Integrated Safeguards Data Sheet (Initial)

Section I - Basic Information
Date ISDS Prepared/Updated: 11/19/2003
A. Basic Project Data *(from PDS)*
I.A.1. Project Statistics

Country: SRI LANKA

Project ID: P081771

Project: E-Lanka Development
Authorized to Appraise Date: November 3, 2003
Bank Approval: March 16, 2004

Task Team Leader: Nagy K. Hanna
IBRD Amount ($m):
IDA Amount ($m): 50.00

Managing Unit: PA9SS
Lending Instrument: Specific Investment Loan (SIL)

Status: Lending

Sector: Information technology (70%); General industry and trade sector (30%)
Theme: Other financial and private sector development (P); Other public sector governance (P)

I.A.2. Project Objectives (From PDS):

The E-Lanka Development project proposes a multi-sectoral approach that aims to bridge the digital divide, bringing the benefits of the global knowledge economy to both the urban centers and rural poor of Sri Lanka, and jumpstarting Information and Communications Technology (ICT) diffusion. The project promotes the effective use of ICT as an enabler for development throughout the key sectors of the economy. Achieving these objectives will facilitate the country's economic and social transformation, taking it closer to realize the E-Lanka vision. The project will support key elements of the first phase of the E-Lanka program and lay the grounds for a sustainable e-development process, and help implement the CAS 2003 objective of poverty reduction by supporting peace, growth and equity.

The E-Lanka Development project focuses on the following areas: (i) leadership, policy development and capacity building; (ii) information infrastructure network and services fund, including a network of telecenters; (iii) e-government; and (iv) innovative societal applications. Outlined below are some of the medium-term strategies proposed by the E-Lanka project in order to achieve its objectives:

Developing the necessary leadership, policy and human resources for the ICT program, through the following measures: (i) establishing an ICT Agency (company) reporting to the Prime Minister and the Minister of ICT and developing a cadre of CIOs in other ministries in the government; (ii) developing various mechanisms to engage stakeholders from public, private and civil society at all levels and regions; (iii) creating the enabling environment for the knowledge economy through various mechanisms such as enabling laws for e-commerce and e-government, recruitment of ICT multinationals, reformed venture capital laws, and transparent public procurement of ICT services (iv) developing ICT human resources and broad ICT literacy at all levels of education**,** including at least doubling the output of software engineering and computer science graduates, and enacting policies and programs to increase private sector participation in ICT education, and mobilizing the diaspora.

Building the national information infrastructure Network and Services to ensure access and to address information needs of the poor and rural areas through telecenters, by addressing the policy, regulatory and incentive environment, and by establishing a rural information infrastructure development fund to provide smart, least-cost subsidies for licensed operators to invest in rural connectivity. After the adoption of a National Communications Policy in July 2002 , GOSL continues the implementation of an ambitious sector reform program. The primary focus of the reforms is to increase access by implementing a competitive and liberalized market structure. The objective of this project is to support this ongoing reform process by enabling private provision of the rural information infrastructure and services; develop capacity in ICTA and MERST to set policy and implement it in a timely manner.

Developing electronic delivery of public services to citizens and businesses and use ICT to enhance public-private interactions by reducing transaction costs; improving effectiveness and access to services; and reducing the urban-rural divide in access to government through a coherent e-government program.

Using ICT as a lever for social development through a societal applications innovation fund, community centers, and mass media.

I.A.3. Project Description (From PDS):
The four components of the project are discussed below:

Components:

(i) Leadership, Policy Development and Capacity Building Program: This component aims to develop the required institutional and executive leadership required at all levels of government for furthering the ICT led reform efforts. The central focus is the establishment of a single responsible, accountable and transparent ICT agency and development of the linkages and human resources at government agencies to ensure smooth coordination between these and the ICT agency. The project proposes the establishment of the ICT agency to build capacity within government for implementation and assure proximity to high level commitment. The older CINTEC will be subsumed into the ICT agency to ensure that project goals do not conflict with the government's need for a lean bureaucracy. Discussions have been initiated within the Sri Lankan parliament on the ICT bill and a Board comprising of prominent individuals from government, private sector and academia has been created for the ICT Agency. The project is also recommending that a Cabinet level paper which is awaiting clearance should include room fro the ICT agency to act with agility and speed in staffing and other relevant decisions, accountable to the ICT Agency Board but independent of government bureaucracy. A short list of international consultants has been developed who will provide immediate technical assistance to the ICT agency. The ICT agency will also provide e-leadership, program management, monitoring and evaluation; establish policies and mechanisms in order to promote private education for software engineering and computer science; promote and train government leaders in e-government programs; improve policy, institutional support and regulatory environment for software companies; promote the brand name of the Sri Lankan software industry overseas; and promote private sector investment in software and e-commerce.

(ii) Information Infrastructure Network and Services Fund: GOSL recognizes that rural access service might be associated with less attractive financial returns. On the advice of GOSL, the ICT Agency is using a market mechanism to finance a capital subsidy for a private RTN operators to provide services in ------ unserved villages. The operator will serve approximately 3.0 million people. This approach is expected to meet the dual objectives of extending access in rural areas and encouraging private participation in developing the sector. Details of the licensing process are in the draft RFA which was prepared in accordance with IDA's Procurement Guidelines. The key features of the rural licensing are summarized in Annex 2. In addition to the minimum rural access, the the ICTA agency will also finance the establishment of public ICT telecenters in rural areas. Initially, assistance will be provided to ICT agency to plan and implement the first phase. Subsequently, this will lead to evaluating and developing replicable models for sustainable public ICT access telecenters. Upon the successful implementation of the first phase, the program will be scaled-up to cover a larger geographical area.

(iii) E-Government: This component aims to: modernize government operations to promote access, quality, efficiency, transparency and responsiveness to citizens; improve procurement of ICT to reduce costs and improve quality; and support the creation of a domestic market for software and ICT support services.

It is divided into four broad subcomponents:

E-Governance. This sub-component will formulate the legal and regulatory framework for E-Government through a comprehensive strategic planning study. Outputs include a set of policies, standards and guidelines for technology selection, procurement and utilization; formulation of shared data, applications and service architectures across government; a human resource development strategy for e-government; private sector partnership policies and models; and ICT project planning, management and evaluation guidelines.

Client-Oriented, Front-End Applications. Basically consisting of the country Internet Portal and the internal Government Intranet. The Country Portal will be an Internet-based "entry door" and routing facility into Sri Lanka's political and administrative jurisdictions, government services, country information, activities and people. The Portal will thus be a host application for integrated delivery of progressive groups of services ranging from utility payments to issuance of certificates, identification documents, permits, licenses, etc. to both citizens and businesses. The Government Intranet will be a similar portal except that it will be internal to Government. It will offer a consistent, employee-oriented interface to information and services from the GoSL.. The Portal will be the basic knowledge management system of the public sector offering a wealth of information as well as conferencing and electronic mail services. It will also be the host for internal service delivery, transaction processing, or work flow management applications that cross agency lines, as they are gradually implemented, and the portal for agency-specific applications that do not.

Strategic Information Systems. Strategic information systems are a special category of systems that Sri Lanka must create to underpin its economic and social development. These systems are soft forms of national infrastructure because, like roads or power, they have major economies of scale, require substantial front-end investments, and underpin other economic activities. Five and possibly six systems have been identified for priority implementation, namely the Citizens Services Database for citizen identification services based on a unique identification number; the National Operations Room

for public sector performance monitoring; the E- Procurement system for all government purchases; the Government Human Resources Management System; the Land Information System for land-related information and records, and possibly an e-Parliament System to empower the legislature.

Electronic Networking Infrastructure. Consists of a Government Wide Area Network linking initially the central and provincial levels of Government ministries through dedicated data communications and networking facility of at least 2 Mbs capacity; and a number of Local Area Networks providing internet-connected computer workstations to a core group of government employees using the strategic information systems.

