

REPUBLIC OF SRI LANKA

**PROGRAM FOR RESULTS FOR
Accelerate Higher Education Development Expansion and
Development (AHEAD) Project**

***ENVIRONMENTAL AND SOCIAL SYSTEMS ASSESSMENT*
(ESSA)**

Final Report

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ABBREVIATIONS AND ACRONYMS

ADB	Asian Development Bank
AHEAD	Accelerate Higher Education Development Expansion and Development
CEA	Central Environmental Authority
CMC	Conservation of Migratory Species
CPF	Country Partnership Framework
EA	Environmental Assessment
EAR	Environmental Assessment Report
EEP	Eligible Expenditure Program
EIA	Environmental Impact Assessment
ESMP	Environmental Social Management Plan
ERP	Economic Rate of Return
ESSA	Environmental and Social Safeguards Assessment
GDP	Gross Domestic Products
GHG	Green House Gases
GoSL	Government of Sri Lanka
GSMB	Geological Survey and Marine Bureau
HEDP	Higher Education Development Project
HEI	Higher Education Institution
ICT	Information communication and Technology
IEE	Initial Environmental Examination
IPF	Implementation Project Financing
IQUA	Internal Quality Assurance Unit
LAA	Land Acquisition Act
LMIC	Lower Middle Income Countries
MHEH	Ministry of Higher Education and Highways
MoF	Ministry of Finance
MMDE	Ministry of Mahaweli Development and Environment
NEA	National Environmental Act
NHESP	Natural Heritage and Endangered Species Program
NIRP	National Involuntary Resettlement Policy
NPV	Net Present Value
NWP	North West Province
OBE	Outcome Based Education
OMST	Operations and Monitoring Support Team
OP/BP	Operation Policies/Bank Policies
P4R/PforR	Project For Results
PAA	Project Approving Authority
PAPs	Project Affected Persons
POPs	Persistent Organic Pollutant
PP	Project Proponent
PPDU	Policy Planning and Development Unit
SCL	Student Cultural Learning
CITES	Convention on International Trade in Endangered Species
SL-HEDP	Sri Lankan Higher Education Development Program
SLQF	Sri Lankan Quality Framework
STEM	Sciences, Engineering, Technology And Mathematics
SWM	Solid Waste Management
UGC	University Grants Commission
UMIC	Upper Middle Income Countries
UNCCD	United Nations Convention to Combat Desertification
UNFCC	United Nations Framework Convention on Climate Change
USAID	United State Aid For International Development
WHC	World Heritage Conservation
WB	World Bank

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EXECUTIVE SUMMARY

A. PROGRAM BACKGROUND

The Government of Sri Lanka has requested the Bank to play a lead role in supporting the Ministry of Higher Education and Highways (MHEH)'s long-term higher education development program. The Bank has already made a significant contribution to the higher education sector through the Higher Education for the Twenty-First Century (HETC) project. The proposed new operation seeks to build on the capacity, knowledge and relationships developed over the course of that project. The Bank also brings significant value added in terms of providing comparative global perspectives on recent higher education developments and reforms, and in supporting the government to adapt them to the Sri Lankan context.

The proposed Accelerating Higher Education Expansion and Development (AHEAD) Operation is organized under two components: a) a Higher Education Development Program (PforR) component; and (b) a Program Operations and Technical Support component which will follow an Investment Project Financing (IPF) modality. These components are different in nature, but complementary. The first component supports the national higher education development strategy. The flow of funds under this component will follow a results-based financing arrangement. The second component will assist the implementation of the first component through coordination, capacity building, monitoring and evaluation, technical assistance, research and communication. The flow of funds under this component will be provided against specific investments, as is typical under the Bank's Investment Project Financing modality.

The purpose of the Environmental and Social Systems Assessment (ESSA) is to ensure that P4R operations are designed and implemented in a manner that maximizes potential environmental and social benefits. The ESSA assesses the borrower's authority, existing organizational capacity and performance, in the context of Sri Lankan Laws and Regulations, to achieve the social and environmental objectives associated with the Accelerate Higher Education Development Expansion and Development (AHEAD) project. The report describes the regulatory framework for both environmental and social assessment. It analyses the degree to which the regulatory environment is adequate and whether the system allows key environmental and social impacts to be predicted accurately and adequately mitigated.

At the Higher Education level, the assessment considers human and financial resources, and the degree to which they are able to comply with regulations and implement environmental and social systems. The portfolio of projects to be undertaken is analysed to identify typical environmental and social effects in a municipal context, in order to ensure that no major negative impact is likely to occur that the municipalities will not be able to readily mitigate.

The assessment determines the areas of risk resulting from the analysis: risks of non-achievement of project objectives, and; risk of significant negative environmental and social effects. Recommendations are made that must be implemented in order to bring these risks to acceptable levels.

B. PROGRAM OBJECTIVES

The program development objective is to increase enrollment in priority disciplines, improve the quality of degree programs and promote research and innovation in the higher education sector.

1.1 KEY PROGRAM RESULTS

Results Area One: Increasing Enrollment in Higher Education in Priority Areas for Economic Development

The objective of this Results Area is to increase enrollment in higher education programs of strategic importance for economic development. The expansion of enrolment in state HEIs, which comprise of universities and ATIs, will be focused mainly on the Sciences, Technology, Engineering and Mathematics (STEM) degree programs. In addition, GoSL will promote the expansion of non-state higher education institutions. The overall increase in enrollment will be promoted through a combination of demand-side and supply-side initiatives.

Results Area Two: Improving the Quality of Higher Education

This Results Area aims to improve the academic quality, and economic and social relevance, of higher education programs. Policy makers and academics consider improving the quality and relevance of higher education to be one of the foremost priorities for future development. The objective of this results area is to develop higher education institutions which deliver study programs that promote a combination of academic excellence with high quality socio-emotional skills so that students are well prepared for the world of work and for wider civic and social life.

Results Area Three: Strengthening the Stewardship of Higher Education

This Results Area seeks to strengthen the governance and management of the higher education sector. The stewardship activities focus on strengthening strategic planning and results-based financing in the higher education sector, creating an enabling framework for private-public partnerships (PPPs) in higher education, expanding quality assurance and accreditation activities for the entire higher education sector, and strengthening the implementation of the recently updated Sri Lanka Qualifications Framework (SLQF).

Results Area Four: Promoting Research, Development and Innovation

The objective of this Results Area is to develop a culture of research, development, innovation and commercialization (RDIC) in universities. AHEAD will invest RDIC resources to promote both development oriented academic research, and innovation and research commercialization activities, in universities.

1.2 Key Program Results

- The success of the project in terms of meeting its key objectives is to be measured by the following indicative outcomes:
- Increased enrollment in university STEM degree programs
- Increased enrollment in SLIATE STEM programs
- A system for competitively funded Enriching Teaching Learning and Assessment programs established and implemented

- Higher Education Sector Development Strategy implemented and continuously updated as a rolling plan
- A system for competitively funded Research and Development, and Innovation and Commercialization programs established and implemented.

1.2.1. Program-for-Results as Financing Instrument

Program-for-Results (P4R) is a World Bank lending instrument that provides support to the member countries to improve the design and implementation of their development programs in infrastructure, education, health, and other sectors, in local government and community development, and in cross-sectoral areas such as public sector management and private sector development. P4R places more direct emphasis on development results by linking disbursements to results or performance indicators that are tangible, transparent, and verifiable. P4R works directly with the Program's institutions and systems and, when appropriate, seeks to strengthen those institutions' governance and their capacities and systems over time. Finally, P4R will be an instrument for strengthening partnerships with the Government of Sri Lanka as well as other Development Partners and other stakeholders by allowing the World Bank to effectively support larger programs and co-finance in pooled funding arrangements.

The key features of the new instrument are as follows:

- a. financing the expenditures of specific borrower development programs;
- b. disbursing on the basis of the achievement of key results (including prior results) under such programs;
- c. using and, as appropriate, strengthening the Program systems to provide assurance that Program funds are used appropriately and that environmental and social impacts are adequately addressed by such programs; and
- d. Strengthening, where appropriate, the institutional capacity necessary for such programs to achieve their intended results.

1.3 ENVIRONMENTAL AND SOCIAL SYSTEM ASSESSMENT (ESSA) AIMS AND APPROACHES

The Environmental and Social Systems Assessment (ESSA) is crucial to ensure that P4R operations are designed and implemented in a manner that maximizes potential environmental and social benefits. ESSA assesses the borrower's authority and organizational capacity and performance to date, to achieve the social and environmental objectives associated with the Program and stipulates supplementary actions as necessary.

The ESSA is conducted to ensure that P4R operations are designed and implemented in a manner that maximizes potential environmental and social benefits. ESSA assesses the borrower's authority, organizational existing capacity and performance, in the context of Sri Lankan Laws and Regulations, to achieve the social and environmental objectives associated with the Accelerate Higher Education Development Expansion and Development (AHEAD) project. The report describes the regulatory framework for both environmental and social assessment. It analyses the degree to which the regulatory environment is adequate and whether the system allows key environmental and social impacts to be predicted accurately and adequately mitigated.

1.3.1. The objectives of this Environmental and Social Systems Assessment (ESSA) are:

- to document the environmental and social management procedures, standards and institutional responsibilities that will apply to the proposed Program;
- to evaluate the institutional capacity to manage the likely environmental and social effects in accordance with the country's own requirements under the proposed Program;
- to assess the consistency of the borrower's systems with core principles and attributes defined in the P4R Guidance Note on Environmental and Social Assessment;
- to establish the risks and potential negative environmental impacts of the Program and ensure that these will be subjected to an adequate initial screening so that relevant mitigation measures can be identified prepared and implemented;
- to recommend specific actions for improving counterpart capacity during implementation to ensure they are able to adequately perform their mandate. These measures will be agreed on between the Client/Borrower and the World Bank and will be included in the activities to be supported by the World Bank and the borrower during the life of the Program.

AHEAD is being supported under the World Bank's PforR financing instrument, which innovatively links the disbursement of funds directly to the delivery of defined results. This instrument builds on increased reliance on the borrower's safeguard and oversight systems. The ESSA for this program examines Sri Lanka's existing environmental and social management system that is the legal, regulatory, and institutional framework guiding the program. It defines measures to strengthen the system and integrates these measures into the overall program. The ESSA is undertaken to ensure AHEAD is consistent with the six 'core principles' outlined in paragraph 8 of the World Bank's OP/BP 9.00 Program-for-Results Financing to effectively manage program risks and promote sustainable development.

1. Those six principles are as follows:

- a) Promote environmental and social sustainability in the program design; avoid, minimize, or mitigate adverse impacts, and promote informed decision-making relating to the program's environmental and social impacts.
- b) Avoid, minimize, or mitigate adverse impacts on natural habitats and physical cultural resources resulting from the program.
- c) Protect public and worker safety against the potential risks associated with: (i) construction and/or operations of facilities or other operational practices under the program; (ii) exposure to toxic chemicals, hazardous wastes, and other dangerous materials under the program; and (iii) reconstruction or rehabilitation of infrastructure located in areas prone to natural hazards.
- d) Manage land acquisition and loss of access to natural resources in a way that avoids or minimizes displacement, and assist the affected people in improving, or at the minimum restoring, their livelihoods and living standards.
- e) Give due consideration to the cultural appropriateness of, and equitable access to, program benefits, giving special attention to the rights and interests of the indigenous peoples and the needs or concerns of vulnerable groups.

- f) Avoid exacerbating social conflict, especially in fragile states, post-conflict areas, or areas subject to territorial disputes.

1.4 ENVIRONMENTAL AND SOCIAL EFFECTS OF THE AHEAD PROGRAM

1. The proposed Accelerating Higher Education Expansion and Development (AHEAD) Operation is organized under two components: a) a Higher Education Development Program (PforR) component; and (b) a Program Operations and Technical Support component which will follow an Investment Project Financing (IPF) modality. These components are different in nature, but complementary. The first component supports the national higher education development strategy. The flow of funds under this component will follow a results-based financing arrangement. The second component will assist the implementation of the first component through coordination, capacity building, monitoring and evaluation, technical assistance, research and communication. The flow of funds under this component will be provided against specific investments, as is typical under the Bank's Investment Project Financing modality.
2. The purpose of the Environmental and Social Systems Assessment (ESSA) is to ensure that P4R operations are designed and implemented in a manner that maximizes potential environmental and social benefits. The ESSA assesses the borrower's authority, existing organizational capacity and performance, in the context of Sri Lankan Laws and Regulations, to achieve the social and environmental objectives associated with the Accelerate Higher Education Development Expansion and Development (AHEAD) project. The report describes the regulatory framework for both environmental and social assessment. It analyses the degree to which the regulatory environment is adequate and whether the system allows key environmental and social impacts to be predicted accurately and adequately mitigated.
3. At the Higher Education level, the assessment considers human and financial resources, and the degree to which they are able to comply with regulations and implement environmental and social systems. The portfolio of projects to be undertaken is analysed to identify typical environmental and social effects in a municipal context, in order to ensure that no major negative impact is likely to occur that the municipalities will not be able to readily mitigate.
4. The assessment determines the areas of risk resulting from the analysis: risks of non-achievement of project objectives, and; risk of significant negative environmental and social effects. Recommendations are made that must be implemented in order to bring these risks to acceptable levels.

Environmental and Social System Assessment (ESSA) Aims and Approaches

5. The Environmental and Social Systems Assessment (ESSA) is crucial to ensure that P4R operations are designed and implemented in a manner that maximizes potential environmental and social benefits. ESSA assesses the borrower's authority and organizational capacity and performance to date, to achieve the social and environmental objectives associated with the Program and stipulates supplementary actions as necessary.
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- i) Protect public and worker safety against the potential risks associated with: (i) construction and/or operations of facilities or other operational practices under the program; (ii) exposure to toxic chemicals, hazardous wastes, and other dangerous materials under the program; and (iii) reconstruction or rehabilitation of infrastructure located in areas prone to natural hazards.
- j) Manage land acquisition and loss of access to natural resources in a way that avoids or minimizes displacement, and assist the affected people in improving, or at the minimum restoring, their livelihoods and living standards.
- k) Give due consideration to the cultural appropriateness of, and equitable access to, program benefits, giving special attention to the rights and interests of the indigenous peoples and the needs or concerns of vulnerable groups.
- l) Avoid exacerbating social conflict, especially in fragile states, post-conflict areas, or areas subject to territorial disputes.

Environmental and Social Effects of the AHEAD Program

8. Under the P4R modality, AHEAD will not finance major civil works and infrastructure that will be directly funded, however, to achieve certain project DLIs, the program may need to finance activities such as the procurement of ICT equipment, rehabilitation/refurbishment of lecture halls, tutorial rooms and related science laboratories and engineering and medical laboratories. The foreseen environmental and social risk associated with the aforementioned interventions may not be significant and irreversible in nature. Rehabilitation/refurbishment would involve minor repairs, painting, interior décor work, procurement of furniture etc. Meanwhile, the AHEAD program may also result in induced/downstream environmental impacts, resulting from policies, procedures and strategies which may lead the borrower to build new buildings and infrastructure services to meet the broader long term country higher education transformation goal. These impacts will entail environmental and social risks associated to planned programs. It has been observed that the mainstreaming of safety, hygiene, and health including community health related issues linked with infrastructure undertakings have been weak in Sri Lanka. In addition, issue related to solid wastes, effluents from laboratories, waste water generation remains a challenge to address when it comes to implement and enforcement due to lack of commitment low capacity. This is predominantly due to the lack of staffing, capacity and equipment needed for monitoring within the Central Environmental Authority (CEA), which is the main environmental regulatory body in the country. Poor enforcement has thus lead to a lack of compliance across sectors.

9. The planned PforR operation is consistent with the requirement of the Bank Policy, in that it does not undertake and support activities or interventions which may pose high social and environmental risks. While, the operations under the PforR will consist of set of activities, having positive impact in socio environmental context of related institutions and stakeholders; comprising of awareness raising, training and capacity buildings in the areas of implementation, improving the prevailing country system as well as the monitoring and supervision.

10. This ESSA has been prepared by the World Bank to assess the borrower existing capacity and available resources and challenges to overcome any foreseeable negative environmental impacts may lead by implementation of AHEAD project. The ESSA will also evaluate the borrower's performance in implementing its environmental and social management system as well as assess the extent to which the borrower's environmental and social management systems are consistent with the Bank's core environmental and social principles spelled out in Bank policy and associated guidance materials; and will present a set of recommendations and actions which the borrower has agreed to undertake to improve the implementation of applicable systems.

Environmental and Social System Assessment Findings

11. Generally the assessment finds that the fundamental environmental social legal regulatory structure of Sri Lanka is reasonably well developed and articulated with respect to its parameters and as a whole these can be considered appropriate and comprehensive. However in some cases important environmental social regulation and laws appear to have gaps related to the principles of the ESSA, which have been overlooked when it comes to application, supervision and compliances reporting. Nevertheless, the overall nature of the regulatory system is acceptable to address underlying social and environmental risks related to PforR interventions and from the induced nature of the program outcome.

12. Results based monitoring and evaluation processes incorporated into the program will require gender disaggregated information on studies of job searches and employment experiences of graduates. This would enable development of better focused follow-up programs that would constructively address issues of male and female student proportions as well as specific measures to promote higher labor force participation of women in line with the Sri Lanka Gender Action Brief.

13. It has been acknowledged, that the subnational institutional arrangement including process and procedures are more challenging, where greater human, technical and financial issue are in place where, prudent and systematic approaches are required to tackle the issue.

14. From a labor and community safety perspective, the health and safety regulation have reasonable references to labor and community safety, including provisions in the Occupational Safety and Health Act, No. 38 of 2009.

