



DOCUMENT OF THE WORLD BANK

RESTRUCTURING PAPER  
ON A  
PROPOSED PROJECT RESTRUCTURING  
OF  
ECOSYSTEM CONSERVATION AND MANAGEMENT  
APPROVED ON APRIL 25, 2016  
TO  
DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA

ENVIRONMENT, NATURAL RESOURCES & THE BLUE ECONOMY  
SOUTH ASIA

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**I. BASIC DATA**

**Product Information**

Project ID P156021	Financing Instrument Investment Project Financing
Original EA Category Partial Assessment (B)	Current EA Category Partial Assessment (B)
Approval Date 25-Apr-2016	Current Closing Date 30-Jun-2021

**Organizations**

Borrower Democratic Socialist Republic of Sri Lanka	Responsible Agency Department of Wildlife Conservation, Forest Department, Ministry of Wildlife and Forest Conservation
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**Project Development Objective (PDO)**

Original PDO

The project development objective (PDO) is to improve the management of ecosystems in selected locations in Sri Lanka for conservation and community benefits.

**Summary Status of Financing (US\$, Millions)**

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net		
					Commitment	Disbursed	Undisbursed
IDA-57920	25-Apr-2016	05-Sep-2016	01-Dec-2016	30-Jun-2021	35.00	21.08	14.40

**Policy Waiver(s)**

Does this restructuring trigger the need for any policy waiver(s)?

No



## I. SUMMARY OF PROJECT STATUS AND PROPOSED CHANGES

### A. PROJECT STATUS

1. The ESCAMP was approved by the World Bank on April 25, 2016 and is scheduled to close on June 30, 2021. As of October 2020, the project has disbursed 59% of total funds with average 55% of physical progress in completion of the project activities.
2. The project undergone Level II restructurings upon the previous requests from the GoSL: in August 2018 the project introduced incremental operating costs across all project components (not only for project management) and a new disbursement category "Cash for Works"; in May 2020, following the mid-term review, the project reallocated costs across the components and disbursement categories, adjusted the Results Framework and disbursement projections; and in June 2020, following the emergency request from the GoSL, the project cancelled \$10m towards COVID-19 response.
3. During the last 10 months, the project has experienced major challenges which were beyond the control the PMU and Ministry of Wildlife and Forest Conservation (MoWFC). These include: (i) Covid-19 impact which resulted in a partial cancellation of \$10m towards Covid-19 recovery requested by MoF; (ii) approximately 4 months lockdown period (March-July) and the slow pace of country's returning to economic activities since after to date; (iii) MoF's Circular Foreign Resource Mobilization 2020-2025 as of July 8, 2020, which deferred ESCAMP's remaining contracts that were scheduled for awarding in August and September (51 activity for a total of \$7.64m); (iv) the three successive Vote on Account budgets since January 2020, which affected forming of the project's budget for CY2020 Q3-Q4; and (v) post-election re-organization of the Ministry and change in its top leadership.
4. Despite these external factors, PMU remained agile and proactive in tackling the implementation challenges in the new working and institutional environment by significantly improving the overall likelihood of achieving of the PDO. The project successfully completed restructurings (in May and June 2020), which included approval of the revised project implementation plan (PIP), clarifying and strengthening implementation arrangements in the new working environment, and emergency partial cancellation of \$10m towards COVID-19 response. A monthly financial expenditure plan for the Implementing Agencies and the PMU was developed, scaling up the implementation pace and scope, achieving 100 percent completion of the planned expenditures during June, July, and August 2020, and advancing project disbursements to 59 percent of the total to date. Overall, the project has demonstrated significant progress in project implementation during the past 18 months resulting in an upgrade of the project IP rating to Moderately Satisfactory following the last virtual implementation support mission in September 2020. Status of the project components is as following.
5. Component 1: Pilot landscape planning and management: ESCAMP has completed the preparation of the first Landscape Management Plan (LMP) for Hurulu-Kaudulla-Kantalai (HKK) dry zone landscape. Supplementing the findings and recommendations of HKK LMP, PMU completed a separate study on Human Elephant Conflict (HEC) taking into consideration the high intensity of HEC occurrence within HKK. A roadmap is prepared to ensure implementation of HKK LMP. The second LMP, for Sinharaja Forest Range (SFR), is in wet zone and currently underway with 25% physical progress. An implementation roadmap is the next step once the study is completed. Overall physical progress of the component is reported at 42% as of October 2020. A cabinet paper is being prepared to institutionalize the implementation of the LMPs through the District Coordinating Committees (DCCs). Strategically, PMU plans to prepare a targeted consultation and capacity building plan to ensure smooth implementation of integrated landscape