Four of the above systems will be initially developed as pilot systems, to test the novel concepts of data integration, service-oriented design, and client-oriented delivery mechanisms. These systems are the two portals for country and government, the Citizens Services Database, and the National Operations Room.

(iv) Societal Applications Fund: The proposed overall goal of the SAF is the provision of key *information* and opportunities for *communication* (as opposed to a focus on technology) that enables an improvement in living conditions in the targeted through pilot projects poorest communities of Sri Lanka. This will be achieved by applying low-cost technology solutions in pilot projects and evaluating the impact of access to information as well as to communication means; equitably and innovatively building capacity in the least empowered population to use and benefit from ICT; identifying sustainable social or business models that can be scaled up for broader impact.The fund would provide grants initially and would later enable development of other funding vehicles as well. In addition, it is proposed that the SAF *promote and progressively address*: partnerships between private sector, NGOs, and government; good governance; equality between women and men; inclusion of marginalized groups, such as people with disabilities and other minorities; environmentally sustainable practices.Proposals would be generated through RFP and by soliciting and refining proposals in areas identified as presenting opportunities or developmental problems needing immediate attention.

I.A.4. Project Location: (Geographic location, information about the key environmental and social characteristics of the area and population likely to be affected, and proximity to any protected areas, or sites or critical natural habitats, or any other culturally or socially sensitive areas.)

The project essentially covers entire Sri Lanka. However, the Information Infrastructure Network, which is the only component of the project that may have potential environmental and social impacts focuses on the poorest regions of the country, particularly rural areas with low connectivity in the South and post conflict regions in the North and East.

B. Check Environmental Classification: **C (Not Required)**

Comments:

Of the six components supported under the project, 5 have no adverse environmental and social impacts since this is a E development and ICT reform project. The regional telephone network (RTN) that is proposed under the project may result in potential environmental issues that may require the project to be categorized as an Environmental Category B project. This may depend largely on whether the RTN network is a wireline system or a wireless system. An appropriate Environmental and Social

Assessment Framework Note will be prepared during project preparation to be used if the project will be classified as a Category B project.

C. Safeguard Policies Triggered (from PDS)

(click on ⍰ for a detailed desciption *or* click on the policy number for a brief description)

Policy	Triggered
Environmental Assessment (OP 4.01, BP 4.01, GP 4.01)	Yes
Natural Habitats (OP 4.04, BP 4.04, GP 4.04)	No
Forestry (OP 4.36, GP 4.36)	No
Pest Management (OP 4.09)	No
Cultural Property (OPN 11.03)	No
Indigenous Peoples (OD 4.20)	No
Involuntary Resettlement (OP/BP 4.12)	No
Safety of Dams (OP 4.37, BP 4.37)	No
Projects in International Waters (OP 7.50, BP 7.50, GP 7.50)	No
Projects in Disputed Areas (OP 7.60, BP 7.60, GP 7.60)*	No

Section II - Key Safeguard Issues and Their Management

D. Summary of Key Safeguard Issues. *Please fill in all relevant questions. If information is not available, describe steps to be taken to obtain necessary data.*

II.D.1a. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts.

There are no major environmental issues associated with the project. The project is an E-Development and ICT sector reform project, which primarily involves policy and institution building components. The only component of the project that may have potential environmental & social impacts is the Information Infrastructure Network which will be financing the construction of information infrastructure network to integrate the North and East to the rest of the country and to connect the most remote and rural areas, particularly in the South. It has not been pre-determined if wireless or wireline systems will be used. This decision cannot be made at this stage but will depend on the proposals put forward by the private sector during the bidding process for the RTN networks. Wireless systems will have minimal environmental & social impacts, with potential impacts associated with the land for erection of towers and the aesthetic impacts of the towers being of concern. Wireline systems would potentially have considerably more environmental and social impacts due to erection of the network. These impacts will probably be due to clearing of rights of way and erection of poles. Since rural road access in Sri Lanka is reasonably good, it is the rural telephone network will follow existing roads, thus requiring no real change in land use or associated impacts of land acquisition. There may be minor environmental impacts associated with the construction or renovation of Telecenters. But considering the small size of rural telecenters, these impacts are easily mitigated. There will be no resettlement, damage to cultural property or adverse impact on indigenous people under this project.