15. On environmental management and regulation of cross sectoral operations and potential environmental impacts, key regulations include the NEA of 1980, its amendment, 1988 and Gazette Extraordinary No. 772/22 and No. 11064 of 1993 which mandates the need for screening of proposed project by a PP (Project Proponent), a detailed list of thresholds for projects that need to follow environmental screening are presented in the regulations along with designated reviewing bodies. The PP submits preliminary information about the respective project to a Project Approving Agency (PAA) to initiate EIA/IEE process. The PP submits preliminary information through the Basic Information Questionnaire which could be obtained from the CEA Head Office or Provincial/District Offices, or downloaded from CEA website. NEA screening guidelines use the type, scale, and magnitude of the proposed project as well as its location to determine the category of project to prescribed or non-prescribed. If the category is “prescribed”, then THE PAA decides whether and EIA or IEE should be prepared for the project, based on the information provided. The World Bank core policy principle and procedures are, congruent with that of Sri Lanka’s environmental screening process and is applicable to the proposed program. The Sri Lanka policies which will apply for AHEAD are therefore consistent with the World Bank policies.

16. The NEA and its amendments and regulations also provide sufficient instructions to avoid pollution, or when avoidance is not possible, minimize or control the intensity or load of pollutant emissions and discharges, including direct and indirect greenhouse gases emissions, waste generation from civil work or any other related process, and release of hazardous materials from their production, transportation, handling, and storage. It also provides instructions to avoid the use of hazardous materials, and to purchase, use, and manage pesticides based on integrated pest management approaches and reduce reliance on synthetic chemical pesticides. It is therefore evident that the prevailing Sri Lankan guidelines and regulations for safeguards regulatory framework generally meets the World Bank’s core operation policies for results based financing. General recommendations are for more training, awareness raising and capacity building among project personnel and contractors. Similarly, the local regulation also sufficiently provide workers with safe and healthy working conditions, prevent accidents, injuries, and diseases may arise from work site. Establishing preventive and emergency preparedness and response measures will be important for each project site.

17. There is now a clear need to ensure that further support is provided to achieve observable and measurable results by following through the planning stage of the project implementation to the delivery of significant improvements in the environmental and social system empowerment through the AHEAD project in Higher Education sector program. The assessment also identifies challenges related to greater human and financial resource constraints, including lack of trained officers, lack of modern technology, lack of skills to carry out/conduct; (i) environmental and social assessment, (ii) consultation, (iii) monitoring and evaluation and lack of technical background to generate useful reports.

Recommendations

18. The summary of recommendations, presented below, have been made on the basis of minor but, fundamental gaps identified during ESSA preparation in order to ensure that environmental and social performance of the AHEAD Program is adequately addressed. This will also ensure that efficient systems are in place and that they are implemented during the lifespan of the program.

19. A programmatic approach is required to for AHEAD program to support institutional strengthening, its task management, and multi-level capacity building to creating opportunities to enhance practical performance of existing arrangements. The environmental and social management compliances should be embedded into the subproject documents so that they comply with environmental protection laws, regulations, safety and health related covenants as well as the prevailing construction codes and guidelines for public buildings which are expected to be financed by borrower.

20. The program will also offer improved coordination among relevant institutions, agencies and donor partners by putting in place necessary resources and commitment for allocation of required financial support to ensure that broader objectives of ESSA are achieved.

The IPF and PforR streams of the program are committed for capacity building and training of the related agencies (primarily CEA and MHEH but also at wider stakeholder level). Where feasible, awareness raising on the importance of environmental and social sustainability sections will be included in the technical and vocational courses for long term sustainability. Specific focus will be on compliance monitoring to cover workers' safety, community safety, disposal of construction debris, general rehabilitation and/or construction related pollution e.g. air quality, heating, cooling, noise, water quality, sanitation, waste management, water treatment system, toxic material, safety of workers and pedestrian. These areas should be specifically covered under future training and sensitization programs.

21. It is important to improve the efficiency of CEA for swift subproject approval at national and subnational level, therefore, along other outstanding required legal amendments, reduction of the PAAs is also indispensable and demanding. In this regards, comfy decision has been made to decrease the number of PAAs from 31 to 5, which currently rests with legal draftsman, as per procedural requirements for cabinet approval.

22. Through introduction of citizen engagement mechanisms that will include transparency and access to information on criteria associated with targeting of vulnerable groups and beneficiaries. It is also necessary to build institutional capacity at OMST level to ensure timely disclosure of documentation of public interest.

23. A citizens Grievance Redress Mechanism must be instituted, ideally placed within the UGC with qualified personnel trained in handling such complaints from different constituencies reached through the AHEAD program.

24.

25. Results based monitoring and evaluation processes incorporated into the program will require gender disaggregated information on studies of job searches and employment experiences of graduates. This would enable development of better focused follow-up programs that would constructively address issues of male and female student proportions as well as specific measures to promote higher labor force participation of women in line with the Sri Lanka Gender Action Brief.

Section-1: Assessment

2.1. Background

1. The Government of Sri Lanka has requested the Bank to play a lead role in supporting the MHEH's long-term higher education development program. The Bank has been the only large development partner supporting higher education in the past. The Bank has already made a significant contribution to the higher education sector through the HETC, and the proposed new operation seeks to build on the capacity, knowledge and relationships developed over the course of that operation. The Bank also brings significant value added in terms of providing comparative global perspectives on recent higher education developments and reform, and supporting the government to adapt them to the Sri Lankan context.
2. The proposed project is expected to significantly expand and improve the performance of the higher education sector. The project will help GoSL expand the in-take capacity and enrollment outcomes of the universities and advanced technological institutes in priority degree programs such as the natural and biological sciences, medicine, technology, engineering and mathematics, which are of central importance for future development and the promotion of shared prosperity. There will also be a strong equity focus as the expansion will target measures to increase access to STEM programs in higher education institutions in the less developed regions such as the Northern, Eastern and Uva provinces. In addition, over the medium-term the project will benefit employers, both public and private sector, that employ graduates from the higher education system. Finally, the project will also benefit the firms and individuals who purchase goods and services under the project.
3. The proposed Accelerated Higher Education Development project is organized under two components: a) a Higher Education Development Program component; and (b) a Program Operations and Technical Support component. These components are different in nature, but complementary. The first component is comprehensive and will be designed to directly support the national SL-HEDP. The flow of funds under this component will follow a results-based financing arrangement. Disbursements will be linked to specific results that would contribute to the achievement of the overall objectives of the NHESP and the HEDP. They will finance Eligible Expenditures Programs (EEP) selected from the MHHE's budget, rather than against specific investments. The second component will assist the implementation of the first component through coordination, capacity building, monitoring and evaluation, innovation and pilots, technical assistance, research and communication. The flow of funds under this component will be provided against specific investments, as is typical under the Bank's Investment Project Financing modality.

2.2. Program-for-Results as Financing Instrument

4. Program-for-Results (P4R)¹ is a World Bank lending instrument that provides support to the member countries to improve the design and implementation of their development programs in infrastructure, education, health, and other sectors, in local government and community

¹ Program-for-Results Financing, <http://www.worldbank.org/en/programs/program-for-results-financing>

development, and in cross-sectoral areas such as public sector management and private sector development. P4R places more direct emphasis on development results by linking disbursements to results or performance indicators that are tangible, transparent, and verifiable. P4R works directly with the Programs institutions and systems and, when appropriate, seeks to strengthen those institutions' governance and their capacities and systems over time. P4R will be an instrument for strengthening partnerships with the Government of Sri Lanka as well as other Development Partners and other stakeholders by allowing the World Bank to effectively support larger programs and co-finance in pooled funding arrangements.

The key features of the new instrument are as follows²:

- e. financing the expenditures of specific borrower development programs;
 - f. disbursing on the basis of the achievement of key results (including prior results) under such programs;
 - g. using and, as appropriate, strengthening the Program systems to provide assurance that Program funds are used appropriately and that environmental and social impacts are adequately addressed by such programs; and
 - h. Strengthening, where appropriate, the institutional capacity necessary for such programs to achieve their intended results.
5. Finally, P4R is available to all World Bank member countries and is one of three financing instruments offered, accompanying Investment Project Financing (IPF) and Development Policy Financing (DPF). The choice of instrument depends on a client's needs and the development challenge to be addressed.

2.3. Proposed PDO/Results

Proposed Development Objective(s)

The project development objective is to expand access to, and improve the relevance and quality of, priority segments of the higher education sector.

Key Results

The success of the project in terms of meeting its key objectives is to be measured by the following indicative outcomes:

- (a) Increased enrollment in university STEM degree programs
- (b) Increased enrollment in SLIATE STEM programs
- (c) A system for competitively funded Enriching Teaching Learning and Assessment programs established and implemented
- (d) Higher Education Sector Development Strategy implemented and continuously updated as a rolling plan
- (e) A system for competitively funded Research and Development, and Innovation and Commercialization programs established and implemented.

² [OP Program for Result Financing - Program-for-Results Financing](#), World Bank Operational Manual, 2012.

- (f) Baseline information, disaggregated by gender where relevant and applicable, for each of these outcomes will be obtained during project preparation. Thereafter, information on the outcomes will be collected during implementation as part of project monitoring.
- (g) The project results framework will also have a set of intermediate outcome indicators, which will act as milestones to the achievement of the final outcomes indicators. During project preparation, as a disbursement-linked indicator (DLI) approach is adopted, some of the intermediate outcome indicators would become the DLIs.

2.4. Project Context

7. The proposed project is organized under two components: a) a Higher Education Development Program component; and (b) a Program Operations and Technical Support component. These components are different in nature, but complementary. The first component is comprehensive and will be designed to directly support the national SL-HEDP. The flow of funds under this component will follow a results-based financing arrangement. Disbursements will be linked to specific results that would contribute to the achievement of the overall objectives of the NHESP and the HEDP. They will finance Eligible Expenditures Programs (EEP) selected from the MHHE's budget, rather than against specific investments. The second component (US\$ 15 million) will assist the implementation of the first component through coordination, capacity building, monitoring and evaluation, innovation and pilots, technical assistance, research and communication. The flow of funds under this component will be provided against specific investments, as is typical under the Bank's Investment Project Financing modality.

2.4.1. Component One: Higher Education Development Program

Under this component, there will be five themes.

Theme 1: Expanding Access to Priority Degree Programs for Economic Development

8. The objective of this theme is to expand enrollment in degree programs that are of direct relevance for future economic development, with special focus on the STEM subjects. The overall GoSL program has multiple strategies to increase enrollment in these programs. First, the government proposes to expand the variety of physical facilities and equipment, such as lecture and tutorial rooms; ICT facilities and equipment; science, engineering and medical laboratories and equipment; libraries and e-resources; residential facilities and water and sanitation required by higher education institutions to substantially raise enrollment capacity. Second, admissions to the EDPs will be regulated, based both on the status of candidates (e.g. freshman vs working adults) and priority disciplines. Third, the government will ramp up the provision of services and support such as academic orientation, career guidance and counselling to enable students to select degree programs in line with their personal comparative advantage, and to facilitate the university to work transition at the end of their degrees (for instance by facilitating internships). Fourth, the scholarship program will be strengthened to allow qualified students from poorer homes to enroll in universities.

Theme 2: Promoting Excellence in Learning and Teaching

The objective of this theme is to enable Sri Lankan higher education institutions (universities and ATIs) to participate in the global trend towards the promotion of a combination of academic excellence and good socio-emotional skills, so that students are well prepared for the world of work, and for wider social and civic life upon graduation. This theme will support the introduction of innovative models of teaching and learning such as outcome-based education (OBE) and student-centered learning (SCL); fresh approaches to curriculum design and delivery; increased use of ICT and internet-based resources and digital material; active and dynamic learning models including the use of blended learning; and the modernization of assessment systems to complement the new initiatives in curricula, teaching and learning.

Theme 3: Enhancing Staff Qualifications and Expertise

9. Under this theme, the number of academic staff members who are qualified to Ph.D. level will be substantially increased. Special attention for support will be given to: (a) academic staff from degree programs identified as priorities for economic development. Scholarships will target faculty staff of universities and ATIs. Cost effectiveness and the quality of Ph.D. degree programs will be considered when selecting universities for study. The development of the universities will also require the skills of technical staff, such as laboratory and ICT technicians, to be upgraded. Under this theme, the MHEH will also support improvement of the quality of university technical staff through suitable short-term skills upgrading programs, organized mainly through the Staff Development Centers (SDCs).

Theme 4: Promoting Research, Development and Innovation

10. The objective of this theme is to promote a research, development and innovation culture in the universities. The focus will be on applied, development and innovation oriented research projects, and based on competition and performance. Innovative multi-disciplinary and trans-disciplinary research projects will be encouraged. Collaboration on research projects with overseas researchers would also be encouraged. Researchers from private higher education institution would also be able to compete for funds. Universities will be assisted to create frameworks for intellectual property rights and engage with industrial and service sector firms to benefit from the commercial and industrial potential of research and development outputs, including inventions, patents and copyrights.

Theme 5: Stewarding of Higher Education for Greater Impact

11. This theme will be devoted to the enhancement of the governance system of the sector, and in particular to the establishment of a system of performance-based funding of universities. The performance criteria, implementation and assessment would be linked to strategic institutional development plans of universities. Performance-based funding will be introduced, as per international norms, using a combination of input, process and output criteria as agreed between the Ministry of Finance (MoF), UGC and the universities.
12. A system of internationally benchmarked external quality assurance reviews will be conducted across the universities. The findings of these reviews will feed into the strategic institutional development plans. In parallel internal quality assurance units (IQAUs) will be developed in universities. The IQAUs would promote quality related activities in universities line with international good practices. Under this theme, HEIs would also be supported to implement the

standards and protocols of the Sri Lanka Qualification Framework (SLQF) as it related to the higher education sector. The capacity of GoSL to enable a clear, transparent and objective process for the licensing, quality assurance and accreditation of private HEIs will be enhanced. This is a necessity due to the growth of private HEIs in the country and their contribution to the expansion of the sector.

13. Finally, a three-pronged strategy will focus on the External Degree Programs, based on their integration into the QA system; the launch of pilot multiple online course programs (MOOCs) in selected disciplines; and support for the External Training Institutions which provide academic instruction for the EDP students.

2.4.2. Component Two: Program Operations and Technical Support

14. This component will strengthen the capacity of the MHEH and universities to implement the SL-HESP. Support under this component will cover coordination, capacity building, innovations, monitoring and evaluation, research and communication. The technical assistance and capacity building activities of this component will assist the MoHE to implement the development initiatives of the SL-HESP. Policy studies would include citizen feedback mechanisms such as beneficiary feedback surveys of staff and students of institutions and programs supported by the Project. Communication would enable higher education authorities to disseminate development initiatives to political authorities, policy makers, academics, students, and the general public. The component will also help MHEH to support pilots and innovative approaches such as the orientation of the universities in provincial towns to support the economic development of their provinces. This component will also finance incremental operating costs for the Policy Planning and Development Unit (PPDU) in the MHEH.

2.4.3. Project Development Impact

15. The proposed project is expected to significantly expand and improve the performance of the higher education sector. The project will help GoSL to expand the in-take capacity and enrollment outcomes of the universities and advanced technological institutes in priority degree programs such as the natural and biological sciences, medicine, technology, engineering and mathematics, which are of central importance for future development and the promotion of shared prosperity. There will also be a strong equity focus as the expansion will target measures to increase access to STEM programs in higher education institutions in the less developed regions such as the Northern, Eastern and Uva provinces. The relevance and quality of the universities will also be considerably strengthened through a variety of measures, including increasing the proportion of Ph.D. qualified academic staff, introducing modern teaching-learning methods supported by the equipment and technology required, enhancing the English language and socio-emotional skills of students, and modernizing the quality assurance and accreditation system in line with good international practice. In addition, the project will promote universities to undertake research, development and innovation activities oriented to the future economic and social development of the country.
16. The main beneficiaries of the project will be the students of higher education institutions. A further important set of beneficiaries will be the academic and managerial staff of the universities who will benefit from the human resource development and the research, development and innovation

activities of the project. In addition, over the medium-term the project will benefit employers, both public and private sector, that employ the graduates from the higher education system. Finally, the project will also benefit the firms and individuals who purchase goods and services under the project.

2.4.4. Rationale for public sector provision/financing

17. The economic justification for investment in higher education is well-recorded in the modern development literature. The rates of return to higher education have increased over time, and higher education has one of the highest rates of return of any human capital investment. Also, higher education generates a variety of externality benefits, especially in connection with research, development and innovation. Moreover, the market failures that exist in the sector and well-known equity arguments, which justify public sector intervention in higher education, are highly applicable to the case of Sri Lanka. The country is a LMIC with a small higher education sector, which is now seeking to become a UMIC. Research, development and innovation are still in infancy in higher education institutions. Capital markets for higher education are also small. Given all these factors, there is a very strong justification for public sector financing and provision of higher education in the country.

2.4.5. Value added of Bank's support

18. The Government of Sri Lanka has requested the Bank to play a lead role in supporting the MHEH's long-term higher education development program. The Bank has been the only large development partner supporting higher education in the past. The Bank has also already made a significant contribution to the higher education sector through the HETC, and the proposed new operation seeks to build on the capacity, knowledge and relationships developed over the course of that operation. The Bank also brings significant value added in terms of providing comparative global perspectives on recent higher education developments and reform, and supporting the government to adapt them to the Sri Lankan context. The Bank also has extensive technical expertise in higher education, and has been contributing concrete and relevant policy and implementation experience for the development of Sri Lanka's higher education sector development program. Other development partners, such as ADB and the governments of Germany and the US are interested in supporting higher education in the future, and will work in partnership with the Bank.

2.5. Implementing Agency Capacity Assessment

19. The environmental capacity building programs conducted by the Ministry of Environment and Renewable Energy (MERE), the CEA, universities, and development partners have produced hundreds of trained environmental professionals in the government and private sectors, among civil society organizations and academia. In addition, the EA process is being taught at postgraduate level at local universities. As a result, the capacity to formulate, implement and monitor environmental plans exists adequately in Sri Lanka.
20. The Ministry of Higher Education and Highways (MHEH), which includes the UGC and SLIATE, will be the implementing agency for the Program, focusing on project components at the national level. The universities and advanced technology institutes will implement project components at the institution level. The MHEH's Policy Planning and Development Unit (PPDU) will coordinate

and facilitate the work of the various universities and ATIs. The MHEH, universities and ATIs have prior experience of working with the World Bank.

