



Project Summary Information

Date of Document Preparation: July 30, 2024

Project Name	Kerawalapitiya - Port 2nd Transmission Line Project
Project Number	P000455
AIIB member	Sri Lanka
Sector/Subsector	Energy/ Electricity Transmission and Distribution
Alignment with AIIB's thematic priorities	Green Infrastructure
Status of Financing	Under Preparation
Objective	To increase capacity and enhance reliability of the power transmission line between Kerawalapitiya and Colombo
Project Description	<p>The project involves constructing of approximately 16 kilometers (km) of 220kV single circuit underground transmission cable system from Kerawalapitiya Switching Station to Colombo Port Grid Substation. Sri Lanka, through CEB, is undertaking the project to increase the transmission capacity of the electricity network to meet the growing electricity demand in the Greater Colombo urban development area including the upcoming Colombo Port City. Project activities include designing, supplying, constructing, testing, and commissioning a single circuit 220kV insulated underground cable system from Kerawalapitiya Switching Station to Colombo Port Grid Substation. This cable system will be the second underground cable connecting the two stations.</p> <p>The existing first underground cable along the same route was commissioned in 2019, and it will not be sufficient to ensure reliability in the electricity transmission considering the projected additional demand in Colombo. Also, considering the renewable energy potential of the country's northern part, enhancing transmission capacity from Kerawalapitiya Switching Substation to Colombo Port Grid Substation is essential to ensure overall grid stability and uninterrupted power transmission from renewable energy resources.</p>
Expected Results	The project is expected to generate the following results: Additional Power evacuation capacity through second cable, Annual Carbon dioxide (CO ₂) emissions reduction.
Environmental and Social Category	B

Environmental and Social (ES) Information

Environment and Social Policy (ESP) and Categorization. The project has been prepared consistent with AIIB's ESP, including the Environment and Social Standards (ESSs), and Environmental and Social Exclusion List (ESEL). ESS 1 (Environmental and Social Assessment and Management) and ESS 2 (Land Acquisition and Involuntary Resettlement) apply to the Project; the latter in relation to the potential for livelihood impacts only. ESS 3 (Indigenous Peoples) is not applicable as there are no Indigenous Peoples identified in the Project area. The project is assigned Category B in accordance with the ESP on the basis that the project environmental and social (E&S) risks and impacts will be localized and temporary and can be mitigated through effective E&S management.

Environmental and Social Instruments. An Environmental and Social Impact Assessment (ESIA) has been prepared based on requirements provided by the Bank and which includes an Environmental and Social Management Plan (ESMP). These E&S instruments set out the measures committed to ensure that the project's E&S risks and impacts are managed in a manner consistent with AIIB's ESP and ESSs. Compliance with the ESMP will be made a covenant of the loan agreement.

Environmental Aspects. The main environmental risks and impacts of laying underground cables occur during the construction phase. Once cables are laid very limited maintenance is required except in the event of a fault developing. As the project is being implemented in a fully urban environment and cables were pre-laid in a few key risk areas as part of past projects, environmental risks are limited. Biodiversity is not considered a sensitivity as no works will be undertaken in areas designated for their biodiversity value or which may support sensitive habitats and / or species. Potential environmental risks and impacts identified and assessed in the ESIA for the construction phase of the project include i) bentonite breakthrough from HDD works, ii) surface water and groundwater pollution (primarily sediment run off but potentially from very small volumes of fuel and oils) from construction effluent and wastewater discharges; iii) temporary construction emissions to air, including dust and exhaust fumes; and iv) noise and vibration. The potential risks and impacts are standard for this type of project and management measures are well understood in the industry. Electric and magnetic fields (EMF) above the buried cable have been considered and based on proxy studies have been found to be substantively below International Commission on Non-ionizing Radiation Protection (ICNIRP) reference levels for safe public exposure. The ESIA is considered by the Bank to provide an appropriately robust assessment of the risks and relevant, typical mitigations are presented and committed in the ESMP. No location-specific sensitivities requiring further attention have been identified. Contractors will be required to comply with ESMP requirements.

Social and Gender Aspects. Acquisition of land will not be necessary as the cables will be laid within the width of existing public roads. As maintenance is not required except in case of cable fault, impacts are not expected once the cable is buried. Potential adverse social impacts and risks are therefore limited to the construction phase, associated with road excavation,

cable laying and burial / road resurfacing works. Potential impacts assessed in the ESIA included temporary livelihood impacts on roadside vendors, temporary access disruption to roadside dwellings, temporary disruption and delays to road traffic movements, temporary disruption of water and telecommunication, and temporary delays to waste collection. In particular, the potential to affect the livelihoods of the many households in particular women headed households and individuals engaged in informal economic activities (such as food suppliers and grocery outlets) along the project-affected roads was identified as a key risk. To avoid impacts on these vulnerable populations works will be carried out at night and access to business operations restored by morning. In the event of any construction over-run into the daytime, the client has committed to compensating affected parties. Social mitigation measures are captured in the project ESMP.

