Public Information Summary

Host Country	Sri Lanka
Name of Borrower	Colombo West International Terminal Private Limited
Project Description	Development, construction, and operation of the Western Container Terminal, a deep-water container terminal at the Port of Colombo.
Proposed DFC Loan	Up to $553,000,000. Tenor of no more than 20 years from first disbursement.
All-Source Funding Total	$851,000,000
Policy Review[1]	
Developmental Objectives	The DFC investment is expected to have a positive development impact in Sri Lanka by supporting port development as a driver of the country's economy. Shipping and logistics are estimated to contribute to 2.5% of Sri Lanka's GDP while sustaining over 40,000 jobs. According to the Asian Development Bank, Sri Lanka would need to strengthen its port capacity by improving infrastructure and operational efficiency in order to remain competitive as a global shipping center. Expansion of the Port of Colombo is expected to contribute to job creation and strengthen Sri Lanka's position as a global logistics hub.
Environment and Social Assessment	**SCREENING:** The Project has been reviewed against DFC's categorical prohibitions and determined to be categorically eligible. The Project is screened as Category A because expansion of an existing large-scale seaport facility is considered to have significant adverse environmental and social impacts that are diverse, irreversible, or unprecedented. The Project is subject to climate change resiliency screening. As part of the ESIA, the Project performed a Climate Vulnerability and Adaptation Assessment that includes a detailed description of the Project and potential impacts from climate change. An Adaptation Plan to mitigate potential impacts identified has been developed for the Project. **APPLICABLE STANDARDS:** The Project is subject to DFC's 2020 Environmental and Social Policy and Procedures ("ESPP"). Under DFC's ESPP, the Project Sponsor is required to comply with applicable

	national laws and regulations related to environmental and social performance. In addition, DFC's preliminary environmental and social due diligence indicates that the Project will have impacts that must be managed in a manner consistent with the following of the International Finance Corporation's (IFC) 2012 Performance Standards: • PS 1: Assessment and Management of Environmental and Social Risks and Impacts; • PS 2: Labor and Working Conditions; • PS 3: Resource Efficiency and Pollution Prevention; • PS 4: Community Health, Safety, and Security; and • PS 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources In addition to the Performance Standards listed above, the Project will be required to comply with the following: 1. World Bank Group Environmental, Health and Safety (EHS) General Guidelines (April 30, 2007); 2. EHS Guidelines for Ports, Harbors, and Terminals (February 2, 2017); and 3. IFC/EBRD Workers' Accommodation: Processes and Standards (August 2009). The Project is a brownfield expansion of an existing port, no additional land acquisition is necessary, and the Project is not expected to adversely impact Indigenous Peoples or Cultural Heritage. Therefore, PS 5, 7, and 8 are not triggered by the Project at this time. **ESIA DISCLOSURE:** The Project's ESIA package was posted on DFC's website from 04/10/2023 to 06/09/2023. Comments were received. The comments received and DFC's response can be found in Annex E. **KEY ENVIRONMENTAL AND SOCIAL RISKS AND MITIGATION:** The key environmental and social impacts related to the development and operation of the Project will include: dredging-related impacts, including impacts to local fishers, marine biodiversity, and marine water quality; occupational health and safety (OHS), management of wastes and hazardous materials, emergency preparedness and response, community health and safety, labor and contractor management, and cumulative impacts. The Project has developed a Stakeholder Engagement Plan and project-level grievance mechanism. It will be required to have in place a sufficient HR management system including monitoring of contractors.

	Dredging Impacts Prior to land reclamation activities, unsuitable material (~2 million m3) was dredged from the terminal footprint and disposed of offshore at the existing Sri Lankan Port Authority (SLPA) disposal area ~4 km from the Project terminal. Material for land reclamation (~15 million m3) was dredged from an approved offshore sand borrow area and deposited at the terminal site. Both activities had the potential to adversely affect local fishers, biodiversity, and water quality. The dredging and land reclamation works are now complete. Consequently, the potential for future environmental and social impacts relating to disturbance to fishers associated with this activity is considered substantially reduced. *Engagement with Fishers:* The Project Developer has undertaken stakeholder engagement activities with local community from coastal villages (Negombo, Wattala and Colombo DS), women household members in fishing communities, the officials from the project area, the officials of the Ministry of Fisheries and Department of Fisheries and Aquatic Resources (DFAR), and local administration and representatives of aquatic research institutes. A formal grievance mechanism has been established with support and coordination from DFAR to receive and address any grievances related to damages or other adverse impacts from dredging activities to local fisherfolks. In addition to the grievance mechanism, the Project Developer has also developed additional mitigation measures including an insurance coverage for fishing vessels and equipment and engagement with the fishing communities for awareness-raising. Targeted consultation with relevant stakeholders in the fishing communities was undertaken in conjunction with the ESIA and continues to be a focus area in the Project's overall Stakeholder Engagement Plan, which also recognizes fisherfolks as key stakeholders to the Project. *Marine Biodiversity* Project-related dredging activities are not expected to have resulted in significant adverse impacts to marine biodiversity. The ESIA did not identify any Critical Habitat in the Project's area of influence, and although there are corals in the vicinity of the terminal and sand borrow areas, plume modelling conducted as part of the ESIA indicated sedimentation and smothering of these corals due to the Project's dredging activities is unlikely.