21. The current findings reflect that the existing borrower system is adequate for environmental and social management in Sri Lanka, which is broadly consistent with the World Bank core principle Project for Program for Result Financing. In the meantime, EIA system is also found to be aligned with the World Bank's Core Principle requirements. Details on the EIA system is has been discussed in Section-3 of this document.
22. Similarly, the country system has tolerable regulation provisions on workers and other health and safety including occupational Safety and Health Act, No. 38 of 2009. However, it fails to define the liabilities on health cost and life insurance procedure. The assessment also found some human and financial resource constraints, with a lack of trained officers, lack of up-to-date technology and the required skill set to carry out environmental and social assessment, and budgets required for assessment, consultation, monitoring and evaluation as well to generate useful reports.
23. To address anticipated social and environmental risks at university level, the AHEAD will support environmental and social technical assistance to closely work with the MHEH and UGC. Management of solid/liquid wastes from the laboratories and dormitories require practical commitments. Therefore all the legal documents including service and work contracts will have conditions for strengthening and sustaining social and environmental obligations.

2.6.Program Baseline Data

24. Sri Lanka is a lower middle-income country (LMIC) with a per capita income of USD 3,900 and a population of approximately 21 million people. Sri Lanka experienced impressive growth of about 7 percent per year during the period 2012-2014, although growth slowed down in 2015 due to the weak global economic conditions. Economic growth is expected to rise over the medium-term as the global economy recovers. A new government committed to promoting growth, shared prosperity and human development assumed office in 2015. The government is seeking to transform Sri Lanka into an upper-middle income country (UMIC) through the development of higher value-added industries and services, an open and export-oriented economic environment, and the acceleration of education outcomes. Sri Lanka already shares some demographic and economic characteristics of UMICs. Both its low annual population growth rate (0.92 percent) and low birth rate (16 percent) are well below those recorded in Lower Middle Income Countries (LMICs) and are closer to those observed in UMICs such as Brazil and Turkey. The structure of the economy is also moving away from its traditional agriculture basis towards manufactures and services, with the latter accounting for more than 56 percent of the GDP value added.
25. Basic human development levels in Sri Lanka, especially in indicators such as primary and secondary education and life expectancy, are high both by the standards of LMICs. Sri Lanka ranks 73rd on the Human Development Index scale out of 188 countries. With a primary education completion rate of over 95 percent, a secondary education completion rate of 85 percent, and a literacy rate of 93 percent Sri Lanka largely outperforms LMICs. There is also a substantial degree of gender parity with Sri Lanka ranking high among developing countries in terms of gender development and gender empowerment. However, higher education attainment in Sri Lanka lags well below the average level for LMICS.

26. Sri Lankan policy makers perceive higher education as a vital engine of development and the promotion of shared prosperity. The higher education system is expected to produce a pool of high level human resources, including scientists, engineers, technology specialists, medical personnel, entrepreneurs, policy makers, administrators, managers, as well as academics and teachers, who are essential for economic and human development. The availability of such a pool of highly-educated human resources is of central importance for the future development of the country. Policy makers also recognize the contribution higher education can make to the promotion of civic values and attitudes needed for a modern, enlightened democracy, and the development of a socially cohesive nation. In this context the Ministry of Higher Education and Highways (MHEH) is in the process of preparing a Sri Lanka Higher Education Development Program (SL-HEDP) as the strategic framework for the development of the higher education sector over the medium-term. The SL-HEDP constitutes a broad development framework to be implemented through a multi-year rolling plan.
27. Sri Lanka has an under-developed higher education sector which needs to be expanded and upgraded. With a gross enrollment ratio (GER) of 19 percent Sri Lanka is well below UMICs and even LMICs, which have average GERs of 37 percent and 23 percent, respectively. Sri Lanka is ranked 91st of 118 countries for higher education participation. Among Asian countries which Sri Lanka aims to emulate, Malaysia's GER is ranked about 20 positions higher than Sri Lanka's, Thailand's 35 positions higher and South Korea is 70 position ahead. The GER for Indonesia, with the same GDP per capita, is almost double Sri Lanka's. The country also fares badly in terms of the proportion of higher education students enrolled in subjects of vital importance for economic development, such as the sciences (including medicine), technology, engineering and mathematics (STEM). Sri Lanka is ranked only 79th of 99 countries for the proportion of students in science and engineering. For engineering alone, the country fares even worse, at 92 of 103 countries. Sri Lanka needs to urgently increase higher education enrollment with a special focus on degree programs, such as STEM programs, that are important to drive future economic growth through higher value-added industries and services.
28. The supply of qualified academic staff needs to be expanded urgently, especially in the STEM disciplines. The quality of academic staff is a central determinant of the performance of a higher education system. Yet, there is a severe scarcity of qualified academic staff in Sri Lankan universities. Out of approximately 5,000 academic staff, less than 50 percent are Ph.D. qualified. Among academic staff below 45 years of age only 24 percent have Ph.Ds. Yet Ph.D. qualified staff are a necessary condition for the high performance of modern universities with their research, innovation and postgraduate teaching mandates. Women are underrepresented, especially at the highest academic levels. Sri Lanka needs to staff its universities with appropriately qualified academics as an urgent priority.
29. University teaching and learning needs to be modernized in line with international practices. Sri Lankan universities are largely traditional, with teacher-centered pedagogy and passive student learning. The academic content of programs is also often outdated. International trends in universities are increasingly moving toward active student centered learning (SCL) and outcome-based education (OBE), which are important to combine academic excellence with good socio-emotional skills that are needed for the world of work in the twenty-first century. SCL and OBE

are also combined with blended learning where on-line e-learning methods are integrated with on-site, face-to-face interaction between teachers and students. Sri Lanka universities urgently need to modernize both teaching and learning contents and methods to reflect and keep pace with these global trends.

30. The research output of Sri Lanka universities needs to be expanded sharply. For instance, the number of citations per million inhabitants shows Sri Lanka at 138 position out of 204 countries, which is three times less than Thailand and five times below Malaysia. While South Korea had about 4,500 patents applications per million inhabitants in 2014, Sri Lanka had only 22. The promotion of research is an urgent next step in the development of higher education in the country. First, research is a vital and distinguishing mandate of universities. Second, academics engaged in research are more likely to be more up-to-date in their discipline than other academics, and therefore better able to teach the current state of knowledge to students. Third, research and innovation makes a substantially important contribution to economic and social development in the modern world. For this to happen, research outputs have to go beyond the purely academic sphere, and to lead more systematically to practical and relevant applications.
31. Public financing of higher education has been low over the period 2010-2014. Sri Lanka ranks 61 out of 69 countries for the share of government expenditure on higher education as a share of GDP, and 64 out of 74 countries for higher education expenditure as a proportion of total government expenditure. The government of Sri Lanka (GoSL) over the period 2010-2014 spent relatively little on education and other social sectors. However, the new government elected in 2015 has announced that investment in education, including higher education, will be a high policy priority for future public investment. As the new government increases investment in higher education it is important that funds should be linked to performance, at both system and institutional levels, to maximize economic and social benefits.
32. The licensing, quality assurance and accreditation of higher education institutions is fragmented and it has to be further developed to reflect modern global standards and practices. The University Grants Commission (UGC) has a quality assurance system and accreditation council (QAAC) for state Higher Education Institutions (HEIs). The MHEH has a board that accredits non-state HEIs. Other HEIs which are the franchise partners of overseas higher education institutions depend on their foreign quality assurance and accreditation system. The quality assurance system and accreditation (QAA) system needs to be raised to a new and higher level. This requires the development of a systematic process of external quality assurance reviews which includes international reviewers and covers both public and private higher HEIs, and which then feeds into the annual rolling plan of the SL-HEDP. In addition, all universities need to develop well-functioning internal quality assurance units (IQAUs) to conduct internal quality reviews and feed these into university institutional development plans. In addition, the External Degree Programs (EDPs) are to a large extent left outside of the quality assurance system and badly need to benefit from QAA activities. Finally, licensing, quality assurance and accreditation needs to have a more 'outward-oriented' approach which reflects international developments. This extends beyond confirmation of the quality and standards of higher education provision in the Sri Lankan context and requires benchmarking with standards in UMIC and OECD countries.

33. Greater expansion and quality enhancement of the private higher education sector is required. GoSL recognizes the importance of promoting private sector participation for future higher education development. A number of higher private education institutes have opened in the last decade. However, the size of the private sector is still small, accounting for only about 20 percent enrollment, and mainly in disciplines such as business administration, management and information technology. The MHEH needs to actively promote good quality private HEIs to expand access and enrollment and to promote the delivery of quality degree programs relevant for the labor market. To achieve this objective the private HEIs need quality assurance and accreditation that is consistent with the standards and protocols developed for the public higher education institutions.
34. Recognizing the vital importance of developing the higher education sector to enable Sri Lanka's transition from a lower middle-income country to an upper middle-income country, the Bank has proposed, as part of the Country Partnership Framework (CPF) FY17-FY20, to provide assistance to the sector through a new Higher Education operation. The proposed AHEAD is fully aligned under the CPF Pillar 2: Promoting Inclusion and Opportunities for All. Expanding access to higher education with a special focus on the Sciences, Technology, Engineering and Mathematics will increase opportunities for young people, including youth from rural and estate sector families, to access better paid jobs. In addition, it will enable entrepreneurs and employers to widen the geographical range of industrial and service sector activities in the country, and broaden opportunities for shared prosperity with less developed regions. The Bank has been the only large development partner in the higher education sector in Sri Lanka in recent years: hence this operation is of vital importance to the sector. Other development partners, such as GIZ and USAID, are discussing support for elements of the higher education sector, such as the promotion of university-industry linkages and the facilitation of overseas higher education providers. ADB, is also planning to enter this sector eventually. All development partners will align their support within the overall government higher education development program.

2.7. Environmental and Social System Assessment (ESSA)

35. This ESSA for the AHEAD has been undertaken to ensure consistency with six “core principles,” outlined in the World Bank's Operational Policy for Program-for-Results financing –in order to effectively manage environmental or social implications of project operations and outcomes, so as to strengthen the performance and sustainability of the program. The ESSA has been undertaken by Environmental and Social Specialists of the World Bank and examines Sri Lanka's existing legal, regulatory, and institutional framework guiding the program's environmental and social management systems. It also defines measures to strengthen the systems and integrate these measures into the overall program in order to institutionalize environmental and social due diligence in to the sector, which are key elements of a sustainable program.
36. The ESSA process included stakeholder consultations and disclosure of the ESSA Report following the guidelines of the World Bank's Access to Information Policy. Consultations with stakeholders indicated that there is a willingness to address issues that are compromising efficient and effective application of the environmental and social management processes at both regulatory and institutional level.

37. The Accelerate Higher Education Development Expansion and Development program is being supported under the World Bank's Program-for-Results financing instrument, which innovatively links the disbursement of funds directly to the delivery of defined results. This instrument builds on increased reliance on borrower safeguard and oversight systems. The ESSA for this program examines Sri Lanka's existing environmental and social management system that is the legal, regulatory, and institutional framework guiding the program. It defines measures to strengthen the system and integrates these measures into the overall program. The ESSA is undertaken to ensure consistency with six "core principles" outlined in paragraph 8 of the World Bank's OP/BP Program for Result Financing Program-for-Results Financing in order to effectively manage program risks and promote sustainable development.

38. The six principles are outlined below:

1. Promote environmental and social sustainability in the program design; avoid, minimize, or mitigate adverse impacts, and promote informed decision-making relating to the program's environmental and social impacts.
2. Avoid, minimize, or mitigate adverse impacts on natural habitats and physical cultural resources resulting from the program.
3. Protect public and worker safety against the potential risks associated with: (i) construction and/or operations of facilities or other operational practices under the program; (ii) exposure to toxic chemicals, hazardous wastes, and other dangerous materials under the program; and (iii) reconstruction or rehabilitation of infrastructure located in areas prone to natural hazards.
4. Manage land acquisition and loss of access to natural resources in a way that avoids or minimizes displacement, and assist the affected people in improving, or at the minimum restoring, their livelihoods and living standards.
5. Give due consideration to the cultural appropriateness of, and equitable access to, program benefits, giving special attention to the rights and interests of the Indigenous Peoples and the needs or concerns of vulnerable groups.
6. Avoid exacerbating social conflict, especially in fragile states, post-conflict areas, or areas subject to territorial disputes.

39. The ESSA analyzes the system for environmental and social management as relevant for the program vis-à-vis each of these principles. The gaps identified through the ESSA and subsequent actions to fill those gaps directly contribute to the program's anticipated results to enhance institutional structures in Higher education sector. The ESSA analysis presents a detailed description of the program activities and baseline conditions for existing environmental and social management systems.

2.8. The ESSA Process and Methodology

40. The process followed in carrying out the assessment and compiling and analyzing the results is in accordance with World Bank guidance for the P4R lending instrument. The methodology used for data and information collection include the following:

41. **Desk review.** The review covered current environmental and social legislations and regulations, relevant environmental and social reports (e.g. ESMFs and RPFs), and district reports on the implementation of the previous and current World Bank projects of the HDN sector (TSEP; ECD and HETC); This included the various environmental and social indicators of Sri Lanka, the

relevant legal and regulatory provisions, status reports, etc. the data presented facilitated in identifying the key issues and setting a baseline applicable to the sector.

42. **Focus Group Discussions:** A series of Discussions with the CEA and UGC and few other ongoing WB supported projects have been carried out. This FGDS are aimed at assessing borrowers the capacity to implement the social management system including monitoring, supervision, and reporting and identify further training and orientations.

Stakeholder consultation Workshop. An Environmental and Social Safeguards Assessment (ESSA) Stakeholder's Consultation was held on November 2, 2016 for the proposed "Sri Lanka: Accelerate Higher Education Development Expansion and Development (AHEAD) Operation".

43. The draft ESSA draft report was distributed in advance of the meeting, while the summary of the ESSA was been presented by WB during consultation. The participants provided their feedback and comments, which has been incorporated into the ESSA, while minutes of the consultation has been annexed in (see Annex-II). This process enabled conclusions to be made as to whether the present systems utilized by the Program have the resources and authority necessary to mitigate unavoidable impacts and achieve maximal social and environmental benefits. The consultation workshop included a number of experienced officials and individuals from the higher education sector and environmental management sector
44. **Document dissemination.** The final ESSA report will be publically disclosed through the, Ministry Website, World Bank's InfoShop, and advertised in the national press and other avenues of dissemination. Public comments could be solicited during a defined dissemination period and if any public comments are received these will be collected and taken in to head by the project.

Section-2

3.1 Regulatory Framework for Environmental Social Management of Sri Lanka

45. The regulatory framework for environment comprises policies, laws, regulations and guidelines which form a composite framework for environmental planning, implementation and monitoring of development projects. The Environmental law of Sri Lanka is a mixture of civil law and common law principles, as such there is a variety of jurisdictions and institutional dealing with environment.
46. The Constitution of Sri Lanka contains several provisions relating to the environment such as Article 18 and Article 27 (14) ("The state shall protect, preserve and improve the environment for the benefit of the community"). The 13th Amendment to the Constitution created new institution at the provincial level for environmental protection and management. Each provincial government under this Amendment has legislative and executive powers over environmental matters (Articles 154 (A), 9, 19 and (III) 17). Using such provincial legislative and executive powers, the North Western Provincial Council adopted the North Western Provincial Environmental Authority to supervise and monitor environmental activities in the North Western Province of Sri Lanka.
47. The National Environment Act No. 47 of 1980 and its subsequent amendment by Act No. 56 of 1988 and Act No. 53 of 2000³; this is the umbrella as well as the most important piece of legislation for environmental protection in the country. It provides a legal framework for co-ordination of all major activities to do with the environment and established the Central Environmental Authority in 1980, defining its powers and functions. The National Environmental Act, No. 47 of 1980 has been amended in 1988 and 2000 by National Environmental (Amendment) Act, No. 56 of 1988 and by National Environmental (Amendment) Act, No. 53 of 2000 respectively. The first amendment in 1988 introduced the following: Environmental Protection, Environmental Management and Approval of Projects. This introduced EIA, as a part of the strategy to achieve sustainable development for the entire country with the Central Environmental Authority being assigned regulatory (including licensing), supervisory and enforcement functions. The second amendment introduced a list of prescribed activities for which environmental licenses were required.

Approval process for buildings

48. The National Environmental Regulation (Procedure for Approval of Projects) No. 1 of 1993, published in Gazette No. 722/22 of 24.06.1993, Order under Section 23Z, Amendment to National Environmental (Procedures for approval of projects) Gazette No. 722/22, Order under Section 23 Z published in Gazette No. 859/14 of 23.02.1995. Determines the projects and undertakings, set out in its Schedule for which for approval shall be necessary under provisions of Part IV C of the NEA. Additionally, asbestos cement based products have been used as they were not banned A presidential directive was made by the GoSL to ban asbestos products, including asbestos-cement based products, from September 1, 2015. The Government will start controlling the usage and importation by January 1, 2018; Production in Sri Lanka will be banned fully by January 1, 2024. Regulations have currently been drafted but not come in to action as yet. May be good to mention this as Bank requirements will now allow even Asbestos Cement based products to be used due to the full ban. We are exercising this since 2015 in our projects, earlier we used to allow AC products under managed conditions.

³ At the time of writing the NEA has been amended and submitted to the Cabinet of Ministers for approval

The National Environmental Policy of Sri Lanka, 2003

49. The Policy renews the commitment of the government, in partnership with the people, to effectively manage the environment for the benefit of present and future generations. The Policy aims to ensure sound environmental management within a framework of sustainable development in Sri Lanka. This Policy is supported by many other policies and strategies for other sectors.
50. The Policy emphasizes that caring for the environment is the bounden duty of any institution, government or non-government, and of any individual that uses, or otherwise carries out an activity that has an impact on environmental resources.
51. The Policy binds all organizations and individuals who use environmental resources or otherwise have an impact on the resources to exercise due care to avoid environmental degradation. The implementation of the Policy will pave the way for sustainable development.