Occupational Health and Safety (OHS), Labor and Working Conditions and Supply Chain. Key occupational health and safety (OHS) risks to workers include working with electricity, working in excavations and working in proximity to road traffic amongst others. The ESMP identifies key OHS risks and requires the establishment and implementation of Contractor OHS plans in line with World Bank Group Environment, Health and Safety (EHS) Guidelines. It is also a contractual requirement for construction contractors to provide appropriate personal protective equipment (PPE). Safety risks to community members and third parties also exist and hazards include for example the risk of falling into excavations or being struck by project construction traffic. These hazards and risks are identified in the ESMP and standard industry mitigations committed. CEB will also ensure that civil works contractors comply with all applicable labor laws and regulations.

Stakeholder Engagement, Consultation and Information Disclosure. Public consultations were carried out with all target groups, including district officers, community leaders, local government, and household representatives during the preparation of the ESIA. Prior to undertaking any civil works, community awareness programs will be scheduled to be conducted jointly by the CEB and the Contractor to inform the scope of the project, procedure of construction activities, possible disturbances to utilities, anticipated impacts, and mitigation measures. Furthermore, printed material such as posters, leaflets containing the project details, its anticipated impacts, implementation procedures and time frames and grievance redress procedures etc. will be distributed among all parties who would be potentially affected by the project. Such information will also be posted in public places. The CEB will ensure that copies of the ESIA conducted for this project as well as the ESMP are made accessible to any stakeholders either in the form of hard copies or electronically in English, Sinhala and Tamil. The referenced documents will be posted on CEB's and AIIB's website.

Project Grievance Redress Mechanism (GRM). In order to resolve any public complaints and/or grievance/s, a Grievance Redress Mechanism (GRM) will be instituted and will remain active throughout the life cycle of the project. The GRM will be in three tiers. Firstly, any aggrieved parties can report their grievances and complaints directly to the civil contractor either

	<p>verbally (in person, or via telephone) or in writing. Any issues not resolved at tier 1 will be escalated to the Project Management Unit (PMU) for consideration and resolution by representatives of the project director, the contractor and assigned civil society organization (CSO). When affected persons are not satisfied with tier 1 and 2 decisions access is afforded to the Divisional Secretariat (tier 3). A separate workers' GRM is committed in the ESMP. The workers GRM will be defined and adopted by Project parties in accordance with the requirements of AIIB's ESP to address workplace complaints and concerns. The information of established GRMs and AIIB's Project-affected People's Mechanism (PPM) will be timely disclosed in an appropriate manner.</p> <p>Monitoring and Supervision Arrangements. The PMU Project Director, supported by E&S personnel, will be responsible for compliance monitoring and supervising the implementation of the ESMP. Compliance monitoring will be carried out against key performance indicators set out in the ESMP and findings will be reported semi-annually to AIIB based on agreed format. The Bank will also undertake its own compliance field monitoring missions as needed, to verify findings. The frequency of the missions will depend on implementation progress and complexity.</p>		
Cost and Financing Plan	<p>Estimated project total: USD 61.90 million.</p> <p>Indicative financing plan: USD 52.00 million (AIIB) and USD 9.90 million (CEB)</p>		
Borrower	Democratic Socialist Republic of Sri Lanka		
Implementing Entity	Ceylon Electricity Board (CEB)		
Estimated date of loan closing	December 2027		
Contact Points:	AIIB	Borrower	Implementing Entity
Name	Hari Bhaskar	Sampath Manthreenayake	N.S. Ilangakoon
Title	Principal Investment Officer	Additional Director General, Department of External Resources, Government of Sri Lanka	Chairman, Ceylon Electricity Board (CEB)
Email Address	hari.bhaskar@aiib.org	sampath@erd.gov.lk	chairmanceb@ceb.lk
Date of Concept Decision	December 1, 2020		
Date of Appraisal Decision	July 23, 2024		

Estimated Date of Financing Approval	Q3-2024
Independent Accountability Mechanism	<p>The Project-affected People's Mechanism (PPM) has been established by the AIIB to provide an opportunity for an independent and impartial review of submissions from Project-affected people who believe they have been or are likely to be adversely affected by AIIB's failure to implement its Environmental and Social Policy in situations when their concerns cannot be addressed satisfactorily through Project-level GRMs or AIIB Management's processes.</p> <p>Information on AIIB's PPM is available at: https://www.aiib.org/en/about-aiib/who-we-are/project-affected-peoples-mechanism/how-we-assist-you/index.html.</p>