

**REPORT AND RECOMMENDATION  
OF THE  
PRESIDENT  
TO THE  
BOARD OF DIRECTORS  
ON A  
PROPOSED TECHNICAL ASSISTANCE LOAN  
TO THE  
DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA  
FOR THE  
COLOMBO PORT EFFICIENCY AND EXPANSION PROJECT**

**September 2001**

## CURRENCY EQUIVALENTS

(as of 1 September 2001)

Currency Unit	–	Sri Lanka Rupee/s (SLRe/SLRs)
SLRe1.00	=	\$0.011
\$1.00	=	SLRs89.825

Sri Lanka moved from a managed floating exchange rate system to a freely floating exchange rate system on 23 January 2001. In this report, a rate of \$1.00 = SLRs84.35 has been used. This was the rate prevailing at the time of the TA Loan Processing Mission.

## ABBREVIATIONS

ADB	–	Asian Development Bank
EDI	–	electronic data interchange
EIA	–	environmental impact assessment
FIRR	–	financial internal rate of return
ISA	–	initial social analysis
ISO	–	International Standards Organization
JBIC	–	Japan Bank for International Cooperation
JCT	–	Jaya Container Terminal
MPDDS	–	Ministry of Port Development and Development of the South
NPV	–	net present value
PMU	–	project management unit
QEY	–	Queen Elizabeth Quay
SAGT	–	South Asia Gateway Terminal
SHDP	–	South Harbor Development Project
SHDT	–	South Harbor Development Team
SLPA	–	Sri Lanka Ports Authority
TA	–	Technical Assistance
teu	–	twenty-foot equivalent unit

## NOTES

- (i) The fiscal year (FY) of the Government ends on 31 December.
- (ii) In this report, "\$" refers to US dollars.

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## TECHNICAL ASSISTANCE LOAN SUMMARY

<b>Borrower</b>	Democratic Socialist Republic of Sri Lanka
<b>Project Description</b>	The technical assistance (TA) loan will consist of two components. The first component will address port sector policy, institutional, and regulatory issues. This will include measures to improve the efficiency of the existing port, in particular the Jaya Container Terminal (JCT). It will also prepare the regulatory and planning framework for port-related international trade operations. The second component comprises preparatory work for the implementation of the South Harbor Development Project (SHDP).
<b>Classification</b>	Other Thematic: Private Sector Development
<b>Environmental Assessment</b>	Category A. A full environmental impact assessment (EIA) of the SHDP will be undertaken under the TA loan. This EIA will be in accordance with ADB's <i>Guidelines for Environmental Assessment of Infrastructure Projects</i> .
<b>Rationale</b>	An efficient port is a major engine of growth. Not only is a port a major activity in itself, but it requires an extensive range of ancillary services and can support the development of downstream activities. Access to an efficient port is a key factor in the development of internationally competitive industries. As an island state, Sri Lanka relies on Colombo Port for its international trade links. The port's efficiency is essential for the country's economic development, and is an important determinant of employment creation and poverty reduction.
<b>Objectives and Scope</b>	<p>The proposed TA loan will assist the Government in realizing the potential of Colombo Port to become a major internationally competitive port in South Asia by (i) expanding private sector participation in the port sector, (ii) commercializing public sector operations and thereby improving efficiency, and (iii) adopting a strategic approach to enlarging Colombo Port and maximizing private sector funding.</p> <p>The first component of the TA will address port sector policy, institutional, and regulatory issues. The first part of this component will provide consulting services to prepare draft legislation to revise the Sri Lanka Ports Authority (SLPA) Act and the necessary documentation for establishing a competition regulator. The second part of this component will focus on increasing the efficiency of SLPA's existing container terminal facilities at the JCT by (i) reorganizing administration, management, and operations at the JCT; and (ii) introducing International Standards Organization (ISO) 9002-based quality standards and obtaining ISO 9002</p>

certification. The second part of this component will also include consulting services to prepare a master plan to simplify port documentation and cargo clearance procedures, including implementation of an electronic data interchange, which will improve the efficiency of clearance of goods. The third part of this component will prepare necessary enabling regulations or legislation for the establishment of dedicated facilities for international trade operations such as international procurement centers.