Policy Objectives

52. The Policy anticipates achieving the following objectives:
- i. To promote the sound management of Sri Lanka's environment in its entirety without compromise, balancing the needs for social and economic development and environmental integrity, to the maximum extent possible, while restricting unfavorable activities
 - ii. To manage the environment by linking together activities, interests, and perspectives of all groups, including the people, nongovernment organizations and government at both the central and the local levels
 - iii. To assure environmental accountability

Policy Principles

53. Policy principles are:
- I. The guiding principles of environmental management will be "polluter pays" and the need to reduce consumption, and recycle and reuse materials to the maximum extent possible.
 - II. When living natural resources are used, it will be ensured that such use is wise, sustainable, and consistent with the integrity of ecosystems and evolutionary processes.
 - III. When non-living resources are used, it will be ensured that such use is consistent with environmental best-practices, bearing in mind the need to provide also for future generations.
 - IV. Traditional knowledge and practices will be respected in the development of environmental management systems.
 - V. Effective governance will be ensured through the decentralization of environmental management services to the maximum extent possible.

Policy Statement

54. The following statement summarizes its key aims:
- I. Resources such as land, water, air, minerals, and biodiversity will be managed in a manner consistent with the viability of ecological processes.
 - II. Environmental management will be through participatory, transparent, predictable and accountable decision-making processes at all levels.

- III. In addition to protecting the environment from abuse, management systems will take into account the need to restore environments damaged in the past.
- IV. Environmental management systems will be encouraged to be flexible so as to adapt to changing situations and adopt the precautionary principle.
- V. The economic value of environmental services will be recognized so as to assure the sustainability of such services for the benefit of the people.
- VI. The state of the environment will continuously be assessed and reported on, through an appropriate institutionalized monitoring framework based on a comprehensive set of indicators.
- VII. (vii) The institutional framework for sound environmental management will be strengthened through capacity building, legislative enactments, and improved inter-institutional coordination and linkages.
- VIII. (viii) “Life cycle” and “cleaner production” principles will be applied to improve the efficiency of natural resource use and to improve environmental quality.

▪ **Environmental Laws**

The Constitution of Sri Lanka

55. The Constitution of Sri Lanka contains several provisions relating to the environment such as Article 18 (“It is the duty of every person of Sri Lanka to protect nature and conserve its riches”) and Article 27 (14) (“The state shall protect, preserve and improve the environment for the benefit of the community”). The 13th Amendment to the Constitution created a new institution at the provincial level for environmental protection and management. Each provincial government under this Amendment has legislative and executive powers over environmental matters (Articles 154 (A), 9, 19 and (III) 17). Using such provincial legislative and executive powers, the North Western Provincial (NWP) Council, adopted the North Western Provincial Environmental Authority to supervise and monitor environmental activities in the North Western Province of Sri Lanka. To date of the nine provincial councils it is only the NWP that has adopted its own authority.

National Environmental Act No. 47 of 1980 (and its Subsequent Amendments)

56. The National Environmental Act (NEA) provides conservation and development guidelines for natural resources management including water, forest, flora and fauna in Sri Lanka. The 1988 amendment to the Act appointed the CEA as the enforcement and implementing agency of the Act. The CEA has special powers to assess and monitor critical environmental conservation programs and to advise the government on environmental protection, conservation, management and development issues.
57. Types of projects that need mandatory environmental clearance (“prescribed projects”) were made public after the amendments to NEA was approved in 1988. The Act 1988 states that all prescribed projects undertaken by any government department, corporation, statutory board, local authority, company, firm or an individual will be required to obtain approval before their implementation. The approval will have to be obtained from the appropriate PAAs (project Approving Authority) who are concerned or connected with such prescribed projects. At present, there are 31 such PAAs to deal with review and approval of environmental plans. The CEA has an oversight function over the PAAs.

58. Projects under the MWSIP could also come under the purview of the following Acts according to the specific circumstances. However, screening, scoping, formulation of any EIAs, IEEs, EMPs and procedures for their disclosure and public consultations will be governed by NEA of 1980 and its subsequent amendments of 1988 and 2000, and by environmental regulations.

Pradeshiya Sabha Act No. 15 of 1987

59. Section 12 (2) of the Pradeshiya Sabha Act authorizes the appointment of a committee at the divisional level to advice on environmental matters. Section 105 of the Act prohibits polluting water or any streams, while Section 106 refers to pollution caused by industry and related offences. The Pradeshiya Sabha grants permission for construction activities within its jurisdiction. Such construction will have to comply with environmental requirements stipulated in permits.

Flood Protection Ordinance, Act No. 22 of 1955

60. This ordinance provides for the acquisition of land or buildings or part of any land or building for the purpose of flood protection.

State Land Ordinance, Act No. 13 of 1949

61. The State Land Ordinance provides guidelines for:
- i. The protection of natural water springs, reservoirs, lakes, ponds, lagoons, creeks, canals, and aqueducts.
 - ii. The protection of the source, course and bed of public streams.
 - iii. The construction or protection of roads, paths, railways, and other means of internal communication systems.
 - iv. The prevention of soil erosion.
 - v. The preservation of water supply sources.
62. Section 75 of the Ordinance highlights riparian proprietors' rights and duties. The occupier of land on the banks of any public lake or public stream has the right to use water in that water body for domestic purpose, but cannot diverted water through a channel, drain or pipe or by any other mechanical device.

Soil Conservation Act, No. 25 of 1951

63. The Soil Conservation Act provides for the conservation of soil resources, prevention or mitigation of soil erosion, and for the protection of land against damage by floods and droughts. Under the Act, it is possible to declare any area defined as an 'erodible area' and prohibit any physical construction. The following activities are also prohibited under Act:
- i. Weeding of land or other agricultural practices that cause soil erosion;
 - ii. Use of land for agriculture purposes within water sources and banks of streams
 - iii. Exploitation of forests and grassland resources and setting fire in restricted areas

Mines and Minerals Act No. 33 of 1992

64. Under this Act, mining falls within the purview of the Geological Survey and Mines Bureau (GSMB). Mining of minerals including sand must be done with a license issued by the GSMB. Mining is not permitted within archaeological reserves or within specified distances from such monuments. New mining licenses are subject to the EIA process, if the type and extent of mining

is listed under the EIA regulations. Additionally, the GSMB has the power to stipulate conditions including cash deposits and insurance policy for the protection of environment.

65. Regulations made by the GSMB under the Act cover a variety of environmental stipulations, criteria and conditions for licensing and operating mines. This also covers the disposal of mine wastes. The Act also deals with the health, safety and welfare of miners. Mining rights on public and private land are subject to licensing by the GSMB, and all minerals wherever situated belonging to the State. The right to mine public land parcels are subjected to EA procedures.

Fauna and Flora Protection Ordinance, Act No. 49 of 1983 (and Subsequent Amendments)

66. The Act provides for the protection, conservation, and preservation of the fauna and flora of Sri Lanka. Under the Act, five categories of protected areas are established, namely, strict nature reserves, national parks, sanctuaries, nature reserves, jungle corridors, and intermediate zones. The Section 9 (a) states that “no person or organization, whether private or state, shall within a distance of 1 mile of the boundary of any national reserve declared by an order issued under Section 2 of the Ordinance carry out any development activity of any description whatsoever, without obtaining the prior written approval of the Director”. Each application for a development activity has to follow the procedures stipulated under NEA. An application falls within the meaning of Section 9(a) has to be supported by an EIA or an IEE according to the significance of expected environmental impacts. Since some of the activities under the MWSIP are within areas under the jurisdiction of the FFPO this law is applicable to the investment program.

National Environmental Act, No 47 of 1980 on Asbestos

67. Regulations made by the Minister under Section 32 read with Section 23A and 23 B of the National Environmental Act. The regulation may be cited as the National Environmental (Protection and Quality) Regulations, No. 1 of 2008. The Part-1 of this Regulations covers issue of environmental protection license for emission or disposal of waste.

No person shall, discharge, deposit or emit waste into the environment or carry on any prescribed activity determined by an Order made under Section 23A of the National Environmental Act, No. 47 of 1980 in circumstances which cause or are likely to cause pollution, or noise pollution, otherwise than –

- a) under the Authority of a license issued by the Central Environmental Authority (hereinafter referred to as “the Authority” ; and
- b) in accordance with the such standards and criteria specified in Schedule I hereto, in respect of the specified industries.

Notwithstanding anything contained in regulation 2, the Authority may, by a direction issued under regulation impose more stringent standards and criteria than those specified in Schedule I hereto in respect of any prescribed activity, having regard to the need to protect the receiving environment. Under Schedule II of the Regulation it clearly states:

- a) S 1611 Asbestos sludge’s from the waste water treatment system of Asbestos/cement products manufacturing plant.
- b) S 162 Asbestos dust or loose asbestos fiber wastes from asbestos/cement products manufacturing plant.

- c) S 163 Empty bags or sack containing loose asbestos fibers from asbestos/cement products manufacturing plant.
- a) S 164 Waste arising from repairing/renovation processes and demolition/construction debris containing asbestos.

Forest Ordinance, No 17 of 1907 (and its Amendments)

68. The Forest Ordinance of 1907 was amended by Act No. 13 of 1966, No. 56 of 1979, No. 13 of 1982, No. 84 of 1988, No. 23 of 1995 and No. 65 of 2009. It is now cited as the 'Forest Conservation Ordinance'. The four categories of forests protected by the Forest Conservation Ordinance are Conservation Forest, Reserved Forest, Village Forest and Other forests (with the exception of Conservation, Reserved and Village forests). Each category is declared under the Forest Ordinance. Provisions to protect and manage them are provided in the Ordinance. Acts prohibited in conservation forests are given in Section 6, in reserved forest in Section 7, in village forest in Section 14, in forest other than conservation, reserved forest or village forest in Section 20. Protected Areas under the Department of Wildlife Conservation are National Reserves - Strict Natural Reserves, National Parks, Nature Reserves, Jungle Corridors, Refuge, Marine Reserves, Buffer Zone, and Sanctuaries. Under Section 5 of the Ordinance, a Forest Officer has power to stop any public or private watercourse which goes through a reserved forest. It shall be lawful for the District Secretary to determine the amount of compensation to be paid in case that the water course adversely affects the interests or one or more individuals.
69. Under Section 6 of the Act, the following activities are prohibited: trespassing or permits cattle to trespass; damage by negligence in felling any tree, cutting or dragging any timber; willfully strip off the bark or leaves from, or girdles, lop, taps, burns or otherwise damage any trees; poison water; mine stone, burns lime or charcoal, or collect any forest produce; and extracts coral or shells or digs or mines for gems or other minerals

The Urban Development Authority, Law, No 41 of 1978

70. The Urban Development Authority (UDA) promotes integrated planning and implementation of social, economic and physical development of areas which are declared as urban development areas under the UDA Act. UDA provides technical support to local councils who require assistance in developing plans. It has the authority to develop plans when local authorities fail to do. The UDA monitors urban areas, and develops land use policies for designated development areas. Municipal Council Ordinances and Acts – Urban Council Ordinance 61 of 1939, Act 29 of 1947, Act 18 of 1979, and Act 13 of 1979.
71. The Municipal Councils and Urban Councils share with Pradeshiya Sabhas powers regarding the approval of buildings plans, control of solid waste disposal, sewerage and other public utilities. Under these laws, new constructions and modifications to current buildings require approval of Municipal or Urban Council or Pradeshiya Sabha. Municipal and Urban councils follow planning and building guidelines of UDA.
72. The Environmental Policy, NEA and its amendments, and several other policies and Acts relevant to the MWSIP outlined above show that environmental policies and the legal or regulatory framework is comprehensive and adequate to address and manage potential environmental impacts

and risks associated with canal refurbishment and construction of new canals and related facilities under the MWSIP.

Antiquities Ordinance

73. The Antiquities Ordinance (Revised in 1956 & 1998) is the main legislation dealing with Cultural Assets Preservation in Sri Lanka. Section 16 covers Ancient Monuments and their declaration as well as the declaration of specified trees as ancient monuments. According to Section 21, the restoration, repair, alteration or addition in connection with any protected monuments has to be conducted in accordance with the conditions of a permit issued by the Director General of Archaeology, or in accordance with an agreement entered in to under Section 20. Section 24 prohibits or restricts subjects to certain prescribed conditions, the erection of buildings or carrying out mining, quarrying, or blasting operations on any land within the prescribed distance of any ancient monument situated on Crown land or any protected monument. As per the ordinance the Director General of Archaeology “shall cause an impact assessment survey to be undertaken at the expense of the sponsors of such project or scheme to assess the consequences thereof upon the antiquarian, historical or archaeological aspects or value of the land in question or on any antiquities upon it and shall, within such period of time as may be agreed on. Also an Archaeological Impact Assessment (AIA) for new projects is required under section 47 and 43A of the Antiquities Ordinance. (Extraordinary Gazette no 1154/14 dated 4th October 2000.)

National Policy on Solid Waste Management (2007)

74. The National Policy on Solid Waste Management (NPSWM) deals with a major environmental issue of Sri Lanka. It considers two major types of waste, municipal solid waste and biomedical waste. All municipal solid waste gathered by local authorities is considered as their legal property, and they have the legal authority to dispose of them in an appropriate manner. The relevant legislation are:
- Municipal Council ordinance-No. 16 of 1947 -Section 129,130,131
 - Urban Council Ordinance-No 61 of 1939 -Section 118, 119, 120
 - Pradeshiya Sabha Act No:15 of 1987, Section 93, 94, 95
- i. Main objectives of the SWM are:
 - ii. To ensure environmental accountability and social responsibility of all waste generators, waste managers and service providers
 - iii. To actively involve individuals and all institutions in integrated and environmentally sound solid waste management practices
 - iv. To maximize resource recovery with a view to minimize the amount of waste for disposal and
 - v. To minimize adverse environmental impacts due to waste disposal to ensure health and wellbeing of the people and on ecosystems.
75. The approaches of the SWM towards waste management include the 3R Principle (Reduce, Reuse, Recycle) and to treat biomedical/hazardous waste before release to prevent environmental contamination.

National Policy on Sand as a Resource for the Construction Industry (2006)

76. Sand as a natural resource is being mined at a rate far greater than their rate of renewal (UNEP 2014). The industry of sand mining is posing threats to the environment in numerous ways. Among the notable negative impacts are erosion (loss of land) of river, stream banks, and coastal areas, decreasing the supply of sediments, reduction of beach replenishment, loss and degradation of biodiversity of affected ecosystems, lowering of water tables, salt water intrusion into river channels, change of water flows directions and volumes, increased turbidity and sedimentation in sand mining affected areas, and damage to constructions such as bridges, roads and infrastructure. Indirect impacts occur through emissions during transport, through production of cement and uses during construction (Sonak *et al* 2006, Global Witness 2010, UNEP 2014).
77. In Sri Lanka “sand is a mineral as defined in the Mines and Minerals Act No. 33 of (1992), and is the property of the state” (Ministry of Environment and Natural Resources 2005), and with its big industry in sand mining mostly centered on the large rivers and streams, it is no exception to the overexploitation of sand. The policy has been formulated to minimize the environmental impacts of sand mining, to establish priority of environmental concerns over commercial considerations among others. However, its effectiveness is largely unseen, if any.
78. A current threat appears to be from illegal mining of inland sand deposits especially in the North Western Province, creating large craters filled with water, damage to lands and ecosystems, threatening freshwater sources and loss of scenic beauty and landscape features. Demand for sand can be reduced by inclusion of other materials to decrease sand as a construction material, and replacing river sand use with sea sand treated to make it suitable for construction activities. Sri Lanka has adopted the last strategy and is making attempts to popularize sea sand but appears to be without much success. Research and development (not yet to commercial scale) on reduction of sand use and alternatives to sand in blocks and bricks for construction of walls is available (Pooliyadda and Dias 2005, Udawatta and Halwatura 2016).

▪ Other Relevant Policies

79. In addition there have been several policies such as the National Forest Policy (1995), National Air Quality Management Policy (2000), National Watershed Management Policy (2004), National Policy on Elephant Conservation (2006), National Policy and Strategy for Cleaner Production (2005) among others.

Strategies and Action Plans

80. Notable among them are: National Conservation Strategy of 1988, National Environmental Action Plan of 1991, its updates covering the time periods 1992-2006 and the Coastal Zone Management Plan (2004). The National Biodiversity Strategy and Action Plan, the latest version of which is 2016-2022⁴, is highly relevant to national efforts to protect biodiversity as well as meet Sri Lanka’s international obligations under the Convention on Biological Diversity (CBD).

Multilateral Environmental Agreements (MEAs)

81. Sri Lanka is signatory to a number of MEAs including the Ramsar Convention, Convention on Protection of the World Cultural and Natural Heritage (World Heritage Convention WHC), CITES, UNCLOS, CBD, UNFCCC, Kyoto Protocol, Vienna Convention for the Protection of the

⁴ At the time of writing in stage of final approval

Ozone Layer, Cartagena Protocol on Biosafety, Stockholm Convention on Persistent Organic Pollutants among others. The country should meet its international obligations under these especially those that are urgent and important such the CBD, WHC, CITES and UNFCCC.

▪ **Environmental Impact Assessment process in Sri Lanka**

82. The laws, regulations, and procedures that govern an EIA of a project are found in the NEA and environmental regulations. They are supported and elaborated by sector specific laws and their regulations, outlined above. The NEA of 1980 sets out the policy, laws and regulations and procedures for conduct of EIA. The amendment (1988) of the NEA mandated carrying out of EIA for projects with significant environmental impacts termed 'prescribed projects'. The types of projects that require EIA are given in Gazette Extraordinary No. 772/22 and No. 1104 of 1993. Since 1988 much experience has accumulated within the CEA as well as in the environmental impact assessors' community of Sri Lanka in the application of environmental impact assessment procedures to various types of development activities. Sectoral Environmental Assessment (SEA) while not yet legally binding have been carried out in various selected provinces and programs.
83. The National Environmental Act outlines, prescribed projects are stipulated in three parts listed in the schedule of the respective Gazette. Part I identifies prescribed projects based on type and impact magnitude; Part II identifies prescribed projects as, all subprojects identified in Part I, irrespective of their magnitude and selected high-polluting industries, if near culturally and/or environmentally sensitive areas defined in Part III of the schedule Gazette Extraordinary of 772/22 of 24 June 1993. All industrial projects that are located close to environmental, archaeological, or culturally-sensitive areas require full environmental impact assessments.
84. The evaluation and approval of Environmental Assessment Reports (EARs) are delegated by CEA to various agencies depending on the nature of the project. Among these PAAs are Ministries of National Planning, Lands and Land Development, Irrigation and Water Resources Management, Transport and Highways, Energy, Agriculture and Forests, Urban Development authority, Board of Investments, Department of Wildlife Conservation, GSMB, Ceylon Tourist Board, and the Mahaweli Development Authority. A project proponent cannot perform the functions of PAA for the same project, and but should refer the project's environmental planning documents to CEA for approval.
85. The EIA process guides projects to report on viable alternatives to ensure that environmentally less damaging options are also considered. Project proponents will provide relevant, adequate, and accurate information and data required by the PAA to conduct an effective review of a project proposal. The PAA conducts scoping of the proposed project to determine its potential environmental impacts and risks.
86. The PAA solicits project-affected persons' views and opinions, queries project proponents for clarifications, and decides the categorization of the project as "prescribed" or "non-prescribed". If categorized as a prescribed project, the PAA will decide based on the significance of potential environmental impacts of the project, whether an EIA is required or a less comprehensive environmental assessment such as an IEE is sufficient to address and resolve identified adverse environmental impacts of the project. It will prepare the terms of reference (ToR) of the EA in either case.

