

SAFEGUARDS AND SOCIAL DIMENSIONS SUMMARY

A. Safeguards

1. 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.

(Confidential information redacted under para. 97(v) of ADB's Public Communications Policy)

2. The project is classified as category B for the environment pursuant to the Asian Development Bank (ADB) Safeguard Policy Statement (2009). The environmental and social impacts and risks arising from the project are limited, generally site-specific, and could be addressed through the implementation of readily designed mitigation measures. The shipyard will be located inside the vicinity of an established port (former fishery harbor) and will be operated according to recognized environmental, health and safety management procedures. The Colombo yard will occupy a leased area of 3.5 acres and is located within the Mutwal fisheries harbor, situated 3 kilometers northeast of Colombo Port.

3. Key issues in the shipyard's operation include the management of dredging activities and disposal of dredged materials, mitigation of noise associated with activities during construction and operation, treatment of wastewater effluent, disposal of solid wastes, and occupational health and safety management. Power and water will be sourced from local water and electricity utilities. An effluent treatment plant will be constructed to treat the wastewater generated during operation. Solid waste will be handled by licensed service provider. Suitable dredged materials will be reused for construction works, as fill for low-lying areas, or disposed of in permissible areas. Potential health and safety hazards associated with shipyard operation include those relating to slipping, falling and tripping; working in confined spaces; and exposure to short-term vibration, high noise levels, and volatile organic compounds such as from paints and solvents. These can be minimized and mitigated by employing workers with appropriate skills, conducting health and safety training, and using appropriate personal protective equipment. An initial environmental examination, including an environmental management and monitoring plan, and a compliance audit of the existing facility and corresponding corrective actions, have been prepared and will be disclosed on the ADB website upon Board approval. The company will submit periodic monitoring reports to ADB. A grievance redress mechanism will be established to handle project-related issues and concerns. Information disclosure and consultation with affected people was conducted in accordance with ADB requirements.

4. The project has been classified as category C for involuntary resettlement and indigenous peoples. WCS has an existing lease agreement with the Ceylon Fishery Harbours Corporation (CFHC). It is planning to expand its area within the harbor complex and has entered into a lease arrangement with the Harbor Corporation for the use of an adjacent site within the port premises (adjacent to a former cold storage unit that has transferred to another harbor). The shipyard also has a user agreement for the use of CFHC access roads, and no new access roads will be constructed for this site. Although there are communities present around the project site, these are outside the harbor complex and do not encroach on the project site. Consultations were undertaken with these communities, and there are no livelihood issues associated with access restrictions, dredging or other project activities. Likewise, no indigenous peoples and involuntary resettlement impacts are expected.

B. Social Dimensions

5. WCS will comply with national labor laws and, pursuant to ADB's Social Protection Strategy,¹ will take measures to comply with internationally recognized core labor standards. The company will report regularly to ADB on (i) its compliance with such laws, and (ii) the measures taken. The project is classified as having no gender elements.

¹ ADB. 2001. *Social Protection Strategy*. Manila.