management for DCCs. Supporting HKK LMP, PMU has launched a pilot project in Hingurakgoda Divisional Secretariat (DSD) focusing on livelihood enhancement for the communities in the buffer zone and HEC mitigation.

6. Component 2(a): Sustainable use of natural resources. Forest Department (FD): A total of 78 project activities are listed under the Forest Department (FD); 29 of which are completed, 36 are being currently implemented and 13 have not started yet, amounting to 59% of average physical progress as at October 2020. Majority of the activities are small scale interventions around the protected areas supporting enhanced livelihoods, such as animal husbandry, cottage industries, bee keeping, home garden improvement, livelihood skill training/capacity building, as well as minor irrigation and infrastructure development, drinking water supply, etc. Activities are being implemented in Anuradhapura, Polonnaruwa, Kandy, Matale, Matara, Galle, Puttalam and Ratnapura districts. Some project activities in Polonnaruwa (1), Ratnapura (1), Matara (4), Galle (5) and in Kandy districts (4) are showing delays against the proposed completion dates. Department of Wildlife Conservation (DWC): A total of 15 project activities are listed under the Department of Wildlife Conservation (DWC), 2 of which are currently being implemented and 13 have not started as of October 2020 (2 deferred under MoF budgetary restrictions) amounting to 3% of average physical progress. As such, majority of the activities are in the initial stages of implementation with MOUs being signed with the CBOs. DWC is confident that all the activities can be completed within the agreed timeline irrespective of current delays before end of June 2021. Majority of the activities are small scale interventions in minor irrigation improvements, drinking water supply and home garden improvement proposed to be implemented in Hambantota, Ratnapura, Monaragala districts.

7. Component 2(b): Human elephant co-existence for livelihood protection: Subsequent to the second project restructuring (June 2020), this component was scaled down to 47 community-based village fences and 60 seasonal agricultural fences for paddy tract. Average of 68% physical progress is reported by October 2020. Procurement for 37 village fences have been completed and are in various stages of implementation with 4 village fences completed. Tender for procurement of material for 40 agricultural fences is currently in the bid evaluation stage. The determination of elephant distribution and ranging patterns through satellite-based radio collaring has progressed with 31 of the 40 collars installed.

8. Component 3(a): Protected area conservation and management: Prioritized activities under this component are being implemented by the FD and DWC, with 48% and 44% respective physical progress in 5PAs each (total 10 PAs) covering 190,662 ha and 187,332 ha respectively. Activities such as boundary demarcation, habitat enrichment, removal of invasive species, reforestation, natural regeneration of degraded lands, and development of water resources have been undertaken under this component. Several contracts are currently delayed due to the deferred contracts. This includes 17 BFO quarters, 2 RDCF officers, 2 RFO offices, several forest boundary demarcation packages, water supply for wildlife and water tank rehabilitation inside PAs. Activities that are not deferred are likely to be completed by June 2021.

9. Component 3(b): Nature based tourism in PAs: Physical progress of the component is reported at 50% and 60% respectively by DWC and FD as of October 2020. While a number of small community contracts have been undertaken and completed for minor rehabilitation work in the PAs managed by the FD, the two largest contracts which are the Yala Patanagala Visitor Center under DWC and the Sinharaja Kudawa Visitor Center under the FD are in the list of deferred contracts pending approval.

