

SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

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| Country: | <input type="text" value="Sri Lanka"/> | Project Title: | <input type="text" value="Shipyard Rehabilitation Project"/> |
| Lending/Financing Modality: | <input type="text" value="Project"/> | Department/ Division: | <input type="text" value="Private Sector Operations Department / Infrastructure Division 1"/> |

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| I. POVERTY AND SOCIAL ANALYSIS AND STRATEGY Poverty targeting: general intervention |
| A. Links to the National Poverty Reduction and Inclusive Growth Strategy and Country Partnership Strategy Sri Lanka is an island nation strategically located along international shipping routes. The development of maritime transport infrastructure is essential to Sri Lanka. The proposed project will provide a loan of up to \$4.0 million to Walkers Colombo Shipyard (Pvt) Ltd (WCS) to finance the development of the ship repair yard located in Colombo. The project is in line with the Asian Development Bank (ADB) country partnership strategy for Sri Lanka, 2018–2022 and upholds two key aspects of the first pillar for ADB’s focus areas: expanding provision of growth-orientated infrastructure and logistics, particularly improving connectivity in the transport sector such as ports, and strengthening the infrastructure of the economic corridor, especially in the transport sector. ¹ |
| B. Results from the Poverty and Social Analysis during PPTA or Due Diligence 1. Key poverty and social issues. Given Sri Lanka’s location on the major east–west shipping route and proximity to Indian and Middle Eastern ports, there is a potential for high growth in Sri Lanka’s ship repair and maintenance servicing market. After years of civil war, the Government of Sri Lanka is seeking to maximize its strategic global trade position as a major hub for transshipment and ship-related businesses. It forecasts that rising cargo levels will enable transportation, including ports, to make up approximately 40% of gross domestic product by 2020. ^c 2. (Confidential information redacted under para. 97(v) of ADB’s Public Communications Policy) 3. Impact channels. The project will support the development of Sri Lanka as a regional maritime transport hub by attracting small vessels to dock at the port of Colombo for repairs and maintenance. It will indirectly contribute to improving connectivity and service delivery by minimizing downtime for small oceangoing vessels used for fishing, and transport of goods and passengers, by providing maintenance and repairs facilities that have state of the art technology and are in close proximity to the areas where the vessels are operating. 4. Other social and poverty issues. Not applicable. 5. Design features. The project will help improve the operations of the local marine industry by increasing the capacity for small vessel repair. The project is expected to generate local employment and support the local economy. |
| II. PARTICIPATION AND EMPOWERING THE POOR |
| 1. Participatory approaches and project activities. WCS’ shipyard is under the jurisdiction of the Ceylon Fishery Harbours Corporation. A public relations officer will be designated in the site to liaise with stakeholders as needed. 2. Civil society organizations. Not applicable. The project site is located within port premises, where civil society organizations are not likely to be present. 3. The following forms of civil society organization participation are envisaged during project implementation, rated as high (H), medium (M), low (L), or not applicable (NA): <input checked="" type="checkbox"/> L Information gathering and sharing <input type="checkbox"/> N Consultation <input type="checkbox"/> N Collaboration <input type="checkbox"/> N Partnership 4. Participation plan. <input type="checkbox"/> Yes. <input checked="" type="checkbox"/> No. Walkers Colombo Shipyard, through its parent company, Walker Shipyards Limited, implements various outreach activities under its social responsibility policy. Outside the port complex however, there is very little interaction between the company and the nearby communities and local governments. |
| III. GENDER AND DEVELOPMENT |
| Gender mainstreaming category no gender elements |
| A. Key issues. Sri Lanka’s 2014 labor force survey indicates 9.2% of employed men work in transportation and storage services, but only 0.5% of employed women are in this sector. ^b However, there is very little opportunity to address this concern in the project design given the limited scope of ship repair yard construction and development. WCS is a gender-neutral company and neither promotes nor discriminates in the hiring of women. Due diligence in the project site under construction confirmed the presence of adequate facilities for women employees. |
| B. Key actions. <input type="checkbox"/> Gender action plan <input type="checkbox"/> Other actions or measures <input checked="" type="checkbox"/> No action or measure |