87. Project proponents formulate an EIA or IEE with subject matter specialists following the approved ToR and submits the EIA or IEE report to the PAA in Sinhala or Tamil or English for review and approval. It will be translated into the other two national languages. The PAA discloses the EA for public comments. The PAA will announce in national newspapers in three national languages that the EIA is available for 30 working days for comments. It will also disclose the locations where it could be read. Such comments will be considered in finalizing EA reports.
88. The PAA and/or CEA review an EIA report. An IEE is reviewed by PAA based on the information provided by project proponents. A review of an EA report by the CEA and/or the
89. PAA is guided by the following criteria:
- i. Environmental considerations are integrated into overall project planning
 - ii. Environmental assessment is sound
 - iii. Proposed environmental mitigation measures are adequate and effective
90. If the proposed project is controversial, the PAA or CEA may decide to conduct public hearings on the project and the EA. A public hearing can also be initiated if such hearing would help in verifying facts and findings of the EA, and the adequacy of proposed mitigation measures.
91. The PAA in consultation with the CEA approves or disapproves the EA. Alternatively, an EA can be approved subject to conditions to be met within the stipulated timeframe. If the project is rejected because of an unsatisfactory EA, project components can appeal against the decision to the CEA.
92. If the project is approved, the project proponents and PAA monitor the implementation of the EMP prepared together with the EA to set out remedial actions and to ensure that they meet the standards established.
93. Generally, the application of environmental laws and regulations to development projects is satisfactory. The EA process is well understood by officials and by the public. The courts have interpreted environmental laws proactively and insist on close adherence to procedures in formulating environmental planning documents and their implementation. The EA process has succeeded in introducing mechanisms for transparency, consultation, and disclosure of EA reports, their results and monitoring reports.
94. Public consultation is very limited in relation to environmental issues and therefore rated at 2. The EIA is the only formal process for public consultation on development projects, with all EIA requiring a 30 day public comment period. In 2001, public commenting for Initial Environmental Examination (IEE) reports was withdrawn as the Central Environmental Authority, in consultation with other stakeholders came to the conclusion that public participation in the process was minimal.
95. The EIA driven public consultation process is more procedural rather than substance based and often occurs too late in the process for the public to influence the siting or the design of the project. There is no formal mechanism for post EIA public consultation. Currently, the EIA system does not have a mechanism to allow the public and the project proponent to review the

processing steps, information generated through the process, and decisions taken at each step. The public is only permitted to participate in the EIA process at the time of public disclosure of the EIA report, when they are allowed to submit comments on it. Thereafter, the public does not have an opportunity to review actions taken by the project proponent in response to their comments prior to final approval being granted.

96. Public participation in the EIA process is limited to interested parties who are located centrally and have easy access to information. A public hearing is not a mandatory requirement, and is therefore carried out at the discretion of the project approving agency. In reality, the project approving agencies prefer not to conduct public hearings as they consider them a burden and an unnecessary exposure to conflicts. Although the National Environmental Act states that public participation is mandatory in the EIA process, the supporting regulations do not prescribe the extent of and mechanisms for that participation, undermining the effectiveness of the process. Within this limited participation in place, there are no effort on inclusiveness and cultural sensitivity integrated into the process. Often, affected parties are unaware of the development activities until later stages. There is little or no participation by the affected parties to ensure their concerns and requirements are built into the decision-making process. As the recommended EIA report format does not require details of public consultations, the project proponent often avoids this process. In addition, in many cases, the complaint or grievance redress mechanism is not built into the EIA process. In instances where the mechanism is included, insufficient attention is paid to transparency, causing deep mistrust among stakeholders and creating misconceptions about the EIA process, leading to numerous objections and opposition during project implementation. While there is a constant push from some of the donor agencies to ensure inclusive, gender and cultural sensitive consultation to take place with efforts to ensure wider participation, as well as to document the process and make available all documents accessible to affected persons and public in local languages, the process is still not very consistent as there is little ownership or interest by the Government. . As an initial step in 2015 to combat this issue the Punarudaya program will seek to implement a subprogram with the view of informing the public on environmental issues and to obtain their contribution in searching solutions for those issues, over the next 3 year period
97. There are numerous policies, legal instruments and administrative procedures and institutional arrangements governing the environmental and social and economic impacts of development in Sri Lanka. The hierarchical arrangement of policies and legal instruments is as follows:
- i. The Constitution of the Democratic Socialist Republic of Sri Lanka of 1978
 - ii. Legal Acts and Ordinances (approved by Parliament)
 - iii. Statutes (laws formulated by Provincial Councils)
 - iv. Regulations (formulated by the Minister in Charge of the subject in terms of the authority conferred by the relevant principle laws and ordinances)

Figure -1: Environmental Approvals process for building construction

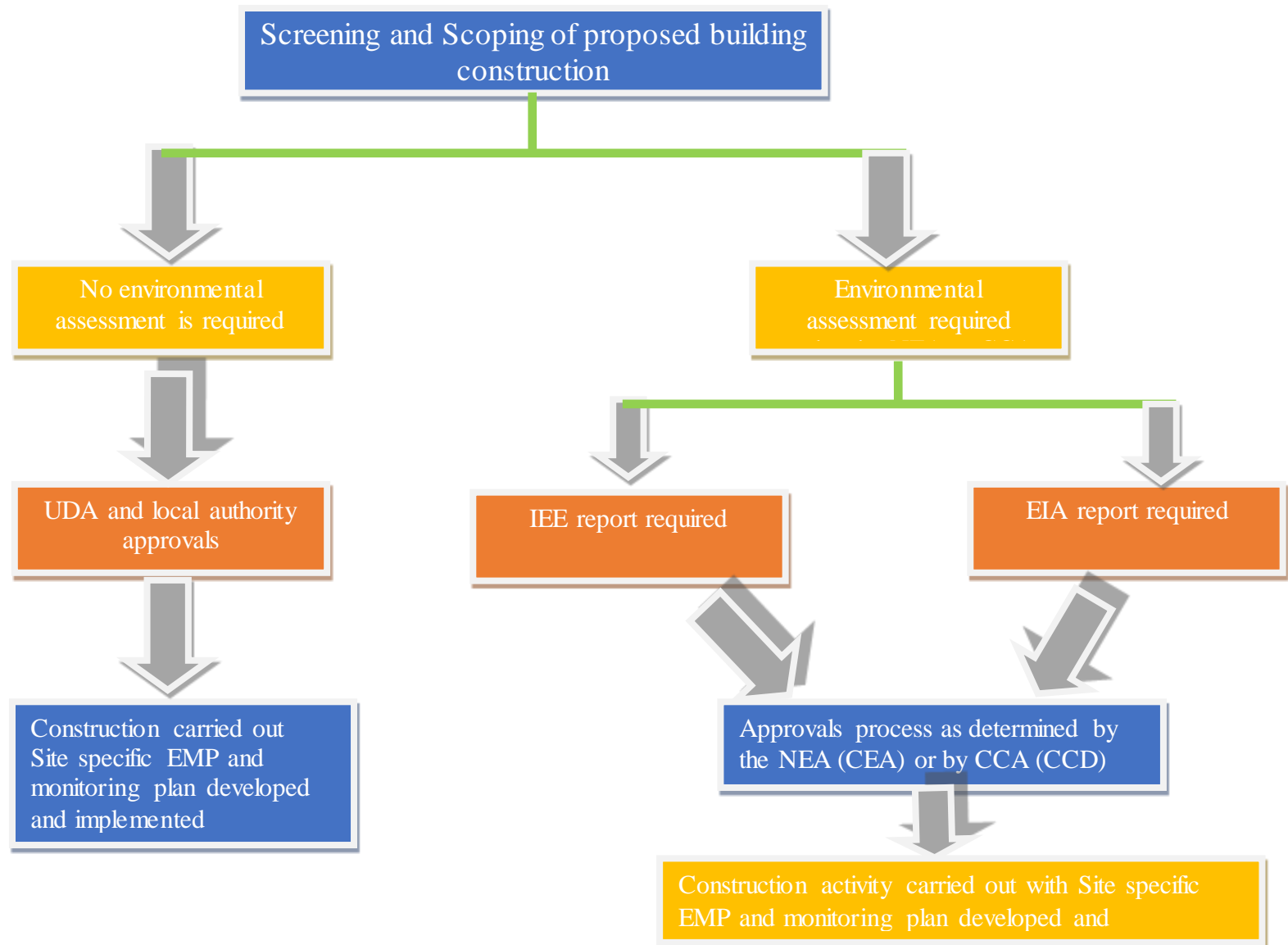


Table-1: International Environmental Agreements Ratified by Sri Lanka

Agreement	Ratification Date	Key Objectives
Atmosphere		
Vienna Convention for the protection of the Ozone Layer (1985)	15 December 1985	Protection of the Ozone Layer through international cooperation in scientific research, monitoring and information exchange.
Montreal Protocol on Substances that deplete the Ozone Layer (1987)	12 December 1989	Reduction and eventual elimination of the consumption and production of Un-anthropogenic Ozone Depleting Substances
United Nations Framework Convention on Climate Change (UNFCCC 1992)	23 November 1993	Stabilization of greenhouse gases (GHG) concentration in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system
Kyoto Protocol (1997)	October 2002	The Annex 1 parties (Developed Countries) to reduce their collective emissions of greenhouse gasses by at least 5% of the 1990 level by the period 2008-2012
Biodiversity		
International Plant Protection Convention (1951)	12 February 1952	To maintain and increase international cooperation in controlling pests and diseases of plants and plant production, and in preventing their introduction and spread across national boundaries
Plant Protection Agreement for Asia and Pacific Region (1956)	27 February 1956	To prevent the introduction into and spread within the region of destructive plants
CITES – Convention on International Trade in Endangered Species of Wild Life Fauna & Flora (1973)	4 May 1979	To protect certain endangered species from being over-exploited by adopting a system of import/export permits, for regarding the procedure
Convention on the conservation of Migratory Species (CMS-1979)	6 June 1990	To protect those species of wild animals which migrate across or outside national boundaries
Convention on Biological Diversity (CBD-1992)	23 March 1994	Conservation of biological diversity, sustainable use of its components and the fair and equitable sharing of the benefits arising out of the utilization of genetic resources, including appropriate access to genetic resources and by appropriate transfer of relevant technologies and appropriate funding
Cartagena Protocol on Bio Safety (200)	26 April 2004	To ensure adequate level of protection in the field of the safe transfer, handling and use of living modified organisms resulting from modern biotechnology that may have adverse effects on the conservation and sustainable use of biological

Land		
United Nations Convention to Combat Desertification (UNCCD-1994)		To combat desertification and to mitigate the effects of drought in countries experiencing serious droughts and/or desertification with the final aim being to prevent land degradation in the hyper arid, arid and semi-arid, dry sub humid areas in the countries that are parties of the Convention
Chemicals		
Basel Convention on the Control of Trans-boundary movements of Hazardous Wastes and Their Disposal (1989)	19 January 1992	To reduce trans-boundary movements of hazardous wastes; to dispose of hazardous and other waste as close as possible to the source; to minimize the generation of hazardous waste; to prohibit shipments of hazardous wastes to countries lacking the legal, administrative and technical capacity to manage & dispose of them in an environmentally sound manner; to assist developing countries in environmentally sound management of the hazardous waste they generate
Agreement	Ratification Date	Key Objectives
Rotterdam Convention (1998)	19 January 2006	The promote shared responsibility and cooperative efforts in the international trade of certain hazardous chemical, to protect human health and the environmentally sound use of those hazardous chemicals by facilitating information exchange, providing for national-decision-making process on their import/export
Stockholm Convention on Persistent Organic Pollution (POPs-2001)	25 December 2005	To protect human health and the environment from persistent organic pollutants (POPs)

3.2 National Policies and regulatory framework for land and social risk management

98. The policy and the regulatory framework for acquisition of private land, payment of compensation and involuntary resettlement in Sri Lanka is governed by the Land Acquisition Act (LAA) No.9 of 1950 and its subsequent amendments, Land Acquisition and Payment of Compensation Regulations of 2009 (No.1596/12 of 7th April 2009), Land Acquisition (Payment of Compensation) Regulations of 2013 (No.1837/47 of 22nd November 2013 and National Involuntary Resettlement Policy (NIRP) of 2001. The Sri Lanka Electricity Act No.20 of 2009 [Chapter VII (52 (1))] refers to acquisition of property which provides for, “Where the President on a recommendation made by the Minister is of the opinion that any immovable property is required for a power generation project or a transmission project and that such project would serve for the general welfare and benefit of the public, the President may by Order published in the Gazette, declare that such immovable property is required for such purpose, and the property may accordingly be acquired under the Land Acquisition Act and be transferred to the person or persons proposing to carry out such project”.

Land Acquisition Act of 1950

99. The Land Acquisition Act (LAA) No.9 of 1950 lays down the general procedure for the acquisition of private lands for a 'public purpose' (e.g. development projects), the process of which would take about seventy-two weeks for its completion. The law also stipulates that lands acquired for a particular purpose cannot be used for a different purpose, and lands that remain unused be returned to the original owners. The national Land Acquisition law is a lengthy process and acquisition of private land takes minimum of 72 weeks in total. However, the LA Act provide opportunity for affected part to participate and submit their grievances.
100. The same Act also makes provisions under Section 38 (a) proviso to take over the immediate possession of any land on grounds of 'urgency', if the Minister of Lands is of the opinion that the land is 'urgently' needed for development projects and cannot wait until the compensation inquiry is over. In such a situation, the Minister of Land may issue an order under Section 38 (a) proviso after Notices under Section 2 or 4 are published. The acquiring officer will thereafter request the Chief Valuer to prepare a Condition Report of the property, as at the date of taking over, in order to facilitate assessment of compensation to be paid once Section 7 Notice is published later on. The application of Section 38 (a) proviso avoids a number of provisions prescribed under the general procedure for land acquisition. This provision in the LAA bypasses the issue of Section 4 Notice, which allows the land owner or any other interested parties to raise their objections to the acquisition of a particular land. Furthermore, Section 38 (a) proviso allows the acquiring officer to take over the immediate possession of the land, and vesting it on the institution which has requested the acquisition of such land, before the compensation is paid to the affected parties.

Land Acquisition and Payment of Compensation Regulations of 2009

101. The LAA provides for the payment of compensation on the basis of 'market value' defined as the amount which the land might be expected to have realized if sold by a willing seller in the open market as a separate entity'. This 'separate entity principle' resulted in hardships particularly when a small part of a larger land was acquired. In the open market such a small area of land fetched a minimum value. The Land Acquisition Regulations of 2009 approved by the Cabinet of Ministers and the Parliament and published in the Government Gazette of 07th April, 2009 gave the legal status to these Regulations and bound all development projects by the consolidated land acquisition and resettlement/rehabilitation processes outlined in the National Involuntary Resettlement Policy of 2001. The Regulations redefine the valuation approach for market value and states that 'in the case of land where part of a land is acquired and when its value as a separate entity deems to realize a value proportionately lower than the Market Value of the main land the compensation should be proportionate to the value of the main land'. The Regulations also provides additional compensation beyond 'market value' and incorporates compensation for injurious affection, severance and disturbances based on the principle of value to owner (Gazette notification No.1596 of 7.4.2009). The regulations also provide for payment of compensation to non-titleholders.

Land Acquisition (Payment of Compensation) Regulations of 2013

102. The regulations provide for development projects to be designated as 'specified projects' by the Ministry of Lands with the ratification of the Cabinet of Ministers. The 'specified projects' qualify to establish Land Acquisition and Resettlement Committees (LARC) in the divisional secretariat divisions where the persons affected by land acquisition can make their representations. The divisional secretary of the respective region will chair the LARC. Among the other members of

LARC are representatives from the survey department and the valuation department. The regulations of 2013 provides for a comprehensive compensation package including compensation for non-titleholders. Persons affected by land acquisition can appeal to the LARC if they were dissatisfied with the statutory compensation paid to them under LAA. The LARCs having heard the grievances of the affected persons can consider payment of additional compensation in the form of *ex-gratia* payments. Affected parties will also be given the opportunity of appearing before the LARC proceedings and to explain his/her grievances and claims on the acquired property. Persons who are dissatisfied with LARC decisions on compensation may appeal to the Super LARC established at national level.

National Involuntary Resettlement Policy of 2001

103. The LAA does not provide clear guidelines directing the project executing agencies (PEAs) to address key resettlement planning and implementation issues such as (a) exploring alternative project options to avoid or minimize impacts on people; (b) compensating the non-titled persons who will be affected by a project but are currently using and dependent on land; (c) consulting affected persons and resettlement hosts on resettlement options; (d) providing for successful social and economic integration of the affected persons into the host communities, and (e) rehabilitating affected persons along with income restoration measures. In order to address the gaps in the LAA, the Government introduced the National Involuntary Resettlement Policy (NIRP) in 2001. The NIRP principled on human and ethical considerations entails the payment of resettlement value (replacement cost) and arranges for their resettlement and where necessary even their rehabilitation.
104. The NIRP is designed to ensure that (i) project affected persons are adequately compensated, relocated and rehabilitated; (ii) delays in project implementation and cost overruns are reduced; and (iii) better community relations are restored. The NIRP aims at ensuring that people affected by development projects are treated in a fair and equitable manner, and to ensure that they are not impoverished in the process. The Ministry of Lands has the institutional responsibility for implementing the NIRP. All government agencies including statutory agencies and Local Government Authorities are legally bound to apply this policy.

