramaniam Park; (vi) improved public amenities in selected public toilets and community centers; and (vii) development of an overall urban design scheme for the core city-center and a Jaffna Peninsula Development Strategy.

### **Capacity Building and Implementation Support**

10. This sub-component will strengthen the Jaffna Municipal Council by delivering systems and building the capacities of the staff to deliver services. This will be done through four interventions that improve the efficiency of current systems as well as their capacity to deliver on their mandate:
  - a. A capacity assessment of JMC will be conducted to understand the existing situation and strengthen the organisational arrangement of the JMC;
  - b. Establishing, equipping, and launching three technical departments within JMC. These are Drainage, Roads and Parks. These departments will be able to maintain and manage the improved assets in addition to JMC's existing assets;
  - c. Training activities will be designed and conducted for JMC staff involved in the project thematic areas; and
  - d. Implementation support will provide additional resources to both JMC and the PMU Jaffna office.

<b>Estimated Cost and Financing for Component 4: Jaffna City Region Urban Interventions (US\$ Million)</b>			
	<b>Excluding Contingencies</b>	<b>Including contingencies</b>	<b>IDA Financing</b>
	<b>US\$ Million</b>	<b>US\$ Million</b>	<b>US\$ Million</b>
<b>4.1 Sub-Component 1: Roads and Traffic Management</b>	<b>15.50</b>	<b>18.24</b>	<b>18.24</b>
4.1.1 Rehabilitation of roads (AB31 and AB21)	15.20		
4.1.2 Traffic Management and Public Transport	0.30		
<b>4.2 Sub-Component 2 Drainage Improvement</b>	<b>11.00</b>	<b>12.94</b>	<b>12.94</b>
4.2.1 Reinstatement of existing drains	0.30		
4.2.2 Ponds embankment preservation & de-siltation works	4.90		
4.2.3 Design and Supervision Services	0.20		
4.2.4 Drainage Master Plan and Detailed Design of Priority Investments	0.60		
4.2.5 Priority investments selected under Drainage Master Plan	4.00		
4.2.6 Equipment for Drainage operation and maintenance	1.00		
<b>4.3 Sub-Component 3 Urban Upgrading and Cultural Heritage</b>	<b>18.60</b>	<b>21.88</b>	<b>21.88</b>
4.3.1 Cultural Heritage	2.80		
4.3.2 Urban streets	3.50		
4.3.3 Mobility enhancements	2.70		
4.3.4 Urban Recreational Areas	4.80		
4.3.5 Jaffna Town Hall Area	3.00		
4.3.6 Public Amenities	1.40		
4.3.7 Support to Jaffna Peninsula development strategy	0.40		
<b>4.4 Sub-Component 4: Capacity Building and Implementation Support</b>	<b>1.65</b>	<b>1.94</b>	<b>1.94</b>
4.4.1 Jaffna Municipal Council capacity assessment and organization study	0.20		
4.4.2 Establishment and equipment for key technical departments (drainage, roads, parks)	0.45		
4.4.3 Implementation support	0.80		
4.4.4 Training	0.20		
<b>Total (Excluding Contingencies and Excluding Taxes &amp; Duties)</b>	<b>46.75</b>		
Contingencies (15%)	8.25		
<b>Total (including contingencies and Excluding Taxes &amp; Duties)</b>	<b>55.00</b>	<b>55.00</b>	<b>55.00</b>
Taxes & Duties, and Costs for Land acquisition/resettlement (Counterpart Financing)	10.00		
<b>Total Project Costs (including contingencies, taxes &amp; duties, and land)</b>	<b>65.00</b>		