The second component concerns preparation for the implementation of the SHDP. The first part will review the market for the SHDP, confirm demand projections, and prepare marketing and business plans. The business plan will also include a definition of the factors necessary to obtain commitment to the SHDP from shipping lines and terminal operators, and options for packaging concessions for the SHDP. The second part will examine detailed engineering designs and prepare the contractual documentation required to commence the construction of the first phase of the SHDP. Work under this component will continue until the award of all concession and construction contracts. The third part of this component will include the preparation of a summary environmental impact assessment; a full environmental impact assessment, and an initial social analysis; a full social analysis, if required; and a poverty impact study. The TA also provides for a panel of experts to review the proposed SHDP with respect to commercial, technical, and operational viability.

**Cost Estimates**

The total cost of the TA is estimated at \$14.40 million equivalent, comprising a foreign exchange component of \$7.99 million (about 55 percent of the total TA cost) and a local currency component of \$6.41 million equivalent (about 45 percent).

**Financing Plan**

It is proposed that the Asian Development Bank (ADB) provide a loan of \$10.0 million equivalent to cover the entire foreign exchange cost and part of the local currency cost of the TA. The Government will finance the remaining local cost of \$4.4 million equivalent.

**Loan Amount and Terms**

ADB will provide a loan in an amount equivalent to \$10.0 million from Special Funds resources, with a maturity period of 32 years, including a grace period of 8 years, and an annual interest rate of 1 percent during the grace period and 1.5 percent per annum thereafter.

**Period of Utilization**

29 February 2004

**Implementation Arrangements**

The Ministry of Port Development and Development of the South (MPDDS) will be the Implementing Agency for the TA. A steering committee will be established to give overall direction to the TA, comprised of representatives of the

Ministry of Finance (MOF), MPDDS, SLPA, ADB, Japan Bank for International Cooperation (JBIC) and the World Bank. SLPA will recruit the core staff for the project management unit (PMU) from the open market in accordance with Government procedures that are acceptable to ADB. The PMU will supervise the work under the TA for the JCT and the SHDP.

**Executing Agency**

MPDDS will be the Executing Agency for the TA.

**Consulting Services**

There will be two consulting services contracts under the TA. The first contract will be for the panel of experts, while the second will be for the main services, i.e., concerning port sector policy, institutional, and regulatory issues as well as preparations for the implementation of the SHDP.

The individual consultants for the first contract will be experts of international repute, and will be selected by the steering committee, and engaged by the Borrower. The steering committee will review all nominations, and selection will be on the basis of voting by its members.

The main services that are the subject of the second contract will be undertaken by international consultants in association with suitably qualified domestic consultants.

All consultants will be engaged in accordance with ADB's *Guidelines on the Use of Consultants*. Approximately 463 person-months of consulting services will be required, comprising approximately 285 person-months of international and 178 person-months of domestic consultants.