Policy Objectives

- Avoid, minimize and mitigate negative impacts of involuntary resettlement by facilitating the reestablishment of the affected people on a productive and self-sustaining basis.
- Ensure that people adversely affected by development projects are fully and promptly compensated and successfully resettled. The livelihoods of the displaced persons should be reestablished and the standard of living improved.
- Ensure that no impoverishment of people shall result as a consequence of compulsory land acquisition by the State for development purposes.
- Assist adversely affected persons in dealing with the psychological, cultural, social and other impacts caused by compulsory land acquisition.
- Make all affected persons aware of processes, available for the redress of grievances that are easily accessible and immediately responsive.
- Have in place a consultative, transparent and accountable involuntary resettlement process with a time frame agreed to by the Project Executing Agency and the affected persons.

Policy Principles

- Involuntary resettlement should be avoided as much as possible by reviewing alternatives to the project as well as alternatives within the project.
- Where involuntary resettlement is unavoidable, affected persons should be assisted to re-establish themselves and improve their quality of life.
- Gender equality and equity should be ensured and adhered to throughout.
- Affected persons should be fully involved in the selection of relocation sites, livelihood compensation and development options at the earliest opportunity.
- Replacement land should be an option for compensation in the case of loss of land; and in the absence of replacement land cash compensation should be an option for all affected persons.
- Compensation for loss of land, structures, other assets and income should be based on full replacement cost and should be paid promptly. This should include transaction costs.
- Resettlement should be planned and implemented with full participation of the provincial and local authorities.
- Participatory measures should be designed and implemented to assist those economically and socially affected to be integrated into the host communities.
- Common property resources and community and public services should be provided to affected persons.
- Resettlement should be planned as a development activity for the affected persons.
- Affected persons who do not have title deeds to land should receive fair and just treatment.
- Vulnerable groups should be identified and given appropriate assistance to improve their living standards.
- Project Executing Agencies should bear the full costs of compensation and resettlement.

3.2 Congruence of Sri Lanka's Policy and Legal Framework with WB Core Principle Policies for PforR Operations

105. The requirements that are stipulated in the Bank policy on resettlement of affected persons are largely reflected in the NIRP (National Involuntary Resettlement Policy) principles. For example, while the LAA (Land Acquisition Act) provides for the payment of compensation at 'market value', the NIRP policy principles mandate the payment of full replacement cost as compensation which is very much in compliance with the Bank's policy. The policy principles of the Bank also place its emphasis on the need to pay compensation irrespective of the title that they hold on to the acquired property. The policy states that 'absence of legal titles in cases of public land users will not be considered a bar to assistance, especially for the socio-economically vulnerable groups'. The NIRP recognizes that affected persons who do not have title deeds to land should receive fair and just treatment.
106. Social Screening process for risk management is limited only for assess whether there any land acquisitions or related adverse impact. In this regard, a simple s checklist will be used to assess potential risks and impacts. Project interventions that may have social risks associated with land acquisition should prepare social screening reports based on social assessment.

Section-3

4.1 Comparative Analysis of Borrower System and Bank Policy Core Principles

107. This section provides an assessment of the extent to which the applicable systems are consistent with the core principles and key planning elements expressed in the Bank policy on P4R (OP 9.0). It also provides a review of aspects where gaps exist between the two.
108. Generally, the applicable environmental and social management systems at national levels are considered to be adequate and comprehensive to carry out a project with the same scope and nature as planned under AHEAD. The scope of the legal and regulatory systems is basically tolerable to address basic environmental and social risks, therefore, no significant changes to the overall structure of these management systems are required or proposed. However, there are bottlenecks in efficiently application and administration of these policies and set out guidelines. Therefore, the main areas of improvements actions of this assessment are; institutional capacity building empowerment measures, effective monitoring and timely reporting of compliances and non-compliances, allocation of adequate resources including human resources, given the lack of resources in remote areas, limited or not mitigation measures on biodiversity and natural habitats. Meanwhile, there are very little public participation and interest to enhance the enforcement, while, most comments emerges from NGOs and environmental conservation groups. Obtaining footprint related information on the details of information given in an EIA is very difficult from the project proponent.
109. The details of the comparative analysis are included below and a detailed matrix of findings and recommendations is attached in Section 5 of this report.

4.2 Core Principle-1

Environmental and social management procedures and processes are designed to (a) avoid, minimize, or mitigate against adverse impacts; (b) promote environmental and social sustainability in program design; and (c) promote informed decision making relating to a program's environmental and social effects.

1.1. Bank program procedures are backed by an adequate legal framework and regulatory authority to guide environmental and social impact assessments at the programmatic level

110. The current environmental and social legal system of Sri Lanka supports the environmental and social assessments of projects under the mandatory requirement of conducting the EIA of the proposed project. The types of projects that require EIA are given in Gazette Extraordinary No. 772/22 and No. 1104 of 1993, which is a fairly comprehensive legislation and provides a legislative framework for protection, conservation and improvement of the environment.

1.2. Incorporate recognized elements of environmental and social assessment good practice, including the following:

1.2(a) Early screening of potential effects

111. Guidelines for an early screening process is in place based on NEA of 1980, its 1988 amendment and Gazette Extraordinary No. 772/22 and No. 11064 of 1993 provide for screening of each proposed project by a PP. NEA screening guidelines use the type, scale, and magnitude of the proposed project as well as its location in determining the category— prescribed or non-prescribed.

1.2(b) Consideration of strategic, technical, and site alternatives (including the 'no action' alternative)

112. The local environmental regulatory framework through PAA (project approving authority) provides guidelines on examining alternatives to the project location, design, and technology. And their potential environmental and social impacts and document the rationale for selecting the particular alternative proposed as well as consider the “no project” alternative. In practice the “no project” alternative is not done quite properly for the most part giving the benefit of doing the project to the proponent. It has been observed even, where the project benefits are less or near equal to the environmental damage it will do in the process without keeping in view the “no project” limitation. In the meantime, several, sectoral environmental impact assessments (SEA) have been carried out their recommendations are not legally enforceable at present. It is understood that the CEA is in the process of making it a legal requirement.

1.2(c) Explicit assessment of potential induced, cumulative, and trans-boundary impacts

113. There are specific provisions on IEEs/EIAs for site-specific spot analyses activities. Determination of cumulative environmental impacts is not covered by the scope of IEE/EIA. Data on ambient conditions such as status of air pollution and pollution levels of receiving water bodies are collected under the IEE/EIA, and impacts are determined for immediate surroundings. However, occurrence of cumulative impacts using air and water pollution dispersion modeling is not determined. Cumulative impacts determination is important for IEs and CETPs (Combined Effluent Treatment Plant). No cumulative impacts of biodiversity, ecosystem services or on threatened species is included. These are often included only because of the requirements of donors such as the WB and ADB. But no monitoring is done. So it is as good as not providing cumulative impacts.

1.2(d) Identification of measures to mitigate adverse environmental or social impacts that cannot be otherwise avoided or minimized

114. NEA and its amendments and regulations provide sufficient instructions on avoid pollution, or, when avoidance is not possible, minimize or control the intensity or load of pollutant emissions.

1.2(e) Clear articulation of institutional responsibilities and resources to support implementation of plans

115. There are many documents and legal instruments that set out institutional responsibilities, resource support is inadequate for the most part for the key agencies such as the CEA to support implementation phases of projects. In addition, the Coast Conservation Department of Sri Lanka has jurisdiction over the coastal zone of the country and also control the environmental assessment procedure within it, as well act within their jurisdiction under the Fauna and Flora, the Protection Ordinance the Department of Wildlife Conservation also issue TORs for IEE/EIA and to evaluate and clear these reports.

1.2(f) Responsiveness and accountability through stakeholder consultation, timely dissemination of program information, and through responsive grievance redress measures

116. National Environmental Policy of Sri Lanka, 2003, clearly states and emphasizes that, Environmental management will be through participatory, transparent, predictable and accountable decision-making processes at all levels. In addition the NEA (National Environmental Act) and its amendments of 1988 and 2000, and regulations, a project proponent provides the PAPs and other stakeholders an opportunity to express their views, comments, and complaints before finalizing an EA report. The draft EIA report is usually made available to the public for 30 working days in the local government offices.

4.3 Core Principle-2

Environmental and social management procedures and processes are designed to avoid, minimize, and mitigate against adverse effects on natural habitats and physical cultural resources resulting from the program.

2.1 Takes into account potential adverse impacts on physical cultural property and, as warranted, provides adequate measures to avoid, minimize, or mitigate such effects.

117. The Sri Lankan regulatory framework provides for adequate protection of critical habitats and environmentally sensitive areas. Projects in environmentally sensitive areas will fall into EIA category of “prescribed” projects under NEA 1980. Under the National Environmental Act, prescribed projects are stipulated in three parts listed in the schedule of the respective Gazette. Part I identifies prescribed projects based on type and magnitude; Part II identifies prescribed projects as, all subprojects identified in Part I, irrespective of their magnitude and selected high-polluting industries, if near culturally and/or environmentally sensitive areas defined in Part III of the schedule Gazette Extraordinary of 772/22 of 24 June 1993. All industrial projects that are located close to environmental, archaeological, or culturally-sensitive areas require full environmental impact assessments.
118. Sri Lanka is signatory to a number of MEAs including the Ramsar Convention, Convention on Protection of the World Cultural and Natural Heritage (World Heritage Convention WHC), CITES, UNCLOS, CBD, UNFCCC, Kyoto Protocol, Vienna Convention for the Protection of the Ozone Layer, Cartagena Protocol on Biosafety, Stockholm Convention on Persistent Organic Pollutants among others. The country should meet its international obligations under these especially those that are urgent and important such the CBD, WHC, CITES and UNFCCC
119. In relation to renovation of any university buildings designated as rehabilitation of old buildings including refurbishment activities the Antiquities Ordinance (Revised in 1956 & 1998) is the main legislation dealing with Cultural Assets Preservation in Sri Lanka. Section 16 covers Ancient Monuments and their declaration as well as the declaration of specified trees as ancient monuments. According to Section 21, the restoration, repair, alteration or addition in connection with any protected monuments has to be conducted in accordance with the conditions of a permit issued by the Director General of Archaeology, or in accordance with an agreement entered in to under Section 20. Section 24 prohibits or restricts subjects to certain prescribed conditions, the erection of buildings or carrying out mining, quarrying, or blasting operations on any land within

the prescribed distance of any ancient monument situated on Crown land or any protected monument. As per the ordinance the Director General of Archaeology “shall cause an impact assessment survey to be undertaken at the expense of the sponsors of such project or scheme to assess the consequences thereof upon the antiquarian, historical or archaeological aspects or value of the land in question or on any antiquities upon it and shall, within such period of time as may be agreed on. An Archaeological Impact Assessment (AIA) for new projects is required under section 47 and 43A of the Antiquities Ordinance. (Extraordinary Gazette no 1154/14 dated 4th October 2000.)

4.4 Core Principle-3

Program procedures ensure adequate measures to protect public and worker safety against the potential risks associated with (a) construction and/or operations of facilities or other operational practices developed or promoted under the program and (b) exposure to toxic chemicals, hazardous wastes, and otherwise dangerous materials.

3.1 Supports and promotes the conservation, maintenance, and rehabilitation of natural habitats; avoids the significant conversion or degradation of critical natural habitats, and if avoiding the significant conversion of natural habitats is not technically feasible, includes measures to mitigate or offset impacts or program activities

120. The Sri Lankan regulatory framework provides for adequate protection of critical habitats and environmentally sensitive areas. Projects in environmentally sensitive areas will fall into EIA category of “prescribed” projects under NEA 1980.

3.2 Promotes community, individual, and worker safety through the safe design, construction, operation, and maintenance of physical infrastructure, or in carrying out activities that may be dependent on such infrastructure with safety measures, inspections, or remedial works incorporated as needed.

121. NEA and its amendments and regulations provide sufficient instructions regarding worker health safety hygiene. The prevailing environmental regulatory framework generally meets the World Bank’s Environmental, Health and Safety Guidelines. However, it is normally addressed in the EMP, which is an essential part of an IEE/EIA. Industry- and building-specific IEEs/EIAs cover community, individual, and worker safety in detail at each stage of project implementation. That said, implementation of the EMPs for IEs (industrial estates) and specific industry units and buildings is generally limited while the compliances are mostly ignored. In addition, there are ample regulations and guidelines for public and private building constructions in Sri Lanka, which are known as the Planning and Building Regulations 1999, approved under section 8F of Urban Development Authority Law and came into operation on the 29th of July, 1999. A variety and adequate standards have been covered under these regulations including planning, core area, vision of subproject, its objectives, the strategy, land use, security operation, implementation plan, physical density, institutional setup. In addition to this, the guidelines efficiently covers a step by step procedure for building public area including proposal submission, approval system and other standard and codes necessary for public buildings including universities, schools and public libraries.

122. In addition, the country system has adopted the standards of modern green building techniques to improve the socio-environmental aspects for more energy efficient building. The use of asbestos as is common in Sri Lanka, it is being for many products, including roofing sheets, floor tiles, and cement-pipes, brake pads of vehicles, papers, and ropes. However, importation of blue asbestos (Crocidolite) has been prohibited since 1987, although presently all kinds of asbestos including white asbestos (Chrysotile) have been identified as carcinogens and the Sri Lankan Cabinet has approved to ban use and import of all kind of asbestos by 2024.

3.3 Promotes the use of recognized good practice in the production, management, storage, transport, and disposal of hazardous materials generated through program construction or operations; promotes the use of integrated pest management practices to manage or reduce pests or disease vectors; and provides training for workers involved in the production, procurement, storage, transport, use, and disposal of hazardous chemicals in accordance with international guidelines and conventions.

123. In order to streamline and enhance the effectiveness of the regulatory mechanism for hazardous waste management in the country, the Government of Sri Lanka has framed regulations for the Management of Hazardous Waste in 1996 as an amendment to the National Environmental (Protection & Quality) Regulation No 1 of 1990. This was done by publishing Part II in the Gazette Extra ordinary No 924/13 dated 23 May, 1996 as an extension of the Environmental Protection Licensing procedure, including management of Waste from the production, formulation, repacking, and trade of pesticides; including herbicides, Insecticides, rodenticides, and fungicides.

3.4 Includes measures to avoid, minimize, or mitigate community, individual, and worker risks when program activities are located within areas prone to natural hazards such as floods, hurricanes, earthquakes, or other severe weather or climate events.

124. Sri Lanka Disaster Management Act No.13 of 2005 provides for the coordination at the highest executive level, establishment of the institutional framework for disaster management including the National Council for Disaster Management (NCDM), Disaster Management Centre (DMC) and elaborates powers and functions of the institution. The Act also recognizes the cross-cutting nature of disaster management. Act empowers the President to declare state of disaster in the event of massive flood, hurricane, earthquakes etc.

4.5 Core Principle-4

Land acquisition and loss of access to natural resources are managed in a way that avoids or minimizes displacement, and affected people are assisted in improving, or at least restoring, their livelihoods and living standards.

4.1 Avoids or minimizes land acquisition and related adverse impacts

125. The National Involuntary Resettlement Policy of 2001 clearly stipulate the guidelines and principles for land acquisition and resettlement. NIRP advocates that projects should avoid, minimize and mitigate negative impacts of involuntary resettlement by facilitating the reestablishment of the affected people on a productive and self-sustaining basis. Involuntary resettlement should be avoided as much as possible by reviewing alternatives to the project as well as alternatives within the project.

4.2 Identifies and addresses economic and social impacts caused by land acquisition or loss of access to natural resources, including those affecting people who may lack full legal rights to assets or resources they use or occupy

126. NIRP provides adequate cover for persons whose lands are acquired for project. In case of land acquisition, replacement land should be an option for compensation in the case of loss of land; and in the absence of replacement land cash compensation should be an option for all affected persons. Affected persons who do not have title deeds to land should receive fair and just treatment. Vulnerable groups should be identified and given appropriate assistance to improve their living standards. The Bank policy requires full payment of compensation for all affected persons regardless of the land ownership status, which are largely reflected in the NIRP principles. For example, while the LAA provides for the payment of compensation at 'market value', the NIRP policy principles mandate the payment of full replacement cost as compensation which is very much in compliance with the Bank's policy. The policy principles of the Bank also place its emphasis on the need to pay compensation irrespective of the title that they hold on to the acquired property. The policy states that 'absence of legal titles in cases of public land users will not be considered a bar to assistance, especially for the socio-economically vulnerable groups'. The NIRP recognizes that affected persons who do not have title deeds to land should receive fair and just treatment.

4.3 Provides compensation sufficient to purchase replacement assets of equivalent value and to meet any necessary transitional expenses, paid prior to taking of land or restricting access

127. NIRP ensures that people adversely affected by development projects are fully and promptly compensated and successfully resettled. Replacement land should be an option for compensation in the case of loss of land; and in the absence of replacement land cash compensation should be an option for all affected persons. The livelihoods of the displaced persons should be reestablished and the standard of living improved. It emphasizes that no impoverishment of people shall result as a consequence of compulsory land acquisition by the State for development purposes. NIRP also states that all adversely affected persons assisted in dealing with the psychological, cultural, social and other impacts caused by compulsory land acquisition. Bank core policy also applies in timely payment of compensation for all types of losses including land for the project affected person.

4.4 Provides supplemental livelihood improvement or restoration measures if taking of land causes loss of income-generating opportunity (for example, loss of crop production or employment)

128. NIRP requires payment of compensation for loss of land, structures, productive assets and income based on full replacement cost and should be paid promptly. This should include transaction costs as well. The Bank policy requires prepare entitlement matrix stipulating level of compensations based on type of losses and entitlement. In case of loss of assets, livelihood or properties, the project may require to prepare resettlement planning documents to ensure timely implementation of risk mitigation measures and livelihood restoration of affected parties.

