

Comment #1: Impact of Sand and Rock Mining

The main impacts of the project are sand mining and rock mining. According to the reports the total requirement of sand volume is estimated to be 15 million m³, which is significant. This sand will be sourced from SLPA sand borrow area at Kerawalapitiya. Fishermen in this area have been opposing this mining as much of the sand in this area has already been mined for the Colombo port city. This was a project that Center for Environmental Justice opposed, but we lost the case against this development. It remains unclear whether such amount of sand is now available at this site. The project will also require substantial mining for rock material. The ESIA states: “The estimated requirement of rock/boulder is 2.5 million ton which will be sourced from two operational quarries located at Thebuwana and Mirigama area which is inland areas.” This rock mining will create a public nuisance.

DFC Response #1 on the Impact of Sand and Rock Mining

Availability of Sand and Cumulative Extraction:

Project-related borrow dredging activities are complete and the total amount of sand volume required for the Project has been determined to be available from the SLPA borrow area at Kerawalapitiya.

Impacts to 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. We understand from the project that the grievance mechanism has been utilized and grievances to date have been resolved satisfactorily.

As noted in the ESIA, 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 targeted 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.

Impacts from Rock Extraction:

The Project Developer is purchasing rock for the Project from a third-party supplier who will source the rock from two existing quarries at Thebuwana and Mirigama. As part of the ESIA

process, the Project Developer determined that all required permits to mine rock material at these two quarries have been obtained, including approval from the Sri Lanka Police to use two designated routes within the Colombo city limits for the haulage of rocks and boulders, as required by the local regulations.

The Project Developer will implement a Traffic Management Plan and make the Community Grievance Mechanism available for all communities and groups along the rock transport routes to report any concerns and/or grievances related to WCT-1 related activities.

Comment #2: Age of the Assessments

The documents that the current assessment is based on are almost twenty years old and fail to provide a comprehensive assessment of the impacts. According to the Non-Technical Summary for West Container Terminal – 1 (WCT-1) Project, Colombo, Sri Lanka Final 4 April 2023:

The original EIA report for the Colombo Port Expansion Project (CPEP), of which WCT -1 terminal is a part has been prepared in 2005 as per ADB's old environment safeguard guidelines. The IFC Performance standards (PS) were not considered for preparation of the said EIA report. In January 2022, Initial Environment Examination (IEE) Report for Offshore Sand Extraction, for reclamation activities for West Container Terminal-1 (WCT-1) was prepared. It had included comprehensive information on impacts and mitigation measures for sand extraction activity requirements for WCT-1 project. The IEE Report also captured the impact associated with dredging due to East Container Terminal (ECT) being developed by SLPA themselves. This current Environmental and 2 Social Impact Assessment (ESIA) document is prepared only for WCT 1 to ensure that it is compliant with IFC and DFC standards.

According to the above paragraph, the current documents are relying on the assessment done for the Asia Development Bank-funded project where only an IEE was produced. According to the EIA law amendment in 2001, IEEs are public documents but are not put forward for public comment. Therefore, DFC should ensure that information that was from the original EIA done more than 18 years ago should be updated and made available for public comment.

DFC Response #2 on the Age of the Assessments

The 2005 EIA was supplemented by studies undertaken between 2019 and 2023 as listed in the 2023 ESIA and included as Appendices to the 2023 ESIA, some of which were undertaken for other projects in the vicinity of WCT-1.

The 2005 EIA was developed for the Colombo Port Expansion Project, which was funded by the ADB and carried out by the Government of Sri Lanka. The Port Expansion Project is already complete, and the WCT-1 project impacts are considered brownfield as the terminal footprint is situated within and does not change the footprint of the overall Colombo Port.

For the DFC-funded WCT-1 Project, DFC required that additional baseline studies be completed to account for the Project-specific impacts and the need for updated baselines to ensure the Project Developer is assessing those Project-specific impacts according to up-to-date baselines. These additional studies were included in the DFC disclosure package for public comment. DFC is not in a position to require the government of Sri Lanka to re-issue the 2005 EIA for public comment.

Comment #3: Recommendations

We recommend that DFC take the following actions:

- Work with local fisherfolk to minimize the impacts on their livelihoods and to better understand their concerns;
- Engage local communities near the quarries being used for the construction of the port to reduce the negative impacts; and
- Ensure that all environmental and social impacts are based on the most up-to-date information and made readily available for public comment in Sri Lanka.

DFC Response #3 on Recommendations

The Project Developer has plans in place to mitigate Project-related impacts including those from dredging and transportation of construction materials, and to engage with affected and interested stakeholders, including the local fishers. DFC will require continued implementation of these plans as a condition of financing and will monitor the effectiveness these plans through periodic construction-phase and operational-phase monitoring by an independent environmental and social consultant.

DFC required additional studies (undertaken between 2019 and 2023) to be included in the 2023 ESIA to ensure the document that was posted for public comment on DFC's website contained updated information. As required by DFC, the Project Developer has made the 2023 ESIA available for access at the local level during the public comment period at the location listed on DFC's Initial Project Summary for the Project. The Project Developer will be expected to implement its Stakeholder Engagement Plan and engage with affected and interested stakeholders regarding project status, the Project's potential impacts, and any concerns.