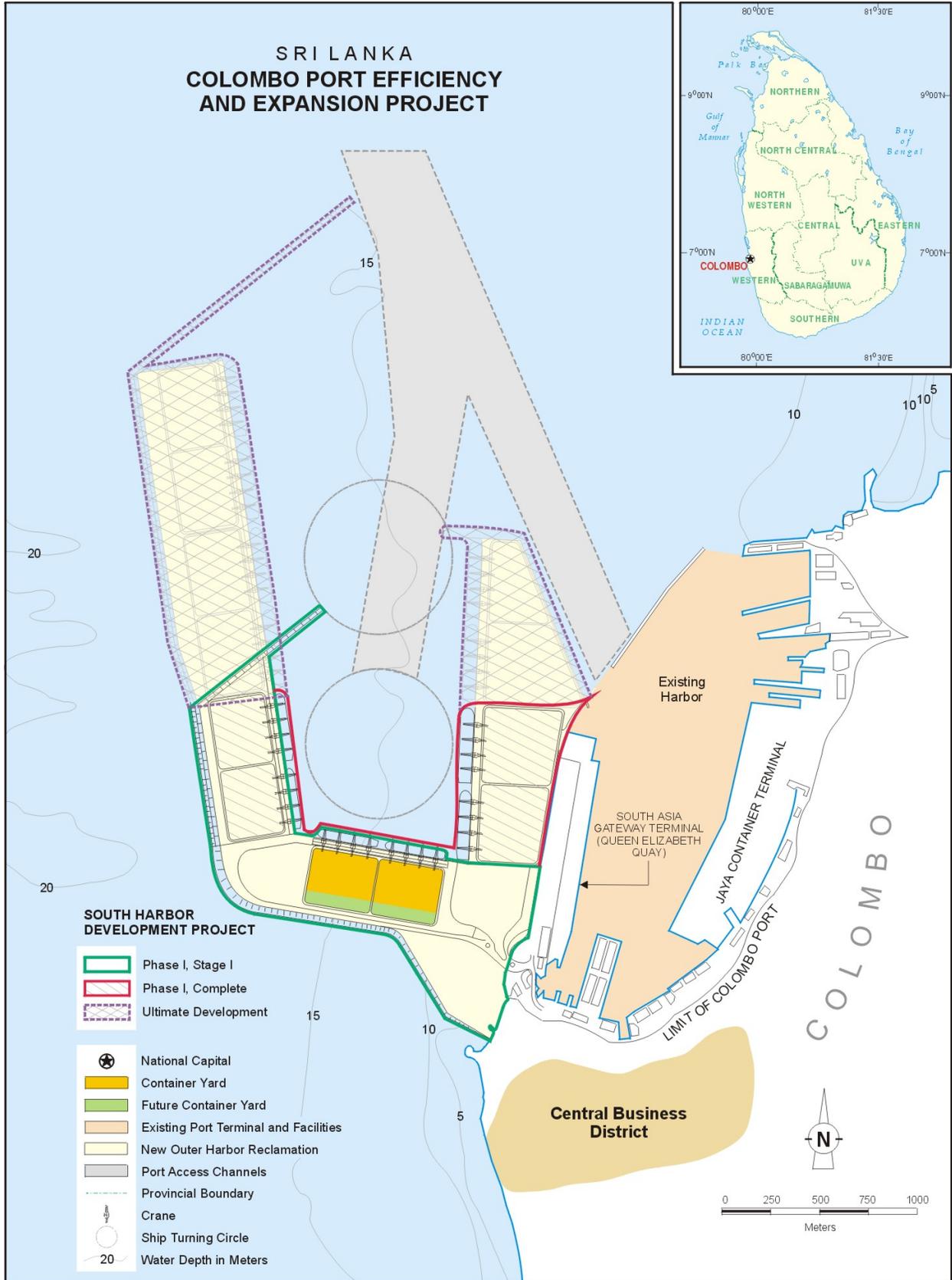
**Estimated Project Completion Date**

31 August 2003

**Project Benefits and Beneficiaries**

The benefits of the TA will be to establish the environment to (i) increase private sector participation in the port sector, leading to increased competitiveness; (ii) increase efficiency at existing container terminals through corporatization and improved management of the JCT facility; and (iii) facilitate project preparation for an investment loan to expand the container facilities by maximizing the use of private sector funding.

The immediate beneficiaries will be the users of Colombo Port, but the SHDP has the potential to create synergies leading to the expansion of economic activities centered around shipping and related activities. Efficient transshipment ports attract large ships that will pass on the benefit of cheaper shipping costs to domestic traffic.



## I. THE PROPOSAL

1. I submit for your approval the following Report and Recommendation on a proposed technical assistance (TA) loan to the Democratic Socialist Republic of Sri Lanka for the Colombo Port Efficiency and Expansion Project.