4.5 Restores or replaces public infrastructure and community services that may be adversely affected

129. NIRP recommends that all development projects that involve land acquisitions, resettlement and livelihood losses should be planned as a development activity for the affected persons. It means that project that adversely affect community infrastructure access to services and other associated facilities should be restored. However, under this project there will be no adverse impacts to public infrastructure are anticipated. Bank core policy also recognizes, not only the affected patrons but all other type of inconveniences cause by interventions should be address through the projects. If requires, resettlement planning documents to be prepared and implemented to restore all type of facilities and services for affected parties.

4.6 Core Principle-5

Due consideration is given to cultural appropriateness of, and equitable access to, program benefits, giving special attention to rights and interests of indigenous peoples and to the needs or concerns of vulnerable groups.

5.1 Gives attention to groups vulnerable to hardship or disadvantage, including as relevant the poor, the disabled, women and children, the elderly, or marginalized ethnic groups. If necessary, special measures are taken to promote equitable access to program benefits.

130. The program implementation modality provides flexibility to all persons to participate and received benefits from the interventions regardless of the location, ethnic or other social backgrounds. The AHEAD projects a have special focus on students who have been deprived because of lack of access to STEM streams. The project is distributed all nine provides including where ethnic minorities and marginalized social groups are residing. Bank policies requires to undertakes free, prior, and informed consultations if Indigenous Peoples are potentially affected (positively or negatively) to determine whether there is broad community support for the program.
131. All different ethnic and religious groups are spread over different parts of the country. The Operation will be implemented in the entire country. Citizens from all ethnic and religious groups are treated as equal in distributing development benefits and assistance. The ethnic minorities in Sri Lanka such as Tamils, Muslims, Burgers and Malays are recognized as ethnic minorities only in terms of their population composition and their respective numbers in comparison with the majority Sinhalese. In the political, economic and social spheres, they all enjoy the same rights and privileges that are accorded to the majority Sinhalese. All ethnic minorities proactively participate in the electoral process to elect the government and are represented in all governance structures of different levels. They are also accorded the equal opportunities to participate and enter into the mainstream economy, country's administration and the judiciary, to benefit from the educational and health services, and to form and participate in professional and civil society organizations. Their issues, grievances and demands are sufficiently responded to by the governments and are accommodated in the formulation of national policies, development agenda and in the allocation of resources. Their rights to voice out and influence the shaping of the national policies are ensured by both the constitution and the governance practices. Ethnic and religious groups in Sri Lanka are mainstreamed in higher education development programs. The university admission system also benefits ethnic and religious minorities. The first 40 percent of university STEM places are offered on the basis of marks scored at the General Certificate of Education

(GCE) Advance Level (AL). The next 55 percent of STEM places are offered based on GCE A/L marks within each of the 25 districts. This means that students from less prosperous districts do not need to compete for positions with students from more advanced districts. The final 5 percent of university places are reserved from the conflict affected districts of the Northern and Eastern Provinces. As the majority of the Tamil and Muslim minority communities live in these districts the university admission systems exercises positive discrimination in favor of these minority groups.

132. Bank policy ensures that Indigenous Peoples can participate in devising opportunities to benefit from exploitation of customary resources or indigenous knowledge, the latter (indigenous knowledge) to include the consent of the Indigenous people. Sri Lanka does not have a national policy that recognizes any community as 'indigenous'. However, the Vedda community in the country who are primarily the 'forest dwellers' and dependent on forest resources for their livelihoods is recognized by various sources as 'indigenous people'. The Vedda communities as separate indigenous populations are not unequivocally identifiable in Sri Lanka. The Veddas are recognized as citizens of Sri Lanka under the Citizenship Act of 1948. They enjoy all rights and privileges enshrined in the constitution to which any other citizen is entitled to irrespective of ethnicity, religion, location, vocation, caste and creed. They are guaranteed equal access to justice through the constitutional provisions. A majority of the traditional Vedda territories have largely disappeared due to resettlement and development programs of the government and some of the Vedda communities' own volition to change their social and cultural identities. Meanwhile, Veddas have never been discriminated by the State and they are provided with all privileges and benefits that are enjoyed by rest of the communities.
133. Social assessments show that students from the Veddah communities entered into higher education institutions without any discrimination and they have same education rights as other groups. The district quota system in university admissions will favor students from this community too, to the extent they live in less developed areas of the country.

4.7 Core Principle-6

Avoid exacerbating social conflict, especially in fragile states, post-conflict areas, or areas subject to territorial disputes.

6.1 Considers conflict risks, including distributional equity and cultural sensitivities

134. The operation will be implemented in the entire country including post conflict areas of Northern, Eastern and adjacent districts. There are no territorial divisions in the country except provinces which have decentralized decision making capacity. The project is expected to build social integration and positive social relations among different ethnic group and will not generate or exacerbate social tensions or conflict between groups/communities.

Section-4

5.1 RECOMMENDATIONS AND PROPOSED ACTIONS

135. The ESSA analysis presented in the previous sections identifies Sri Lanka's prevailing environmental and social management system and the practices with respect to effectively addressing the induced negative environmental and social risks associated with AHEAD implementation. This section translates the gaps and opportunities into a viable strategy to strengthen environmental and social management capacity and performance at the national and sub-national level. The analysis identified a number of main areas for action in order to ensure that the program interventions are aligned with the Core Principles 1, 2 3, 4 and 5 of OP/BP: Program for Result Financing.
136. It will also assess the capacities and adequacy of the existing institutions arrangements to successfully handle these likely risks and look at their capacities to take up the social and environmental management within the program. This section briefs the assessment of the previous sections and uses it to draw up specific social and environmental actions required for mitigating or minimizing those risks and challenges. These could be further revised during implementation, as required. The ESSA therefore identifies the following key measures to be taken for improved environmental and social due diligence in the AHEAD program. The environmental regulatory framework directs PAA to disclose draft EIA/IEE to the public and to seek their views, comments and recommendations. Public meetings could be organized by PAA for public hearing. The Framework however, does not provide for the disclosure of final EIA/IEE to the public.

5.2 Measures to Strengthen System Performance for Environmental and Social Management

a. Environmental Aspects:

A programmatic approach of the AHEAD provides basis for creating opportunities to enhance recognition of environmental safeguards, health and safety issue to address in long term sustainability aspects by institutional arrangements including training and programs at technical vocational and university levels under AHEAD program. In this context, the broad environmental goals of the ESSA would mainstream environmental and social due diligence and awareness into the program, through inclusion of environmental sensitivity and management into the formal capacity building arrangement and to train the relevant institutions in this regards. The program would also offer the possibility of improved skills and capacity along with increased coordination among relevant institutions, agencies and donor partners on environmental and social aspects.

Based on the findings from the assessment exercise presented in the previous sections of this report and consultations with key stakeholders, specific measures have been agreed with the relevant institutions to strengthen the existing system efficiency, health and safety in the existing universities to be covered under P4R operations of AHEAD program, as well as in relevant institutions in Sri Lanka. In the meantime, capacity building and training to enhance the existing skills to effectively implement, monitor and report the compliances issue.

Key actions agreed to address environmental risks and gaps in the existing systems are:

1. Increased Cooperation with the CEA and other relevant institutions to improve the compliances of the existing environmental system. Organize joint capacity building and training at program level to enhance the level of awareness and sensitization.

2. Introduction of fair screening of building rehabilitation activities and relevant staff should be training to efficiently conduct the screening process
3. Enhanced synchronization with CEA to make sure that post clearance monitoring and enforcement of the legal issue are complied.
4. The asbestos issue need to be closely monitored during rehabilitation activities.
5. Special attention is required on institutional capacity of relevant institution, some of the frontline institutions should have a social and environmental unit, who should not only engage with legal issues, but should also provide technical advises and take lead in capacity building and awareness raising.
6. Amendment in prevailing regulation is sought to be necessary, it has been found that large number of PAA i.e. 31 has been identified an obstacle for acquiring swift subproject approval at national and subnational level. Therefore, along other outstanding required legal amendments, reduction of the PAAs is also indispensable and demanding. In this regards, comfy decision has been made to decrease the number of PAAs to 5, which currently rests with legal draftsman, as per procedural requirements for cabinet approval.

b. Social Aspects:

The AHEAD will not finance civil works related infrastructure of the various universities and or other relevant institutions. . Therefore, no direct Social impacts have been foreseen. However, it has been determined that the Social impacts would be induced in nature while AHEAD will set out relevant benchmarks for future investments deemed under the guidance of project. Institutional arrangement strengthening at various levels is required in order to social impacts from future architectural and civil works, while social compliances should be embedded into the subproject documents so that the borrower comply with protection laws, regulations, labor and community safety related issues.

Key actions agreed to address social risks and gaps in the existing systems are:

1. Strengthen monitoring and grievance redressal systems and track access and usage across social groups, undertake thematic audits to understand progress and gather citizen feedback and undertake staffing, training and sensitization of human resources.
2. Where feasible, training and awareness of the importance of social safeguards and sustainability will be included in the technical and vocational courses.
3. Relevant institutions should be trained on community and labor safety aspects including emergency rapid response appliances as well as first aid trainings in the universities.
4. Skill building and trainings are required at different level of the program to build capacity in order to concisely evaluate the livelihood of the PAPs and effectively conduct the compensation process.
5. Social safeguards including rights of minorities, marginalized groups, disabled bodies as well as the citizen engagement provisions should be clearly stated in the program under the program as well as these issue need to be included in the training modules of the targeted groups.

ANNEX-I

ESSA Core Principles

Paragraph 8 of OP/BP: Program for Result Financing outlines what the ESSA should consider in terms of environmental and social management principles in its analysis. Those core principles are:

1. Promote environmental and social sustainability in the program design; avoid, minimize, or mitigate adverse impacts; and promote informed decision-making relating to environmental and social impacts
2. Avoid, minimize, or mitigate adverse impacts on natural habitats and physical cultural resources resulting from the program
3. Protect public and worker safety against the potential risks associated with: (i) construction and/or operations of facilities or other operational practices under the program; (ii) exposure to toxic chemicals, hazardous wastes, and other dangerous materials; and (iii) reconstruction or rehabilitation of infrastructure located in areas prone to natural hazards
4. Manage land acquisition and loss of access to natural resources in a way that avoids or minimizes displacement, and assists the affected people in improving, or at the minimum restoring, their livelihoods and living standards
5. Give due consideration to the cultural appropriateness of, and equitable access to, program benefits, giving special attention to the rights and interests of the Indigenous Peoples and to the needs or concerns of vulnerable groups
6. 6Avoid exacerbating social conflict, especially in fragile states, post-conflict areas, or areas subject to territorial disputes.

The ESSA considers the consistency of the program systems with these principles on two levels: (1) systems are defined in laws, regulation, procedures, etc., and (2) the capacity of program institutions to effectively implement the program's environmental and social management systems. ESSA Vol. 1 (Analysis) considers the baseline information presented in this volume and compares this to how the system performs in practice vis-à-vis the core principles in the AHEAD policy outlined below.

Core Principle 1: General Principle of Environmental and Social Impact Assessment and Management

OP Program for Result Financing: Environmental and social management procedures and processes are designed to (a) promote environmental and social sustainability in the program design; (b) avoid, minimize or mitigate against adverse impacts; and (c) promote informed decision-making relating to a program's environmental and social effects.

OP/BP Program for Result Financing: Program procedures will:

Operate within an adequate legal and regulatory framework to guide environmental and social impact assessments at the program level.

Incorporate recognized elements of environmental and social assessment good practice, including (a) early screening of potential effects; (b) consideration of strategic, technical, and site alternatives

(including the “no action” alternative); (c) explicit assessment of potential induced, cumulative, and trans-boundary impacts; (d) identification of measures to mitigate adverse environmental or social impacts that cannot be otherwise avoided or minimized; (e) clear articulation of institutional responsibilities and resources to support implementation of plans; and (f) responsiveness and accountability through stakeholder consultation, timely dissemination of program information, and responsive grievance redress measures.

Core Principle 2: Environmental Considerations – Natural Habitats and Physical Cultural Resources

OP Program for Result Financing: Environmental and social management procedures and processes are designed to avoid, minimize and mitigate against adverse effects on natural habitats and physical cultural resources resulting from program.

BP Program for Result Financing: As relevant, the program to be supported:

Includes appropriate measures for early identification and screening of potentially important biodiversity and cultural resource areas.

Supports and promotes the conservation, maintenance, and rehabilitation of natural habitats; avoids the significant conversion or degradation of critical natural habitats; and if avoiding the significant conversion of natural habitats is not technically feasible, includes measures to mitigate or offset impacts or program activities.

Takes into account potential adverse effects on physical cultural property and, as warranted, provides adequate measures to avoid, minimize, or mitigate such effects.

Core Principle 3: Environmental Considerations – Public and Worker Safety

OP/BP Program for Result Financing: Environmental and social management procedures and processes are designed to protect public and worker safety against the potential risks associated with (a) construction and/or operations of facilities or other operational practices developed or promoted under the program; (b) exposure to toxic chemicals, hazardous wastes, and otherwise dangerous materials; reconstruction or rehabilitation of infrastructure located in areas prone to natural hazards. Promotes community, individual, and worker safety through the safe design, construction, operation, and maintenance of physical infrastructure, or in carrying out activities that may be dependent on such infrastructure with safety measures, inspections, or remedial works incorporated as needed.

Promotes use of recognized good practice in the production, management, storage, transport, and disposal of hazardous materials generated through program construction or operations; promotes use of integrated pest management practices to manage or reduce pests or disease vectors; and provides training for workers involved in the production, procurement, storage, transport, use, and disposal of hazardous chemicals in accordance with international guidelines and conventions.

Includes measures to avoid, minimize, or mitigate community, individual, and worker risks when program activities are located within areas prone to natural hazards such as floods, hurricanes, earthquakes, or other severe weather or climate events.

Core Principle 4: Social Considerations – Land Acquisition

OP Program for Result Financing: Land acquisition and loss of access to natural resources are managed in a way that avoids or minimizes displacement, and affected people are assisted in improving, or at least restoring, their livelihoods and living standards.

BP Program for Result Financing: As relevant, the program to be supported:

Avoids or minimizes land acquisition and related adverse impacts;

Identifies and addresses economic and social impacts caused by land acquisition or loss of access to natural resources, including those affecting people who may lack full legal rights to assets or resources they use or occupy;

Provides compensation sufficient to purchase replacement assets of equivalent value and to meet any necessary transitional expenses, paid prior to taking of land or restricting access;

Provides supplemental livelihood improvement or restoration measures if taking of land causes loss of income-generating opportunity (e.g., loss of crop production or employment); and

Restores or replaces public infrastructure and community services that may be adversely affected.

Core Principle 5: Social Considerations – Indigenous Peoples and Vulnerable Groups

OP/Program for Result Financing: Due consideration is given to cultural appropriateness of, and equitable access to, program benefits, giving special attention to rights and interests of Indigenous Peoples and to the needs or concerns of vulnerable groups.

BP Program for Result Financing:

Undertakes free, prior, and informed consultations if Indigenous Peoples are potentially affected (positively or negatively) to determine whether there is broad community support for the program.

Ensures that Indigenous Peoples can participate in devising opportunities to benefit from exploitation of customary resources or indigenous knowledge, the latter (indigenous knowledge) to include the consent of the Indigenous Peoples.

Gives attention to groups vulnerable to hardship or disadvantage, including the poor, the disabled, women and children, the elderly, or marginalized ethnic groups, as relevant. If necessary, special measures are taken to promote equitable access to program benefits. In Sri Lanka, indigenous peoples are known as Vaddhas. They are forest dwelling peoples, who mainly live in the Eastern Province of the island, in scattered, small, remote, and semi-permanent settlements. There are no specific policies or laws pertaining to Vaddhas in Sri Lanka. They are considered as citizens of Sri Lanka. They live in or close to forests and away from towns, cities, and villages.

Core Principle 6: Social Considerations – Social Conflict

OP Program for Result Financing: Avoid exacerbating social conflict, especially in fragile states, post-conflict areas, or areas subject to territorial disputes.

BP Program for Result Financing:

Considers conflict risks, including distributional equity and cultural sensitivities.

ANNEX-II

Environmental and Social Safeguards Assessment (ESSA) Stakeholder's Consultation November 2, 2016

Background

An Environmental and Social Safeguards Assessment (ESSA) Stakeholder's Consultation was held on November 2, 2016 for the proposed "Sri Lanka: Accelerate Higher Education Development Expansion and Development (AHEAD) Operation".

The purpose of this consultation was to discuss and validate findings of the ESSA and seek guidance on the way forward. The meeting began with a brief overview of: (i) the AHEAD Program; (ii) key features of Program for Results (PforR) instrument and; (iii) the objectives of, and methodology for the ESSA. The World Bank's Environmental Specialist also briefed participants on the World Bank's Core Policy Principles (OP/BP Program for Result Financing) for PforR Operations and presented the Environmental and Social Regulatory Framework for Sri Lanka. The remainder of the meeting centered on a discussion of the findings of the ESSA (both environmental and social aspects) and recommendations for future support under the AHEAD.

Participants

a) World Bank

Participants from the World Bank included: Harsha Aturupane (Task Team Leader, Lead Education Specialist), Obaidullah Hidayat (Environmental Specialist), Mokshana Nerandika Wijeyeratne (Environmental Specialist), Laksiri Weerakody (Senior Environmental Consultant), Sepali Kottegoda (Senior Gender Specialist), Shalika Subasinghe (Senior Operations Consultant, Mari Shoji (Education Specialist) and Kerima Thilakasena (Program Assistant).

b) Other Agencies

Participants representing other key stakeholders included S.E. Yasaratne (Environment Consultant, CEA), Damith Perera (Engineer, University Grants Commission), Nirmali Pallewatta (University of Colombo), K.Ellepola (Environment Consultant, Megapolis), J.A.U.D. Ranasinghe (Assistant Director, Ministry of Higher Education) and Arosha Adikaram (University of Colombo).

Main Points Raised

The main issues discussed, and actions agreed upon, are recorded below.

- a) **Environmental Safeguards Aspects:** Although AHEAD will not finance major civil works activities, the Operations will finance activities to strengthen the environmental safeguards management system for the higher education sector. Participants raised the following issues in regard to the assessment of environmental safeguards: a) the Government of Sri Lanka's (GoSL) environmental rules and regulations have been outlined in the ESSA; (b) the governance structure (within the Higher Education sector) to facilitate the design and implementation of an environmental safeguards system is needs strengthening and; (c) the capacity of sector staff (in terms of the general knowledge of,

planning for, and implementing an environmental safeguards system) requires strengthening.

