



Sri Lanka: Mahaweli Water Security Investment Program

Project Name	Mahaweli Water Security Investment Program						
Project Number	47381-001						
Country / Economy	Sri Lanka						
Project Status	Active						
Project Type / Modality of Assistance	Loan						
Source of Funding / Amount	<table border="1"><tr><td colspan="2">MFF Facility Concept 0088-SRI: Mahaweli Water Security Investment Program</td></tr><tr><td>Ordinary capital resources</td><td>US\$ 262.00 million</td></tr><tr><td>Asian Development Fund</td><td>US\$ 191.00 million</td></tr></table>	MFF Facility Concept 0088-SRI: Mahaweli Water Security Investment Program		Ordinary capital resources	US\$ 262.00 million	Asian Development Fund	US\$ 191.00 million
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Strategic Agendas	Environmentally sustainable growth Inclusive economic growth						
Drivers of Change	Governance and capacity development Knowledge solutions Partnerships						
Sector / Subsector	Agriculture, natural resources and rural development / Irrigation - Water-based natural resources management						
Gender	No gender elements						
Description	ADB and the Government of Sri Lanka are working together to deliver surplus water from the Mahaweli river basin to its dry zone, where scarce supplies undermine agricultural output and household incomes. The Mahaweli Water Security Investment Program is helping the government complete a decades-old program that is moving water from the country's largest river to its dry zone, made up of North Central Province, Central Province, North Western Province and Eastern Province. The project is building more than 260 kilometers of new and upgraded canals, reservoirs, and other irrigation infrastructure. It is also helping to conduct studies on improving water management and delivery systems. In addition to providing more irrigation water, the project is delivering clean drinking water to over 350,000 people, resulting in improved community health in areas where chronic kidney diseases are prevalent. The long term goal of the project is to reduce poverty while boosting economic growth and food security.						
Project Rationale and Linkage to Country/Regional Strategy	Sri Lanka has abundant water resources but they are not distributed evenly across the country. The dry zone region (including North Central Province, Central Province, North Western Province and Eastern Province) is home to nearly a third of the country's population, with 70% of rural dwellers dependent on agriculture for their livelihood. However, the zone receives less than 1,500 millimeters of rain per year, and droughts are common, which severely constrains agricultural output. Local communities have managed this water stress by building many small cascade systems of reservoirs, transfer canals, and irrigation schemes. These have been sufficient to provide supplementary irrigation for a single paddy crop each year, and limited storage for drinking water supply. In many places, communities rely on groundwater, some of which is contaminated, causing high incidences of chronic kidney disease. Lack of year-round access to water resources constrains the agricultural and commercial production of the region, suppressing social and economic development. As a result, average household incomes are around 10% lower than in other parts of the country. This situation is expected to worsen as the population grows and rainfall in the region diminishes further due to climate change.						
Impact	Agricultural production and economic growth in the North Central Province, Central Province, North Western Province, and Eastern Province improved Food security enhanced						
Project Outcome							
Description of Outcome	Water supply and agricultural productivity in the project areas enhanced						
Progress Toward Outcome	The achievement of outcome will be affected by the non-award of the remaining contracts due to the funding shortfall in the investment program as well as ongoing economic situation in Sri Lanka that has limited its lending headroom. The project team is exploring additional interventions once the country situation improves.						
Implementation Progress							
Description of Project Outputs	New and improved water conveyance and storage infrastructure constructed Systems for improving water resources management and productivity developed Farmers' access to agricultural inputs supported.						
Status of Implementation Progress (Outputs, Activities, and Issues)	The consulting package was awarded in Q3 2018. Final report has been submitted to the government in 2022. This consulting services package was planned to be initiated in 2022 under Tranche 3. Recruitment is delayed until Tranche 3 processing is confirmed. TOR is being finalized. MOP fertilizer contract awarded. distribution ongoing. Procurement activities ongoing for first phase of farmer support program Financing of this infrastructure is time-sliced over multiple tranches. Designs and bid documents for all tranches have been completed. Two of the seven contracts are ongoing, one contract has been closed, and the remaining four contracts will not be awarded in the investment program due to funding shortfall and remaining MFF availability period. Additional financing for these contracts are being explored. Financing of this infrastructure is time-sliced over multiple tranches. Designs and bid documents for Tranche 1 have been completed. Two of eight works contracts are ongoing, once contract has been closed, and remaining five contracts will not be awarded in the investment program due to funding shortfall and remaining MFF availability period. Additional financing for these contracts are being explored. Financing of this infrastructure is only under Tranche 1. Designs and bid documents for all 6 packages have been completed and the packages have been awarded. Five contracts are physically completed, and one contract is at 85% completion. An additional small works package will be awarded by 2023/24.						
Geographical Location	Dambulla, Elahera, Minipe						