## II. INTRODUCTION

2. Colombo Port serves as a hub for regional container and transshipment traffic connecting South Asia's 1.5 billion inhabitants through feeder services with the world's main shipping routes. The port also serves as the major conduit for Sri Lanka's international trade. Because of stagnation in the growth of the port, the Government requested the Asian Development Bank (ADB) to provide assistance for improving the efficiency and enlarging the capacity of the port. In 1999, ADB provided TA<sup>1</sup> to assist the Government of Sri Lanka in examining the feasibility of developing the South Harbor to increase the capacity of container facilities at Colombo Port. That TA, which was completed in May 2001, concluded that the South Harbor Development Project (SHDP) is feasible but noted that (i) reforms in the port sector are required to encourage private sector participation, (ii) efficiency levels at the existing Jaya Container Terminal (JCT) facilities needed to be improved, and (iii) the scale of South Harbor development requires additional project preparation. In January 2001, at the tripartite meeting for TA 3276, the Government requested ADB to consider providing a follow-on TA to undertake detailed preparatory work for the SHDP. The TA Loan Processing Mission<sup>2</sup> held discussions with the Government, other stakeholders, and representatives of other aid agencies supporting the port sector including the Japan Bank for International Cooperation (JBIC) and the World Bank. Following from these discussions, an understanding with the Government was reached on the scope, costs, financing, and implementation arrangements for the TA.

## III. BACKGROUND

### A. The Port Sector

3. The port sector in Sri Lanka is dominated by Colombo Port. Only Colombo Port is equipped to handle container traffic, and the port handles 95 percent of Sri Lanka's total international trade. Trincomalee and Galle are the next largest ports in terms of throughput, but they handle only noncontainerized cargo.

4. Colombo Port is one of the few deepwater ports that is close to the Indian subcontinent and also lies on the main shipping route connecting East and Southeast Asia, Europe, and North and South America. It is in an excellent location to serve as a hub for regional container and transshipment traffic, and could command a significant market share of this trade. Between 1987 and 1997 the throughput of containers in Colombo Port increased from 429,000 to 1,650,000 twenty-foot equivalent units (teu). Growth stagnated from 1997 to 1999, but then grew to 1,732,855 teu during 2000. The JCT in Colombo Port is presently handling 1.43 million teu a year and is expected to reach its maximum capacity in 2003/2004. Projections of growth in international trade across the Indian Ocean indicate that Colombo Port has the potential for

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<sup>1</sup> TA 3276-SRI: *Port of Colombo South Harbor Development*, for \$1,460,000, approved on 13 October 1999.

<sup>2</sup> Comprising P. Vallely, Transport Specialist/Mission Leader; M. Mizutani, Transport Economist; P. Dutt, Transport Specialist; and T. Duncan, Project Economist.

rapid growth. To exploit this potential requires that Colombo Port is perceived within the shipping industry as an internationally competitive port with adequate capacity.

5. The ports sector is administered through the Sri Lanka Ports Authority (SLPA) Act of 1979. This act is based on the philosophy of a government-owned service port, i.e. where all services within a port are offered by a port authority. Until recently, all port operations were provided by the government through the SLPA but efficiency at the JCT is low. In terms of container moves per hour, JCT averages 17–19, whereas the industry average is 25–30; efficient ports may reach 50 moves per hour. Shipping lines are critical of ship turnaround times; delays are caused by the shift system used at the JCT, outmoded work practices, and high absenteeism in the workforce. Although no systematic analysis has been carried out, it is generally felt that Colombo Port is overstaffed. For domestic cargo, shipping agents have highlighted causes of delays as (i) inefficient customs procedures and (ii) security measures that frustrate truck movements into and out of the port. Commercial and marketing efforts need to be enhanced to achieve the full potential of Colombo Port.

6. Most major ports in the world are now operated using the landlord model,<sup>3</sup> which allows the private sector to operate port infrastructure facilities and addresses the need to react swiftly to a rapidly changing market. The role of the state becomes that of a landlord and a regulator. Under the 1979 SLPA Act, exclusive powers are given to SLPA. This is not consistent with the landlord model. Changing this act would allow SLPA to restructure its operations, including decentralizing financial and managerial functions, and to optimize the use of private sector concessions.

7. To date the only private sector facility in Colombo Port is that operated by the South Asia Gateway Terminal (SAGT). SAGT has a 30-year concession to upgrade the Queen Elizabeth Quay (QEY), provide equipment, and operate the facility. This concession was awarded in 1999. The first rehabilitated berth opened in May 2001.