To address these concerns, participants proposed the following remedial measures: (a) the establishment of an environmental management unit within the MHEH, UGC and one in each university as part of institutional development ; (b) the allocation of human and financial resources for these units; (c) the capacity building of staff working in the environmental units and cells in the higher education sector; (d) the capacity building of environmental staff in other stakeholder agencies, as per implementation requirements; (e) identification of current environmental safeguard issues in the higher education sector through research studies; (f) the establishment of mechanisms to address newly identified environmental issues in the higher education sector; (g) the development of action plans to implement the environmental safeguard mechanisms.

- b) **Social Safeguards Aspects:** AHEAD will not support land acquisition and as such, issues related to involuntary resettlement are not expected to arise. Still, the participants proposed that AHEAD supports institutional strengthening of the social safeguards system for the higher education sector, including strengthening of the monitoring system for social safeguards.

WB Response: The World Bank agreed with all the points raised and the proposed measures addressed by the participants. However, for the sustainability of the proposed safeguards units for MHEH and UGC, the WB would recommend that the units' staff should be included in the organization structure of the proposed agencies and funded by the government. The Bank will support the training and capacity building through AHEAD Program.

Focused Group Discussion

A number of focused group discussion have been held with the following people:

CEA (Central Environmental Agency)

- Director of EIA ,

Member of University Grants Commission

- Chairman UGC
- Chief Engineering UGC (Mr. Damith Perera)

External Experts

- Senior Lecturer, Dept. Of Zoology and Environment, University of Colombo (Dr. Nirmalie Pallewatta

Annex III

Environmental and Social Risk Framework

Core Principle 1: Environmental and social management procedures and processes are designed to (a) avoid, minimize, or mitigate against adverse impacts; (b) promote environmental and social sustainability in program design; and (c) promote informed decision making relating to a program's environmental and social effects.			
Key Elements	System Requirements	Key Findings	Recommendations
1.1. Bank program procedures are backed by an adequate legal framework and regulatory authority to guide environmental and social impact assessments at the programmatic level.	The current environmental and social legal system of Sri Lanka supports the environmental and social assessments of projects under the mandatory requirement of conducting the EIA of the proposed project. The types of projects that require EIA are given in Gazette Extraordinary No. 772/22 and No. 1104 of 1993, which is a fairly comprehensive legislation and provides a legislative framework for protection, conservation and improvement of the environment.	The capability of regulatory institutions for environmental and social monitoring is considered to be fairly reasonable to safeguard Sri Lanka's natural environment.	To improve the compliance of the existing environmental and social system the establishment of close coordination of the CEA and the relevant agencies are required. Training and capacity buildings can also augment the efficient monitoring and supervision. In the meantime, the integration of social and environmental related issues at program level.
Incorporate recognized elements of environmental and social assessment good practices, including the following: 1.2(a). Early Screening of Potential effects.	Guidelines for an early screening process is in place based on NEA of 1980, its 1988 amendment and Gazette Extraordinary No. 772/22 and No. 11064 of 1993 provide for screening of each proposed project by a PP. The PP submits preliminary information about the project to PAA to initiate EIA/IEE	The existing guidelines suffice the early screening of environmental issues, while the screening of social risk related early screening criteria is fairly defined.	AHEAD program per se would not finance large civil works and project having major land acquisition, however it is recommended to introduce a brief screening for rehabilitation activities and trainings during project implementation.

	<p>process. The PP submits preliminary information through the Basic Information questionnaire which could be obtained from the CEA Head Office or Provincial/District Offices, or downloaded from CEA website. NEA screening guidelines use the type, scale, and magnitude of the proposed project as well as its location in determining the category prescribed or non-prescribed.</p>		
1.2(b) Consideration of strategic, technical and site alternatives (including 'no action alternative)	<p>The local environmental regulatory framework through PAA provides sufficient guidelines on examining alternatives to the project location, design, and technology.</p>	<p>In practice the "no project" alternative is not done properly for the most part giving the benefit of doing the project to the proponent. It has been observed even, where the project benefits are less or near equal to the environmental damage it will do in the process without keeping in view the "no project" limitation. In the meantime, several, sectoral environmental and environmental assessments (SEA) have been carried out their recommendations are not legally enforceable at present.</p>	<p>The CEA should make the 'No action' as a legal requirement and enforced when there is no alternative if the project is considered high negative impact on local and the environment.</p>
1.2(c) explicit assessment of potential induced,	<p>To reduce trans-boundary movements of hazardous waste; to dispose of hazardous and other</p>	<p>The Basel Convention on the Control of Transboundary movements of Hazardous</p>	<p>The ECA should have clear guidelines, limitation, identification, disposal criteria,</p>

cumulative, and transboundary impacts.	waste as close as possible to the source; to minimize the generation of hazardous waste; to prohibit shipments of hazardous waste to countries lacking the legal, administrative and technical capacity to manage & dispose of them in an environmentally sound manner; to assist developing countries in environmentally sound management of the hazardous waste they generate	Wastes and Their Disposal (1989) is not clearly defines the transboundary issues of hazardous material. Meanwhile, the existing system has clearly prescribes for the issue related to induced and communitive impact under NEA 1980 and its amendments	restriction of use, reuse, and handling of asbestos issue as well as clear guidelines are required for transboundary impact issues.
1.2(d) Identification of measures to mitigate adverse environmental and social impact that cannot be otherwise avoided or minimized	Each project having environmental impacts will require an EIA or IEE and an EMP. The environmental regulatory framework provides some level of directions on the actual formation of IEE and EMP when compared with WB's Core Principle requirements, although through TOR, PAA provides guidance for IEE and actions to overcome the adverse environmental impacts. The EMP is considered an integral part of IEE and is not submitted separately to PAA for review. IEE includes all action plans to overcome adverse impacts.	The EIA system have focus on measure the environmental specific impact, there are limited guidelines when it comes to consider the mitigation and minimize social issue in broader level.	Strengthening of institutional capacity at relevant institutions are required. At the same time, establishment of social and environmental units within core stakeholders institution are required.
1.2€ Clear articulation of institutional responsibilities and	National Environmental Policy of Sri Lanka, 2003, emphasizes the responsibility and obligations of the bounden duty of any institution,	ECA provides an approval or rejection of the operations. Normally TOR of the related project activities along with the	Capacity building, and trainings are required to improve the skill of relevant staff in CEA and other relevant institutions.

resources to support implementation of plans	government or non-government, and of any individual that uses, or otherwise carries out an activity that has an impact on social environmental resources. While there are many documents and legal instruments that set out institutional responsibilities, resource support is inadequate for the most part for the key agencies such as the CEA to support implementation phases of projects.	EIA/IEE report are submitted for approval purposes. This practice has not efficiently done to reassure during project implementation.	
1.2(f) Responsiveness and accountability through stakeholder consultation, timely dissemination of program information, and through responsive grievance redress measures.	National Environmental Policy of Sri Lanka, 2003, clearly states and emphasizes that, Environmental management will be through participatory, transparent, predictable and accountable decision-making processes at all levels. NEA (National Environmental Act) and its amendments of 1988 and 2000, and regulations, a project proponent provides the PAPs and other stakeholders an opportunity to express their views, comments, and complaints before finalizing an EA report. The draft EIA report is usually made available to the public for 30 working days in the local government offices.	There is not concrete guarantee to assure affective consultation during implementation stage which is prime responsibility of project proponent.	It requires to be part of capacity building arrangements, and through establishment of the environmental and social safeguards units where safeguards officers should be appointed at each affiliated universities planned to be covered under AHEAD operations.
Core Principle 2: Environmental and social management procedures and processes are designed to avoid, minimize, and mitigate against adverse effects on natural habitats and physical cultural resources resulting from the program.			

Environmental and social management procedures and processes are designed to avoid, minimize, and mitigate against adverse effects on natural habitats and physical cultural resources resulting from the program.	<p>The Sri Lankan regulatory framework provides for adequate protection of critical habitats and environmentally sensitive areas. Projects in environmentally sensitive areas will fall into EIA category of “prescribed” projects under NEA 1980. Under the National Environmental Act, prescribed projects are stipulated in three parts listed in the schedule of the respective Gazette. Part I identifies prescribed projects based on type and magnitude; Part II identifies prescribed projects as, all subprojects identified in Part I, irrespective of their magnitude and selected high-polluting industries, if near culturally and/or environmentally sensitive areas defined in Part III of the schedule Gazette Extraordinary of 772/22 of 24 June 1993. All industrial projects that are located close to environmental, archaeological, or culturally-sensitive areas require full environmental impact assessments.</p> <p>Sri Lanka is signatory to a number of MEAs including the Ramsar Convention, Convention on Protection of the World Cultural</p>	Not applicable to refurbishment of existing buildings under AHEAD Project. If new sites are considered, the sites will always be on government land. Hence, no development will be planned in a sensitive or "unexplored" area.	This is not applicable under planned P4R program operations.
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	and Natural Heritage (World Heritage Convention WHC), CITES, UNCLOS, CBD, UNFCCC, Kyoto Protocol, Vienna Convention for the Protection of the Ozone Layer, Cartagena Protocol on Biosafety, Stockholm Convention on Persistent Organic Pollutants among others.		
Core Principle 3: Program procedures ensure adequate measures to protect public and worker safety against the potential risks associated with (a) construction and/or operations of facilities or other operational practices developed or promoted under the program and (b) exposure to toxic chemicals, hazardous wastes, and otherwise dangerous materials.			
3.1(a) Supports and promotes the conservation, maintenance, and rehabilitation of natural habitats; avoids the significant conversion or degradation of critical natural habitats, and if avoiding the significant conversion of natural habitats is not technically feasible, includes measures to mitigate or offset impacts or program activities	The regulatory framework provides for the protection of critical natural habitats and environmentally sensitive areas.	No Applicable for AHEAD project	Not applicable
3.1(b) Promotes community, individual, and worker safety through the safe design,	The local laws and procedures cover sufficiently these aspects.	The implementation of safety issues are poor during implementation due to lack of proper training, financial	Need better training on safety of workers and communities and resources. It is recommended that relevant institution should

construction, operation, and maintenance of physical infrastructure, or in carrying out activities that may be dependent on such infrastructure with safety measures, inspections, or remedial works incorporated as needed.		resources. Meanwhile, the post clearance monitoring from CEA is also weak, while the contractors mostly sideline the importance of safety related aspects.	conduct mandatory Health, Safety Hygiene training along with procurement of life saving appliances and first aid kits.
Promotes the use of recognized good practice in the production, management, storage, transport, and disposal of hazardous materials generated through program construction or operations; promotes the use of integrated pest management practices to manage or reduce pests or disease vectors; and provides training for workers involved in the production, procurement, storage, transport, use, and disposal of hazardous chemicals in accordance with international guidelines and conventions.	NEA provides sufficient instructions in this regard. Environmental regulatory framework generally meets the World Bank's Environmental, Health and Safety Guidelines. Further, The Municipal Councils and Urban Councils share with Pradeshiya Sabhas powers regarding the approval of buildings plans, control of solid waste disposal, sewerage and other public utilities. Under these laws, new constructions and modifications to current buildings require approval of Municipal or Urban Council or Pradeshiya Sabha.	As state above,	This will require, allocation of resources for efficient disposal of solid and liquid material at different institutional level as well as capacity building and skill enhancement training for more theme related sensitization.

Core Principle 4: Land acquisition and loss of access to natural resources are managed in a way that avoids or minimizes displacement, and affected people are assisted in improving, or at least restoring, their livelihoods and living standards.			
4.1(a) Avoids or minimizes land acquisition and related adverse impacts;	<p>State Land Ordinance, Act No. 13 of 1949 highlights riparian proprietors' rights and duties. The occupier of land on the banks of any public lake or public stream has the right to use water in that water body for domestic purpose, but cannot diverted water through a channel, drain or pipe or by any other mechanical device.</p> <p>Land Acquisition Regulations of 2013 provides for development projects to be designated as 'specified projects' by the Ministry of Lands with the ratification of the Cabinet of Ministers. The 'specified projects' qualify to establish Land Acquisition and Resettlement Committees (LARC) in the divisional secretariat divisions where the persons affected by land acquisition can make their representations.</p>	The NIRP is designed to ensure that (i) project affected persons are adequately compensated, relocated and rehabilitated; (ii) delays in project implementation and cost overruns are reduced; and (iii) better community relations are restored. The NIRP aims at ensuring that people affected by development projects are treated in a fair and equitable manner, and to ensure that they are not impoverished in the process. The Ministry of Lands has the institutional responsibility for implementing the NIRP. All government agencies including statutory agencies and Local Government Authorities are legally bound to apply this policy.	However, the project will not finance construction of building and other major infrastructure work, however, looking into induced impact of the project which may result from policy and planning from AHEAD project, the application of the regulations regarding land acquisition, compensation etc. issues require special attentions in terms of training, capacity building etc.
4.1(b) Identifies and addresses economic and social impacts caused by land acquisition or loss of access to natural resources, including those affecting people who may	NIRP provides adequate cover for persons whose lands are acquired for project. In case of land acquisition, replacement land should be an option for compensation in the case of loss of land; and in the absence of	As reflected in the above section.	Skill building and trainings are required at different level to build capacity to evaluate the livelihood of the PAPs and conduct an effective compensation process.

lack full legal rights to assets or resources they use or occupy	<p>replacement land cash compensation should be an option for all affected persons. Affected persons who do not have title deeds to land should receive fair and just treatment. Vulnerable groups should be identified and given appropriate assistance to improve their living standards. Absence of legal titles in cases of public land users will not be considered a bar to assistance, especially for the socio-economically vulnerable groups</p> <p>The Bank policy requires full payment of compensation for all affected persons regard less of the land ownership status. The NIRP policy principles mandate the payment of full replacement cost as compensation which is very much in compliance with the Bank's policy. The policy principles of the Bank also place its emphasis on the need to pay compensation irrespective of the title that they hold on to the acquired property. The policy states that 'absence of legal titles in cases of public land users will not be considered a bar to assistance, especially for the socio-economically vulnerable groups'. The NIRP recognizes that affected persons who do not have title deeds</p>		
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	to land should receive fair and just treatment.		
4.1(c) Provides compensation sufficient to purchase replacement assets of equivalent value and to meet any necessary transitional expenses, paid prior to taking of land or restricting access	NIRP ensures that people adversely affected by development projects are fully and promptly compensated and successfully resettled. Replacement land should be an option for compensation in the case of loss of land; and in the absence of replacement land cash compensation should be an option for all affected persons. The livelihoods of the displaced persons should be reestablished and the standard of living improved. It emphasizes that no impoverishment of people shall result as a consequence of compulsory land acquisition by the State for development purposes. NIRP also states that all adversely affected persons assisted in dealing with the psychological, cultural, social and other impacts caused by compulsory land acquisition.	As reflected above	As reflected above
4.1(d) Provides supplemental livelihood improvement or restoration measures if taking of land causes loss of income-generating opportunity (for example,	NIRP requires payment of compensation for loss of land, structures, productive assets and income based on full replacement cost and should be paid promptly. This should include transaction costs as well. The Bank policy requires prepare entitlement matrix	As reflected above	As reflected above

loss of crop production or employment)	stipulating level of compensations based on type of losses and entitlement. In case of loss of assets, livelihood or properties, the project may require to prepare resettlement planning documents to ensure timely implementation of risk mitigation measures and livelihood restoration of affected parties.		
4.1(e) Restores or replaces public infrastructure and community services that may be adversely affected	NIRP recommends that all development projects that involve land acquisitions, resettlement and livelihood losses should be planned as a development activity for the affected persons. It means that project that adversely affect community infrastructure access to services and other associated facilities should be restored. However, under this project there will be no adverse impacts to public infrastructure are anticipated. Bank policy also recognizes, that not only the affected patrons but all other type of inconveniences cause by interventions should be address through the projects. If requires, resettlement planning documents to be prepared and implemented to restore all type of facilities and services for affected parties.		

Core Principle-5: Due consideration is given to cultural appropriateness of, and equitable access to, program benefits, giving special attention to rights and interests of indigenous peoples and to the needs or concerns of vulnerable groups.			
Gives attention to groups vulnerable to hardship or disadvantage, including as relevant the poor, the disabled, women and children, the elderly, or marginalized ethnic groups. If necessary, special measures are taken to promote equitable access to program benefits.	In Sri Lanka, indigenous peoples are known as Vaddhas. They are forest dwelling peoples, who mainly live in the Eastern Province of the island, in scattered, small, remote, and semi-permanent settlements. There are no specific policies or laws pertaining to Vaddhas in Sri Lanka. They are considered as citizens of Sri Lanka. They live in or close to forests and away from towns, cities, and villages. However, as per WB provided definition of Indigenous People, there are no exact indigenous people found in Sri Lanka, therefore this aspect is not applicable.	Not applicable	Not applicable
Core Principle-6: Avoid exacerbating social conflict, especially in fragile states, post-conflict areas, or areas subject to territorial disputes.			
Considers conflict risks, including distributional equity and cultural sensitivities	The operation will be implemented in the entire country including post conflict areas of Northern, Eastern and adjacent districts. There are no territorial divisions in the country except provinces which have decentralized decision making capacity. The project is expected to build social integration and	The environmental regulatory framework provides limited opportunity for consultation with affected persons and other stakeholders although consultations are part of IEE/EIA formulation and approval under NEA. It is limited to presenting comments,	This needs attention as part of capacity development. The establishment of the Safeguard Cell and appointment of focal point/safeguard officer at each affiliated institution to resolve this capacity deficiency.

	<p>positive social relations among different ethnic group and will not generate or exacerbate social tensions or conflict between groups/communities.</p>	<p>complaints, and recommendation at the IEE review phase. 21 days are given for such public response in case of an IEE. PAA could hold a public hearing to ascertain facts and to get affected persons views and recommendation which will be incorporated into IEE when final document is prepared. Consultation during implementation of a project is the responsibility of the project proponents and PAA.</p>	
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