



Sri Lanka: Supporting Electricity Supply Reliability Improvement

Project Name	Supporting Electricity Supply Reliability Improvement												
Project Number	49216-002												
Country / Economy	Sri Lanka												
Project Status	Active												
Project Type / Modality of Assistance	Grant Loan												
Source of Funding / Amount	<table border="1"><tr><td colspan="2">Grant 0486-SRI: Supporting Electricity Supply Reliability Improvement Project-Renewable Energy Micro-grid</td></tr><tr><td>Clean Energy Fund under the Clean Energy Financing Partnership Facility</td><td>US\$ 1.80 million</td></tr><tr><td colspan="2">Grant 9186-SRI: Productive Energy Use for Small Isolated Island and Rural Communities</td></tr><tr><td>Japan Fund for Prosperous and Resilient Asia and the Pacific</td><td>US\$ 2.00 million</td></tr><tr><td colspan="2">Loan 3409-SRI: Supporting Electricity Supply Reliability Improvement</td></tr><tr><td>Ordinary capital resources</td><td>US\$ 115.00 million</td></tr></table>	Grant 0486-SRI: Supporting Electricity Supply Reliability Improvement Project-Renewable Energy Micro-grid		Clean Energy Fund under the Clean Energy Financing Partnership Facility	US\$ 1.80 million	Grant 9186-SRI: Productive Energy Use for Small Isolated Island and Rural Communities		Japan Fund for Prosperous and Resilient Asia and the Pacific	US\$ 2.00 million	Loan 3409-SRI: Supporting Electricity Supply Reliability Improvement		Ordinary capital resources	US\$ 115.00 million
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Ordinary capital resources	US\$ 115.00 million												
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth												
Drivers of Change	Gender Equity and Mainstreaming Governance and capacity development Partnerships												
Sector / Subsector	Energy / Electricity transmission and distribution - Energy efficiency and conservation - Renewable energy generation - solar - Renewable energy generation - wind												
Gender	Effective gender mainstreaming												
Description	<p>The project will directly benefit the development of lagging areas. It will cover 106 rural electrification schemes and 2,372 kilometers (km) of low voltage line extensions. Innovative hybrid mini grids, consisting of windsolar and efficient diesel generation systems coupled with energy storage (lithium-ion batteries), will be implemented in the small isolated islands. As a result, the project will help to ensure inclusiveness and access to electricity by all the population. The project is expected to provide electricity to about 35,710 rural households, including the former conflict-affected Northern and Eastern provinces as well as Uva and North Central provinces where the current electrification level is lower than in other parts of the country. Improvement of the medium voltage network will enhance the quality and reliability of electricity supply to more than 493,000 consumers. The project is consistent with the interim country partnership strategy for Sri Lanka of the Asian Development Bank (ADB). It builds on previous ADB interventions focused on supporting transmission and distribution investments to expand access to clean and reliable electricity, and renewable energy development.</p>												
Project Rationale and Linkage to Country/Regional Strategy	<p>Sri Lanka has improved its energy sector performance, and achieved a national electrification ratio of 98% in 2014 compared with 29% in 1990. The remaining 2% of electrification is the most difficult to accomplish, and is mainly in underdeveloped areas and small isolated islands around the country. Although some provinces have achieved 100% electrification, the former conflict-affected Northern and Eastern provinces have only 92% and 94% electrification; and Uva and North Central provinces achieved 95%, with several districts falling well below this level. Improvement of the 33-kilovolt (kV) medium voltage network is needed to ensure system reliability and expand power supply into these rural areas, where many poor households remain unconnected and those connected have poor quality of electricity supply. Several small isolated islands with a population of 1,8004,500 people cannot be provided with electricity through extension of the grid. These islands are supplied by expensive electricity generated by inefficient, old diesel generation sets that provide electricity for limited hours during the day, with an electrification ratio of 38%60%.</p> <p>The Government of Sri Lanka aims to ensure sustainable development of energy resources by improving the power supply systems to provide access to electricity services to the entire population. Sri Lanka has a national investment program, including sector investments that are based on the National Energy Policy and Strategies. The National Energy Policy and Strategies includes a sector road map, a long-term investment plan, and policy and reform measures. The country's installed generation capacity of 3,932 megawatts produces 12,357 gigawatt-hours of electricity (2014), adequately covering current demand. Generation capacity is sufficient to expand electricity supply further. The government intends to provide electricity to the population through the grid on the main island and mini-grid systems on small isolated islands. The project will contribute to the government's goal of expanding access to electricity and developing clean energy.</p>												
Impact	Access to clean, reliable, and affordable power supply in Sri Lanka increased by 2020 (National Energy Policy and Strategies of Sri Lanka)												
Project Outcome													
Description of Outcome	Electricity supply, and distribution system efficiency and reliability enhanced												
Progress Toward Outcome	Implementation is ongoing												
Implementation Progress													
Description of Project Outputs	<ol style="list-style-type: none">1. Renewable energy systems established2. Reliability of the medium voltage network improved3. Rural electrification network extended and distribution performance monitoring improved4. Reactive power management in the transmission system improved												

Status of Implementation Progress (Outputs, Activities, and Issues)	In progress; on track to achieve the specific target; RO plant completed and commissioned. Completed for 100% of households below poverty line. Completed; 933 individuals trained of which 61% were women. Completed for 100% BPLs. 615 persons trained. 77% of trainees BPL women. Completed. This component has been cancelled and funds reallocated to emergency assistance to Sri Lanka. Completed. Due to cancellation of 1a, emission avoided will be reduced. In progress; on track to achieve the specific target with delay with in extended contract period. Completed; these are goods packages; all equipment purchases completed; construction to be carried out by CEB; DMF revisions in line with this had been proposed. Completed; these are goods packages; all equipment purchases completed; construction to be carried out by CEB; DMF revisions in line with this had been proposed. Completed; these are goods packages; all equipment purchases completed; construction to be carried out by CEB; DMF revisions in line with this had been proposed. Completed; 615 people trained of which 77% were women below the poverty line. In progress; on track to achieve the specific target. In progress; on track to achieve the specific target with delays.
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Geographical Location	Nation-wide
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Safeguard Categories	
Environment	B
Involuntary Resettlement	B
Indigenous Peoples	C