8. Efficient ports are perceived to be catalysts for adding value to supply chains and are positioned to attract certain types of industries and enterprises. Although these commercial and industrial developments require access to port facilities, they also require the development of coordinated actions to set up distribution hubs, which are not currently in place. To attract industries such as international procurement centers requires an efficient transportation network with exemptions from taxes and duties.

## **B. Government Policies**

9. In 1997, the Government proclaimed the National Port and Shipping Policy, which sets out its vision for the port sector as (i) efficient ports that will facilitate Sri Lankan trade and transshipment; (ii) exporters and importers having unimpeded access to reliable and competitive shipping services; (iii) ancillary services that will enhance the position of Sri Lankan ports in the South Asian region; (iv) availability of shipbuilding and ship repair facilities; (v) internationally competitive national merchant shipping line(s), capable of assisting the growth of the region's seaborne trade; (vi) an environment that promotes safety at sea and the prevention of marine pollution; and (vii) seafarers trained to international standards. This policy document makes a commitment to reform of the port sector; a manifestation of this commitment was the Government's privatization of the QEY in 1999. However, the reform process then stalled until

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<sup>3</sup> One whereby the port authority retains ownership of the facility but the private sector equips and operates it under a concession.

the Advisory Committee on Ports was established in 2000 to recommend measures to improve the efficiency of Colombo Port. This committee was established in response to stagnation of the growth of Colombo Port after 1997, and was to address the loss of shipping lines and services to other ports. Of particular concern was the loss of a major shipping line to a new port in the Middle East that is perceived as a direct competitor of Colombo. An interim report by this committee recommended that, as a matter of urgency, a number of actions should be taken to improve efficiency at the port.<sup>4</sup> The Government has accepted this report, and its recommendations are being implemented.

### **C. External Assistance to the Sector**

10. Modern development of Colombo Port started in 1980 with the commencement of construction of the first phase of the JCT with funding from JBIC, then known as the Overseas Economic Cooperation Fund. A series of JBIC loans through the 1980s and 1990s funded the enlargement of the JCT to its present four berths. In 2000, a JBIC loan was provided to upgrade the JCT's computer systems, which is expected to enhance the efficiency of port operations.

11. The World Bank assisted the port sector under its Port Efficiency Project, which commenced in 1997 and funded studies into the legal, regulatory, and management aspects of both the port sector as a whole and Colombo Port in particular. The Port Efficiency Project was suspended in 1999 due to lack of agreement, between World Bank and the Government on restructuring the port sector.

12. ADB's activities in the Sri Lanka port sector include a loan to and equity investment in the SAGT for private sector development of the QEQ in Colombo Port.<sup>5</sup> This project was ADB's first build-operate-transfer project in the transport sector in Sri Lanka and was a major step toward the Government's objective to increase private sector involvement in the port sector.

### **D. Lessons Learned**

13. To improve the efficiency of the port sector in Sri Lanka will require reforms. The experience of the World Bank's Port Efficiency Project shows, that without support at the highest political level, attempts to reform the sector will be frustrated. The 2000 election brought in a Government that has committed itself to reform. The election also brought in a minister to the Ministry of Port Development and Development of the South (MPDDS) who has adopted a radical reform agenda and is receptive to restructuring the State's role in the port sector. The support of the Government, and of this particular minister, will be important if the proposed TA loan is to achieve its objectives. However, the successful SAGT concession for developing the QEQ demonstrates that reforms are moving forward and that well-conceived projects can succeed.

### **E. ADB's Sector Strategy**

14. ADB's overall strategy in Sri Lanka is to enhance private sector development through (i) promotion of an enabling environment for private sector activities through ADB's public sector operations, and (ii) direct investment in private sector companies in the form of loans and equity through operations of ADB's Private Sector Group. Consistent with this approach, ADB has to

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<sup>4</sup> Including deepening of the southern entrance and harbor basin, expediting the SHDP, and restructuring SLPA.