	CWIT developed an outline Biodiversity Management Plan (BMP) as part of the ESIA and will be required to develop and submit to DFC a Final BMP that includes Cetacean Management Plans for both the construction and operational phases. CWIT has also developed a Biodiversity Conservation Policy and a Biodiversity Induction and Training Procedure to ensure staff working on the Project are aware of the requirements of the BMP. *Marine Water Quality* The Project monitored turbidity and total suspended solids at 28 locations in the marine borrow area and the surrounding area during borrow dredging activities. There were no exceedances of the EU guidelines (EU guidelines were used because Sri Lanka does not have marine water quality standards). The project also conducted sediment sampling of the unsuitable material prior to disposal at sea, and there were no exceedances compared to the OSPAR guidelines. During both construction and operation of the Project, the bilge/ballast water of vessels will be collected by government-approved waste collectors. This is handled by the Shipping Agent. Domestic wastewater generated from on-site sanitation facilities will be treated through an on-site sewage treatment plant which will meet the minimum guidelines set by the Sri Lanka Central Environmental Authority ('CEA') for discharges into coastal waters. A stormwater drainage system will be used to channelize all surface runoff from the site into an adequately sized double chambered sedimentation tank. The outfall from the tank will be connected to the sea at two locations. Periodic cleaning of the storm water drainage structures will be undertaken to maintain uninterrupted storm water flow. <u>Occupational Health and Safety</u> Construction-phase OHS risks/impacts will include those regularly associated with large construction projects. CWIT has developed an overarching construction-phase Occupational Health & Safety Management Plan (OHSMP) and each subcontractor will be required to develop their own OHS Plan in compliance with the OHSMP. Subcontractor compliance with the OHSMP will be overseen by the CWIT E&S Team. CWIT will develop an operational-phase OHSMP prior to beginning any operational activities. <u>Management of Wastes and Hazardous Materials</u>

	Wastes will be stored in designated storage areas and disposed of through third party vendors. CWIT will be responsible for the overall implementation of a Waste Management Plan through its EHS team. Hazardous materials at ports typically include oil, fuels, solvents, lubricants and other hazardous substances used in port activities including vessel, vehicle, equipment and grounds maintenance. The Project is not expected to handle or transship hazardous cargoes. All hazardous material and waste containers will be secured and labelled with the contents and associated hazards. Hazardous materials storage and handling facilities will be constructed away from traffic zones and will include protective mechanisms (e.g., reinforced posts, concrete barriers, etc.) and adequate secondary containment. The Project has a Spill Response Procedure and associated spill kits to contain any accidental spillage of fuel, chemicals, or hazardous material. Additionally, the Project has an Oil Spill Contingency Plan that was approved by the Marine Environment Protection Authority (MEPA) of Sri Lanka. <u>Emergency Preparedness and Response</u> CWIT has developed an Emergency Preparedness and Response Plan (EPRP) that identifies possible Project-related emergency scenarios, responses, and notification and communication channels. The EPRP includes quarterly unannounced mock drills for the various emergency scenarios and lists key performance indicators against which to monitor the implementation of the plan. The EPRP is comprehensive from a safety standpoint and is in line with what is expected for a project of this type. <u>Community Health and Safety</u> Potential Project-related impacts on Community Health and Safety include air emissions, noise, traffic, and influx of non-resident workers. A Community H&S Management Plan (CHSMP) was developed as a part of the ESIA and will be required to be updated to better address health and safety risks associated with worker influx. Due to the distance to the nearest receptors, Project-related community impacts from air emissions and noise are expected to be minimal. The Project developed a Traffic Management Plan that includes aspects of transportation routing and scheduling for the delivery of construction and quarry (rock/boulder) materials. <u>Labor and Contractor Management</u> Approximately 1,000 workers for the construction phase and 400 workers for operation are expected for the project. The majority of the

	workers are anticipated to be contracted during the construction phase and recruited to the extent possible from the local area. A Labor Management Plan and a series of HR policies have been developed, including an internal grievance redressal policy. A number of additional policies are under development including those relating to contractor management, code of conduct and supplier code of conduct. Satisfactory finalization of the requisite HR documents aligned with PS 2 will be required. <u>Cumulative Impacts</u> The Project will be part of the larger Colombo Port complex, which includes several other terminals built on reclaimed land. The Port City Colombo, a 269-ha special economic zone adjacent to the Colombo Port complex is also being built on reclaimed land. Cumulative impacts will mainly stem from dredging activities (see Dredging Impacts above) and traffic (see Community Health and Safety above). Because the nearest receptors are relatively far away, the Project is not expected to have significant adverse cumulative impacts relating to noise, air, or wastes.