II.D.1b. Describe any potential cumulative impacts due to application of more than one safeguard policy or due to multiple project component.

Since it is only the environmental assessment safeguard policy that may be applicable for this project, it is anticipated that there will be no cumulative impacts due to the application of more than one safeguard policy. As stated above, all other project components have no adverse environmental or social impacts.

II.D.1c Describe any potential long term impacts due to anticipated future activities in the project area.

There are no long term impacts anticipated due to future activities within the project area.

II.D.2. In light of 1, describe the proposed treatment of alternatives (if required)

Bidders for the RTN project will be required to file an environmental impact assessment (EIA) identifying environmental impacts of their proposed networks. The EIA will follow the guidelines described in the Environmental and Social Assessment Framework Note that is being prepared for this project. These environmental assessments will be screened as part of the bid evaluation process in order to minimize any negative environmental impacts.

II.D.3. Describe arrangement for the borrower to address safeguard issues

Bidders for the RTN project will be required to file an environmental impact assessment identifying environmental impacts of their proposed networks, in accordance with the agreed Framework. These assessments will be screened as part of the bid evaluation process in order to minimize any negative environmental impacts. Implementation of the environmental mitigation measures during construction will be included as part of the contract of the selected bidder. Since EIA's are not statutorily required for telecommunications projects under Sri Lanks's National Environmental Act (NEA), the EIA will be reviewed by the project implementing agency (through outsourcing the environmental review) and by the Bank to ensure that the environmental issues are adequately addressed and the mitigation measures are appropriate.

II.D.4. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

The key stakeholders are the public of Sri Lanka with rural communities in the areas where the RTN network will be established being critical stakeholders. The stakeholders will be consulted during the EIA preparation stage by the bidders. The Framework for undertaking the EA will placed for public comments prior to finalization.

E. Safeguards Classification (select in SAP). Category is determined by the highest impact in any policy. Or on basis of cumulative impacts from multiple safeguards. Whenever an individual safeguard policy is triggered the provisions of that policy apply.

[   ] S1. – Significant, cumulative and/or irreversible impacts; or significant technical and institutional risks in management of one or more safeguard areas
[X] S2. – One or more safeguard policies are triggered, but effects are limited in their impact and are technically and institutionally manageable
[   ] S3. – No safeguard issues

[   ] SF. – Financial intermediary projects, social development funds, community driven development or similar projects which require a safeguard framework or programmatic approach to address safeguard issues.

F. Disclosure Requirements

Environmental Assessment/Analysis/Management Plan:	*Expected*	*Actual*
Date of receipt by the Bank	November 24, 2003	
Date of "in-country" disclosure	November 26, 2003	
Date of submission to InfoShop	November 26, 2003	
Date of distributing the Exec. Summary of the EA to the Executive Directors *(For category A projects)*		

Resettlement Action Plan/Framework:	*Expected*	*Actual*
Date of receipt by the Bank		
Date of "in-country" disclosure		
Date of submission to InfoShop		

Indigenous Peoples Development Plan/Framework:	*Expected*	*Actual*
Date of receipt by the Bank		
Date of "in-country" disclosure		
Date of submission to InfoShop		

Pest Management Plan:	*Expected*	*Actual*
Date of receipt by the Bank		
Date of "in-country" disclosure		
Date of submission to InfoShop		

Dam Safety Management Plan:	*Expected*	*Actual*
Date of receipt by the Bank		
Date of "in-country" disclosure		
Date of submission to InfoShop		

If in-country disclosure of any of the above documents is not expected, please explain why.

Signed and submitted by	Name	Date
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Approved by:	Name	Date
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Sector Manager/Director	Joseph Del Mar Pernia	