<sup>5</sup> Loan 1689/7153-SRI: *Colombo Port Development Project*, for \$35.0 million (loan) and \$7.4 million (equity investment), approved on 11 May 1999.

date placed strong emphasis on creating a suitable environment for the expansion of private participation in the economy and on identifying specific opportunities for private investment. Following its loan and equity investment for the QEQ in 1999 (footnote 5), ADB provided TA (footnote 1) to assist the Government in undertaking a feasibility study to determine the viability of developing Colombo Port's South Harbor through building a breakwater and constructing additional container terminals with private sector participation.

15. For Colombo Port, the medium-term objective of this strategy is to make the port internationally competitive, operated by the private sector, with all investment requirements being financed by the private sector. Under this strategy, a programmatic approach will be adopted whereby implementation will be sequential, with progress from one stage to the next being linked to the accomplishment of policy reforms. Under the proposed TA loan, assistance will be given to the Government to reform the port sector and to prepare the SHDP for implementation. If found economically viable, this will be followed by an investment loan to provide funding for the construction of the first phase of the SHDP. The terms of this investment loan, and the role of the private sector, will depend on the business plan to be developed under the TA. The Government has indicated that it anticipates the need to arrange cofinancing of the first phase of the SHDP from ADB, JBIC, and the World Bank.

#### **IV. THE PROPOSED TECHNICAL ASSISTANCE LOAN**

##### **A. Rationale**

16. An efficient port is a major engine of growth. Not only is a port a major activity in itself, but it requires an extensive range of ancillary services and can support the development of downstream activities. Access to an efficient port is a key factor in the development of internationally competitive industries. As an island nation, Sri Lanka relies on Colombo Port for its international trade links. The port's efficiency is essential for the country's economic development, and is an important determinant of employment creation and poverty reduction. At present, Colombo Port's crane handling rate for containers is about 16 boxes per hour, whereas most world-class ports can achieve about 25-30 boxes per hour.

17. Colombo Port has a geographical advantage that gives it the potential to be the international hub for South Asia. The port also has the potential to create synergies leading to the expansion of economic activities centered around port, shipping, and related activities. Efficient transshipment ports attract large ships, which will pass on the benefit of cheaper shipping costs to domestic traffic.

##### **B. Objective and Scope**

18. The proposed TA will assist the Government to realize the potential of Colombo Port to become a major internationally competitive port in South Asia by creating the environment to allow (i) expansion of private sector participation in the port sector, (ii) commercialization of public sector operations and thereby improved efficiency, and (iii) adopting a strategic approach to enlarging Colombo Port and maximizing private sector funding. The TA objectives are presented in the TA Framework in Appendix 1.

19. The TA will consist of two components. The first component will address port sector policy, institutional, and regulatory issues. This will include measures to improve the efficiency of the existing port, particularly the JCT. It will also prepare the regulatory and planning

framework for port-related international trade operations. The second component comprises project preparation for the SHDP.

20. The Government has agreed to certain time-bound covenants related to institutional and policy reforms, successful accomplishment of which will be a condition for processing a further loan by ADB for the SHDP. The institutional and policy reforms will be carried out in phases, with the first phase commencing under the TA. It is expected that the reforms will be completed during implementation of the SHDP.

21. The Government has agreed that the processing of a further loan by ADB for the SHDP will be conditional upon (i) all personnel for JCT line management positions being filled; (ii) the International Standard Organization (ISO) 9002<sup>6</sup> compliance application will have been filed; (iii) the JCT labor rationalization plan having been approved by a corporatized JCT board, implementation of the plan having commenced, and the plan being acceptable to ADB; (iv) the organizational structure and functions of the port regulator having been finalized; and (v) private sector participation in the SHDP being agreed upon at the tripartite review of the business plan (to be prepared under this TA).<sup>7</sup>

### **1. Policy, Institutional, and Regulatory Issues Component**

22. The first part of this component will provide consulting services to prepare (i) draft legislation to revise the SLPA Act to optimize the use of private sector concessions, and (ii) the necessary documentation for the establishment of a competition regulator. The revised SLPA Act will allow the Government to optimize the use of private sector concessions not only in Colombo Port but also throughout the country.