10. Component 3(c): Institutional capacity and investment capability of DWC and FD: Two of the 3 civil works contracts for upgrading the National Wildlife Research and Training Center (NWRTC) have been awarded and



construction has commenced. However, the one contract which is for construction of the accommodation building has been deferred.

11. Component 4: Project management: Average 63% of physical progress is reported as of October 2020. PMU oversees the preparation and supervision of the project activities implemented by the FD and DWC, as well as direct supervision of the consultancies and some construction activities.

12. The FM performance of the project remains satisfactory, there are no over-due audit reports & IUFs.

## B. CHANGES

13. Upon submission of the Ministry of Wildlife and Forest Conservation (letter from Nov. 04, 2020), the Director General, Department of External Resources (Nov. 11, 2020) has requested an extension of the loan closing date by additional 12 months, to June 30, 2022. The change of the loan closing date will allow: (i) awarding the deferred contracts (see para 14 and the Annex of the Request for Extension), and (ii) full completion of the project activities towards achieving the Project Development Objective at the satisfactory level. The rationale for these changes is outlined in the next section.

## C. RATIONALE FOR CHANGES

14. The extension of the loan closing date by 12 months is required to complete the started works under the 10 large civil works contracts being delayed due to the GoSL response to Covid-19. All other project activities are likely to be completed by the current project closure of June 30, 2021. The delayed works are pertaining to the rehabilitation and upgrading of the Sri Lanka Forestry Institute (SLFI – 6 contracts), Inamaluwa Forestry Field Training Center (FTC – 1 contract) and the Giritala National Wildlife Research and Training Centre (NWRTC – 3 contracts) under the component 3(c): Institutional capacity and investment capability of DWC and FD.

15. Out of the 10 large contracts, seven of them are presently under implementation; other three remaining contracts (two for SLFI and one for NWRTC) were deferred the awarding in July 2020 following the GoSL decision, among other prepared contracts (the deferred contracts' details are provided in the Request for Extension letter's Annex, attached to the package). Following the proactive work of the PMU, an in-principle agreement was secured with the GoSL to award the remaining contracts under the project and a Cabinet Paper has been submitted and expected to be formally approved, Dec. 4, 2020. Prompt awarding of these deferred contracts will still result in completion of the several contracts beyond the current project closure date. At the same time, dropping these contracts will result in incomplete construction works of the both training centers, and not achieving the Project's Development Agenda.

16. The Government of Sri Lanka imposed various mitigatory measures to contain the spread of COVID-19 outbreak. On the March 15, 2020, the GoSL announced a country-wide lock down on account of COVID-19 spread and the country remained closed for 3 months with business slowly re-commencing only around mid-July. The lockdown and consequently imposed safety measures, such as limited number of workers on a site, affected the implementation of all project components, especially the civil works of 10 large construction contracts. Upon resumption of work, the civil work contractors had to adhere to the 'Operational Guidelines on Preparedness and Response for COVID 19 Outbreak for Work Settings – Building and Construction Industry' issued by the Director General of Health Services which limits the number of workers and provides guidelines on social distancing at construction sites. Adherence to the guidelines not only prevented the deployment of larger workforces to catch up for lost time, it also required a



reduction in the number of workers proposed in contractor’s work programs. Due to the restrictions on cross-district travel, contractors are forced to hire laborers only from the respective areas of construction making it difficult to meet the required skill labor force. Moreover, restrictions on imports impose difficulties in acquiring the required/proposed construction material as well, leading to the delays.

17. Extension of the loan closing date will effectively allow the project to complete the initiated activities in their full scope as planned and fully achieve the Project Development Objective at satisfactory level.

## II. DETAILED CHANGES

### LOAN CLOSING DATE(S)

Ln/Cr/Tf	Status	Original Closing	Revised Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
IDA-57920	Effective	30-Jun-2021		30-Jun-2022	30-Oct-2022