

INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Sri Lanka	Project Title:	Shipyard Rehabilitation Project
Lending/Financing Modality:	Project	Department/ Division:	Private Sector Operations Department Infrastructure Division 1

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

A. Links to the National Poverty Reduction Strategy and Country Partnership Strategy

Being an island nation strategically located along international shipping routes, the development of maritime transport infrastructure is essential to Sri Lanka. The proposed project will lend to Walkers Colombo Shipyards (Pvt) Ltd. (WCS), and Walkers Galle Shipyards (Pvt) Ltd. (WGS), and invest in Walkers Shipyard Limited (WSL) to finance the development of the ship-repair yards located in Colombo and Galle. The project is consistent with ADB's Sri Lanka Interim Country Partnership Strategy (2015-2016)^a which identifies transport as one of the key focus sectors.

B. Poverty Targeting

General Intervention Individual or Household (TI-H) Geographic (TI-G) Non-Income MDGs (TI-M1, M2, etc.)

The proposed project will contribute in developing Sri Lanka's infrastructure for ship-repair and maintenance servicing.

C. Poverty and Social Analysis

1. Key issues and potential beneficiaries. The proposed project will finance the construction and operation of two ship repair yards which will specifically target small ocean-going vessels as there are no dedicated facilities in the South Asian region. Development of these types of infrastructures contributes to the connectivity and service delivery and is expected to benefit not only to benefit ship owners but also clients of these small ocean-going vessels which include fish merchants and passengers.

2. Impact channels and expected systemic changes. The proposed project will support the development of Sri Lanka as a regional maritime transport hub as this will attract small vessels to dock in Sri Lanka's ports of Colombo and Galle for repairs and maintenance. It will indirectly contribute to improving connectivity and service delivery by minimizing down-time of small ocean-going vessels used for fishing, and transport of goods and passengers, by providing an alternative option for maintenance and repairs with state of the art technology and in close proximity.

3. Focus of (and resources allocated in) the PPTA or due diligence. Due diligence will assess operations and activities for any impacts on social safeguards and other social dimensions (gender and labor).

4. Specific analysis for policy-based lending. Not applicable.

II. GENDER AND DEVELOPMENT

1. What are the key gender issues in the sector/subsector that are likely to be relevant to this project or program? Employment of women is limited in transportation and storage services sector. Due diligence will confirm the client's policy on employment of women as well as inspect adequacy of facilities in the subproject sites.

2. Does the proposed project or program have the potential to make a contribution to the promotion of gender equity and/or empowerment of women by providing women's access to and use of opportunities, services, resources, assets, and participation in decision making?

Yes No Please explain. There is very little opportunity to address employment of women in transportation and storage services considering the nature of the project.

3. Could the proposed project have an adverse impact on women and/or girls or widen gender inequality?

Yes No Please explain. Due diligence will confirm policy of client on non-discrimination of women.

4. Indicate the intended gender mainstreaming category:

GEN (gender equity) EGM (effective gender mainstreaming)

SGE (some gender elements) NGE (no gender elements)

III. PARTICIPATION AND EMPOWERMENT

1. Who are the main stakeholders of the project, including beneficiaries and negatively affected people? Identify how they will participate in the project design.

WSL's operations are strictly confined within the port areas and workshop premises which make presence of negatively affected people unlikely. Due diligence will confirm with client existing measures for liaising with stakeholders as needed.

2. How can the project contribute (in a systemic way) to engaging and empowering stakeholders and beneficiaries, particularly, the poor, vulnerable and excluded groups? What issues in the project design require participation of the poor and excluded?

Not applicable. The subproject sites are located within port premises.

3. What are the key, active, and relevant civil society organizations in the project area? What is the level of civil society organization participation in the project design?

N Information generation and sharing Consultation Collaboration Partnership

4. Are there issues during project design for which participation of the poor and excluded is important? What are they and how shall they be addressed? Yes No Not likely to be applicable considering the nature of the project.

IV. SOCIAL SAFEGUARDS

A. Involuntary Resettlement Category A B C FI

1. Does the project have the potential to involve involuntary land acquisition resulting in physical and economic displacement? Yes No

Subproject sites are leased from respective Harbour Corporation/Ports Authority. Although there are communities present near the sites, these are outside the port premises and do not encroach on the project area.

2. What action plan is required to address involuntary resettlement as part of the PPTA or due diligence process?

Resettlement plan Resettlement framework Social impact matrix
 Environmental and social management system arrangement None

B. Indigenous Peoples Category A B C FI

1. Does the proposed project have the potential to directly or indirectly affect the dignity, human rights, livelihood systems, or culture of indigenous peoples? Yes No

2. Does it affect the territories or natural and cultural resources indigenous peoples own, use, occupy, or claim, as their ancestral domain? Yes No The project is located in or around the port premises.

3. Will the project require broad community support of affected indigenous communities? Yes No Impact on indigenous peoples is not likely considering the location of the subprojects.

4. What action plan is required to address risks to indigenous peoples as part of the PPTA or due diligence process?

Indigenous peoples plan Indigenous peoples planning framework Social Impact matrix
 Environmental and social management system arrangement None

V. OTHER SOCIAL ISSUES AND RISKS

1. What other social issues and risks should be considered in the project design?

Creating decent jobs and employment L Adhering to core labor standards Labor retrenchment
 Spread of communicable diseases, including HIV/AIDS Increase in human trafficking Affordability
 Increase in unplanned migration Increase in vulnerability to natural disasters Creating political instability
 Creating internal social conflicts Others, please specify _____

2. How are these additional social issues and risks going to be addressed in the project design? Due diligence will assess and confirm client's compliance with core labor standards and other applicable laws.

VI. PPTA OR DUE DILIGENCE RESOURCE REQUIREMENT

1. Do the terms of reference for the PPTA (or other due diligence) contain key information needed to be gathered during PPTA or due diligence process to better analyze (i) poverty and social impact; (ii) gender impact, (iii) participation dimensions; (iv) social safeguards; and (v) other social risks. Are the relevant specialists identified?

Yes No

2. What resources (e.g., consultants, survey budget, and workshop) are allocated for conducting poverty, social and/or gender analysis, and participation plan during the PPTA or due diligence?

ADB staff will conduct due diligence and will assess and confirm poverty, social, and gender impacts of the project, if any.

^aADB. 2015. Sri Lanka Interim Country Partnership Strategy (2015-2016). Manila