23. The second part of this component will focus on increasing the efficiency of SPLA's existing container terminal facilities at the JCT, beginning with the registration of a corporatized entity to operate the JCT. To strengthen SLPA's capacity to manage the corporatized JCT, the TA will identify necessary expertise, especially top-level management positions in finance, marketing, and information and communication technologies services. These positions will form the core of the JCT management team to (i) reorganize administration, management, and operations at the JCT based on recommendations made under World Bank-funded studies and recent updates<sup>8</sup>; and (ii) manage the introduction of ISO 9002-based quality standards and obtain ISO 9002 certification. The intention is that the JCT management team will be an integral part of the JCT's corporate management with the authority to implement the reorganization.<sup>9</sup> The second part of this component will also include consulting services to prepare a master plan to simplify port documentation and cargo clearance procedures, including implementation of an electronic data interchange (EDI), which will improve the efficiency of clearance of goods.

24. The third part of this component will prepare the necessary enabling regulations or legislation for the establishment of dedicated facilities for international trade operations such as

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<sup>6</sup> ISO 9000 standards are internationally administered and certified quality procedures that require the rigorous identification of all activities within a manufacturing or service operation. Certification is renewed annually and is internationally recognized. For port operations the relevant standard is ISO 9002.

<sup>7</sup> At a minimum, this participation will consist of offering concessions for equipping and operating the berths to be constructed under the first phase. If the business plan demonstrates that the SHDP is viable as a full private sector-funded project, this will be a condition to approve the concession documentation.

<sup>8</sup> World Bank funded a consultant to prepare a corporate plan for the JCT. SLPA has retained the same consultant to prepare an implementation framework for this corporate plan, which is ongoing.

<sup>9</sup> I.e., the JCT management team is not intended to be merely an advisory unit.

international procurement centers. It is envisaged that this will take the form of a commercial/industrial facility with exemption from normal customs and taxation requirements. The intent is that the facility will support enterprises that will increase throughput at Colombo Port while adding value to the goods in the process.

## 2. Project Preparation for the SHDP

25. The second component of the TA will prepare the strategy to enlarge the container capacity of Colombo Port, maximizing the use of private sector funding. The first part of this component will review the market for the SHDP, confirm demand projections, and prepare marketing and business plans. From this work the scope of the first phase of the SHDP will be defined in terms of the number of berths. The business plan will also include a definition of the factors necessary to obtain commitment from shipping lines and terminal operators to the SHDP, and an options analysis for packaging of concessions under the TA. The options analysis will address maximizing private sector input and minimizing public sector funding.<sup>10</sup> The second part of this component will prepare the contractual documentation required to commence the construction of the first phase of the South Harbor. Under this part, detailed concession documents will be drawn up, expressions of interest invited and evaluated, and bids evaluated. Simultaneously, detailed engineering parameters will be prepared for the major civil works components, including breakwaters, sea walls, approach channels, turning and berthing basin, relocation of an existing pipeline, and engineering parameters for the terminals. These parameters will define the technical and operational limitations within which the SHDP must be constructed. Work under this component will continue until the award of all concessions, and will include the technical, financial, and commercial evaluation of bids. The consulting services for this component include the provision of three experts to form the South Harbor Development Team (SHDT). The SHDT will work closely with SLPA to manage the implementation planning for the SHDP. The third part of this component will include the preparation of a summary environmental impact assessment; a full environmental impact assessment; an initial social analysis; a full social analysis, if required; and a poverty impact study. The TA also provides for a panel of experts to review the proposed SHDP with respect to commercial, technical, and operational viability.

26. To supplement SLPA's implementation capacity, this component will finance additional line management positions for the SHDT. This team will manage the SHDP in terms of (i) evaluation of bids and negotiation of concessions, and (ii) monitoring and facilitating Project implementation. The team will be an integral part of SLPA management to implement the business plan.

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<sup>10</sup> The potential for private sector participation in the expansion of Colombo Port through the SHDP will be analyzed in terms of

- (i) part privatization of movable assets, wherein cargo handling and storage would be private while the breakwater, channels, and quay wall would remain public;
- (ii) part privatization of terminal, where in the quay wall and movable assets would be private while the channels and breakwater would remain public;
- (iii) public/private partnership, wherein the channels, breakwater, and quay wall would be organized on a public-private partnership basis, and cargo handling and storage would be private;
- (iv) full privatization; wherein all elements of the SHDP would be privatized.