¹ ADB. 2017. *Country Partnership Strategy: Sri Lanka, 2018–2022 – Transition to Upper Middle-Income Country Status*. Manila.

| IV. ADDRESSING SOCIAL SAFEGUARD ISSUES | |
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| A. Involuntary Resettlement 1. Key impacts. The project site is leased from the Ceylon Fishery Harbours Corporation. Although there are communities present near the sites, these are located outside the port premises and do not encroach on the project area. Likewise, the shipyard operations will be within the port premises and will not entail physical or economic displacement. 2. Strategy to address the impacts. Not applicable. 3. Plan or other Actions. <input type="checkbox"/> Resettlement plan <input type="checkbox"/> Resettlement framework <input type="checkbox"/> Environmental and social management system arrangement <input checked="" type="checkbox"/> No action | Safeguard Category: <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI <input type="checkbox"/> Combined resettlement and indigenous peoples plan <input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework <input type="checkbox"/> Social impact matrix |
| B. Indigenous Peoples 1. Key impacts. Site inspection revealed that the identified project site is within an existing harbour complex. There are no indigenous peoples in or around the port premises that would be affected by project activities. No involuntary resettlement impacts are expected. Is broad community support triggered? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No 2. Strategy to address the impacts. Not applicable. 3. Plan or other actions. <input type="checkbox"/> Indigenous peoples plan <input type="checkbox"/> Indigenous peoples planning framework <input type="checkbox"/> Environmental and social management system arrangement <input type="checkbox"/> Social impact matrix <input checked="" type="checkbox"/> No action | Safeguard Category: <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI <input type="checkbox"/> Combined resettlement plan and indigenous peoples plan <input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework <input type="checkbox"/> Indigenous peoples plan elements integrated in project with a summary |
| V. ADDRESSING OTHER SOCIAL RISKS | |
| A. Risks in the Labor Market 1. Relevance of the project for the country's or region's or sector's labor market, indicated as high (H), medium (M), and low or not significant (L). <input type="checkbox"/> unemployment <input type="checkbox"/> underemployment <input type="checkbox"/> retrenchment <input checked="" type="checkbox"/> core labor standards 2. Labor market impact. The project is expected to employ around 100 workers and will engage contractors to increase its staff complement. Compliance with core labor standards will be included in the company's legal agreements. | |
| B. Affordability Pricing for the shipyard repair services will be competitive to attract small vessels. | |
| C. Communicable Diseases and Other Social Risks 1. The impact of the following risks are rated as high (H), medium (M), low (L), or not applicable (NA): <input type="checkbox"/> NA Communicable diseases <input type="checkbox"/> NA Human trafficking <input type="checkbox"/> Others (please specify) _____ 2. Risks to people in project area. Not applicable. | |
| VI. MONITORING AND EVALUATION | |
| 1. Targets and indicators. The project will monitor number of vessels repaired, number of jobs created during construction phase, and domestic purchases during construction and early operation. 2. Required human resources. The company will hire an Environment Health and Safety person to monitor Environmental and Social (E&S) performance. 3. Information in the project administration manual. Not applicable. 4. Monitoring tools. The company will submit an annual E&S monitoring report to ADB. | |

^a ADB. 2017. *Country Partnership Strategy: Sri Lanka, 2018–2022 – Transition to Upper Middle-Income Country Status*. Manila.

^b Government of Sri Lanka, Department of Census and Statistics. 2015. *Sri Lanka Labour Force Survey. Annual Report 2014*. Colombo. Quoted in ADB. 2016. *Sri Lanka: Gender Equality Diagnostic of Selected Sectors*. Manila, p.43.