Early Warning System

ADB-50184-001

National Port Master Plan

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Quick Facts

Countries	Sri Lanka
Financial Institutions	Asian Development Bank (ADB)
Status	Active
Bank Risk Rating	U
Voting Date	2016-08-29
Sectors	Transport
Investment Type(s)	Grant
Investment Amount (USD)	$ 1.50 million

Project Description

DESCRIPTION

The project will help the government develop a national master plan for its port sector, including the restructuring of Sri Lanka Ports Authority (SLPA). The impact of the project will be the realization of the most competitive and preferred ports and shipping destination in the region. The outcome will be harmonized and balanced port development facilitated in the nation. The project has two outputs: national port master plan and technical review of the final design of the port access elevated highway.

The executing agency will be the SLPA. The executing agency will provide policy guidance and national-level coordination in relation to the TA and ensuing projects, and be responsible for managing daily implementation activities. A TA advisory committee headed by SLPA's managing director will be established within SLPA to guide and provide support to the TA team for smooth activity implementation.

PROJECT RATIONALE AND LINKAGE TO COUNTRY/REGIONAL STRATEGY

As Sri Lanka is an island nation, maritime transport is essential for the nation. It is a dominant transport mode for international trade and accounts for a large share of the country's international logistics cost. Low-cost logistics is critical to Sri Lanka's economic efficiency and transition to an export-oriented economy because it affects both the competitiveness of exported goods and consumer price of imported goods of the country. Sri Lanka plays a significant role as a regional transport hub due to its strategic location in the vicinity of major international shipping routes. Ports and shipping are central to the economic ties between Sri Lanka and the rest of the world, including South Asia Subregional Economic Cooperation nations.

Sri Lanka needs to keep strengthening its ports' capacity and competitiveness by improving infrastructure, operational efficiency, and institutions, in order to maintain its role as a regional transport hub despite severe competition with the ports of other nations. The introduction of larger vessels and the emergence of gigantic container shipping line alliances have exacerbated the competition between international ports. Due to Sri Lanka's national economic growth and the rapid growth of international container shipping demand, the country urgently needs to strengthen its port capacity. Being left behind these recent trends will lead to the loss of economic opportunities and growth impediments in the South Asia Subregional Economic Cooperation region.

In spite of the needs for capacity strengthening, the Colombo port is constrained due to the urbanization of and growing congestion in Colombo City. The Colombo port development must cope with urban development on the land side. At the same time, the Colombo port cannot accommodate all development needs due to its limited port area inside the breakwaters. Hence, cargo handling capacity for container, dry bulk, liquid bulk, automobile, and other types of cargo, as well as passengers, needs to be strategically allocated to other ports to alleviate growing pressures on the Colombo port and facilitate national economic growth. Port development direction must be properly determined with full consideration of the economies of scale, the size of the port hinterland, potential demand, and connection to other transport networks. Also, developing local ports is vital for economic growth, and will contribute to addressing the significant economic divide among the regions in the nation.

Efficiency improvement in operations is another agenda in the port sector. The SLPA is a statutory corporation established under the SLPA Act of 1979 as the owner, operator, regulator, and supplier of marine and cargo handling services at the ports. SLPA is complex, large, and inefficient in comparison with other competing international port operators. As of December 2013, SLPA employees are no fewer than 9,900, and around 8,900 serves at the Colombo port. Build -operate- transfer concessions have been applied to some container terminals, which led to alleviation of the financial burden and efficient operations. Further institutional strengthening, including the restructuring of SLPA, needs to be sought with full consideration of a level playing field for all terminal operators, financial strength, efficiency, and competitiveness of Sri Lanka's ports

Investment Description

- Asian Development Bank (ADB)

TA 9161-SRI: National Port Master Plan
Japan Fund for Poverty Reduction US$ 1.50 million

Contact Information

ACCOUNTABILITY MECHANISM OF ADB

The Accountability Mechanism is an independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an Asian Development Bank-financed project. If you submit a complaint to the Accountability Mechanism, they may investigate to assess whether the Asian Development Bank is following its own policies and procedures for preventing harm to people or the environment. You can learn more about the Accountability Mechanism and how to file a complaint at: http://www.adb.org/site/accountability-mechanism/main

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Bank Documents

- National Port Master Plan: Technical Assistance Report [Original Source]
- Project Disclosure PDF