Summary of Environmental and Social Aspects

Environmental Aspects	The first tranche of the investment program is categorized A for environment in accordance with ADBs Safeguard Policy Statement (2009). Individual environmental assessments have been undertaken for the three projects. Environment impact assessments for the NWPCP and UECP, each categorized A, and an initial environment examination for MLBCRP are prepared. Since the investment program is time-sliced and implementation of all three projects will begin under the first tranche, the environmental assessments cover the entire investment program. All subsequent tranches will also be categorized A for environment.
Involuntary Resettlement	The first tranche of the investment program is categorized B for involuntary resettlement impacts, based on identified involuntary resettlement impacts of the separate projects: the NWPCP is category B, while the UECP and MLBCRP are both category C. The resettlement framework for the investment program guides the formulation of resettlement implementation plans for the first and subsequent tranches. A resettlement implementation plan was prepared to address the involuntary resettlement impacts of the NWPCP under the first tranche.
Indigenous Peoples	The preliminary work that the mission carried out and the environmental impact assessment study of the project areas that the consultants engaged by the EA already carried out, did not identify any settlement of Indigenous Peoples communities in the project areas.

Stakeholder Communication, Participation, and Consultation

During Project Design	The main stakeholders include Ministry of Mahaweli Development and Environment (MMDE), the Department of Irrigation and the Mahaweli Authority of Sri Lanka in the project provinces, the farmers in the command areas who are the end users of the irrigation water and beneficiaries, and approximately 194 project affected families in the entire MFF who will need to be relocated to accommodate the new canals for water transfer. The MMDE is responsible for the project design. The project affected families will participate through consultations in the resettlement planning exercise.
During Project Implementation	The primary stakeholders comprising the Ministry of Mahaweli Development and Environment, the Department of Irrigation and the Mahaweli Authority of Sri Lanka are already involved with the technical design of the project with due consideration for minimally affecting human settlements and increasing the area of the elephant habitat that the humans have encroached upon. The project affected families including the poor and the excluded, will be involved in the project design with reference to developing a resettlement framework and the resettlement planning exercise.

Business Opportunities

Consulting Services	All consulting services will be carried out using ADB's Consulting Guidelines. Advance contracting will be used. Individual consultants were recruited to undertake the PPTA.
Procurement	All procurement activities will be carried out using ADB's Procurement Guidelines.

Responsible ADB Officer	Ranawana, Sanath
Responsible ADB Department	South Asia Department
Responsible ADB Division	Environment, Natural Resources & Agriculture Division, SARD

Timetable

Concept Clearance	02 Apr 2014
Fact Finding	13 Nov 2014 to 26 Nov 2014
MRM	24 Mar 2015
Approval	24 Jun 2015
Last Review Mission	-
Last PDS Update	27 Mar 2023

MFF Facility Concept 0088-SRI

Financing Plan		Loan Utilization			
	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	561.00	Cumulative Contract Awards			
ADB	453.00	-	0.00	0.00	%
Counterpart	108.00	Cumulative Disbursements			
Cofinancing	0.00	-	0.00	0.00	%

Project Page	https://www.adb.org/projects/47381-001/main
Request for Information	http://www.adb.org/forms/request-information-form?subject=47381-001
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