Summary of Environmental and Social Aspects

Environmental Aspects	CEB has prepared initial environmental examinations for their components and held public consultations. Construction are ongoing and steps are taken to minimize environmental impacts. CEB has observed the route-selection criteria in the national regulations and has adopted best environmental practices. Adequate provisions have been made for the environmental mitigation measures, monitoring requirements, and their associated costs in the environmental management plans (EMPs). CEB has sufficient capacity to implement the safeguard measures incorporated in the EMPs. Mitigation measures related to construction and specified in the EMPs are being incorporated into civil works contracts. The contractors is having primary responsibility for implementing the mitigation measures, but CEB is responsible for and periodically report to ADB on overall implementation of its site-specific EMPs. CEB adhere to ADB 's Safeguard Policy Statement (2009) and local and government environmental regulations. The project is classified category B for environment. CEB has submitted the semi annual environment safeguards reports for Jan 2018 - Jul 2020.
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Involuntary Resettlement	None of the project components will have any significant social safeguard impacts. The distribution lines primarily cross public and unused lands. Where croplands are affected, adequate compensation are being paid. Project construction will be going on during the crop off-seasons. Where new grid substations are built on commercial and private lands, adequate compensation is being paid to their owners. The project is classified category B for involuntary resettlement impacts. CEB prepared a resettlement plan for the distribution components.
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Indigenous Peoples	No impact on Indigenous Peoples and the project is classified category C for impacts on indigenous peoples.
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Stakeholder Communication, Participation, and Consultation

During Project Design	Extensive consultations with the government and stakeholders, including local communities, local authorities, focal groups, civil society groups, were undertaken to ensure participatory approach throughout the design stage during the project preparatory technical assistance. The stakeholders are bring consulted on the relevant issues, including environmental, social and other issues that may affect communities and poor people.
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During Project Implementation	The consultation process with the stakeholders are being continued during project implementation as per Sri Lankan regulations.
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Business Opportunities

Consulting Services	Recruitment of consultants will be in accordance with ADB's Guidelines on the Use of Consultants (2013, as amended from time to time). The consulting services include recruitment of a firm or NGO and 4 individual consulting contracts.
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Procurement	All procurement will be carried out in accordance with ADB's Procurement Guidelines (2015, as amended from time to time). There are 8 International Competitive Bidding procurement packages and 1 National Competitive Bidding procurement package.
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Responsible ADB Officer	Haputhanthri, Dinuk P.
Responsible ADB Department	South Asia Department
Responsible ADB Division	Sri Lanka Resident Mission
Executing Agencies	<u>Ceylon Electricity Board</u>

Timetable

Concept Clearance	14 Sep 2015
Fact Finding	19 Jan 2016 to 28 Jan 2016
MRM	08 Apr 2016
Approval	26 Jul 2016
Last Review Mission	-
Last PDS Update	18 Dec 2022

Grant 0486-SRI

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
26 Jul 2016	19 Dec 2016	29 Jun 2017	31 Mar 2022	30 Sep 2022	-

Financing Plan		Grant Utilization			
	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	1.80	Cumulative Contract Awards			
ADB	0.00	21 Apr 2023	0.00	1.80	100%
Counterpart	0.00	Cumulative Disbursements			

Cofinancing		1.80	21 Apr 2023	0.00	1.80	100%
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Status of Covenants						
Category	Sector	Safeguards	Social	Financial	Economic	Others
Rating	-	Satisfactory	Satisfactory	Satisfactory	-	Satisfactory

Grant 9186-SRI

Milestones						
Approval	Signing Date	Effectivity Date	Closing			
			Original	Revised	Actual	
26 Jul 2016	19 Dec 2016	29 Jun 2017	31 Mar 2022	31 Mar 2024	-	

Financing Plan			Grant Utilization			
	Total (Amount in US\$ million)		Date	ADB	Others	Net Percentage
Project Cost	2.00	Cumulative Contract Awards				
ADB	0.00	21 Apr 2023	0.00	2.03	101%	
Counterpart	0.00	Cumulative Disbursements				
Cofinancing	2.00	21 Apr 2023	0.00	2.00	100%	

Status of Covenants						
Category	Sector	Safeguards	Social	Financial	Economic	Others
Rating	-	Satisfactory	Satisfactory	Satisfactory	-	Satisfactory

Loan 3409-SRI

Milestones						
Approval	Signing Date	Effectivity Date	Closing			
			Original	Revised	Actual	
26 Jul 2016	19 Dec 2016	29 Jun 2017	31 Mar 2022	31 Mar 2024	-	

Financing Plan			Loan Utilization			
	Total (Amount in US\$ million)		Date	ADB	Others	Net Percentage
Project Cost	160.20	Cumulative Contract Awards				
ADB	115.00	21 Apr 2023	79.35	0.00	88%	
Counterpart	45.20	Cumulative Disbursements				
Cofinancing	0.00	21 Apr 2023	52.37	0.00	58%	

Status of Covenants						
Category	Sector	Safeguards	Social	Financial	Economic	Others
Rating	-	Satisfactory	Satisfactory	Satisfactory	-	Satisfactory

Project Page <https://www.adb.org/projects/49216-002/main>

Request for Information <http://www.adb.org/forms/request-information-form?subject=49216-002>

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