The selection of privatization option is dependent on further analysis under the TA, which will take into consideration projections of the increase in port traffic, level of port competition, ability to optimize scale and capacity utilization, and divisibility of port assets.

### C. Cost Estimates and Financing Plan

27. The total cost of the TA is estimated at \$14.40 million equivalent, comprising a foreign exchange component of \$7.99 million (about 55 percent of the total TA cost) and a local currency component of \$6.41 million equivalent (about 45 percent). It is proposed that ADB provide a loan of \$10.0 million equivalent to cover the entire foreign exchange cost and part of the local currency cost of the TA. The Government will finance the remaining local cost of \$4.4 million equivalent, comprising remuneration for consultants for the SHDT, counterpart staff, and the junior administration and support staff assigned to the consultants; the project management unit (PMU); office accommodation; local transport; part of the field surveys and model simulation costs; part of the reports and communications costs; and taxes and duties. The Borrower will be the Democratic Socialist Republic of Sri Lanka. A summary of the financing plan is given in Table 1, and detailed cost estimates are in Appendix 2.

**Table 1: TA Cost and Financing Plan**  
(\$ million)

Source	Foreign Exchange	Local Currency	Total Costs	Percent
ADB	7.99	2.01	10.00	69
Government		4.40	4.40	31
<b>Total</b>	<b>7.99</b>	<b>6.41</b>	<b>14.40</b>	<b>100</b>

28. ADB will provide a loan in an amount equivalent to \$10.0 million from the Special Funds resources, with a maturity period of 32 years, including a grace period of 8 years, and an annual interest rate of 1 percent during the grace period and 1.5 percent per annum thereafter.

### D. Implementation Arrangements

#### 1. Project Organization and Coordination

29. MPDDS will be the Executing Agency for the TA. A steering committee will be established to give overall guidance to the TA, comprised of representatives of the Ministry of Finance (MOF), MPDDS, SLPA, ADB, JBIC, and the World Bank. Reviews of sector reforms and the progress of TA implementation will be made at tripartite meetings. A TA organization chart can be found in Appendix 3. SLPA will recruit the core staff for the PMU from the open market in accordance with Government procedures, which are acceptable to ADB. The PMU will supervise the work under the TA for the JCT and SHDP.

#### 2. Consulting Services

30. Consulting services for the TA will be carried out under two contracts. The first contract will be for the panel of experts and the second for the main services. Outline terms of reference are provided in Appendix 4. The individual consultants for the first contract will be experts of international repute and will be selected by the steering committee. The steering committee will review all nominations, and selection will be on the basis of voting by its members. The main services will be undertaken by an international firm of consultants in association with suitably qualified domestic consultants. These consultants will be required to have expertise in (i) revising port sector legislation and establishing a port regulator; (ii) port operations reengineering, information systems (including EDI), and ISO certification for an existing container facility; (iii) taxation, logistics, and marketing relating to international procurement center/distribution hubs; (iv) market analysis, economic analysis, financial analysis, and

concession planning related to preparing a business plan and the management of a new container facility; (v) port planning, engineering, concession documentation, and environmental impact assessment required to prepare engineering designs and concession/contract documentation for a new container facility; and (vi) social and development impacts of the new container facility. At MPDDS's request, ADB approved advance action for the recruitment of consultants on the understanding that such approval would not commit ADB to finance the proposed TA. The contract for the main services will include equipment to be procured in accordance with ADB's *Guidelines on Procurement*. As this equipment consists of off-the-shelf items of office equipment, direct purchase will be allowed. The equipment to be procured is listed in Appendix 4. Management gave approval for advance procurement action on 30 April 2001.

31. Approximately 463 person-months of total consulting services will be required, comprising approximately 285 person-months of international and 178 person-months of domestic consultants. All consultants will be engaged in accordance with ADB's *Guidelines on the Use of Consultants*. Domestic junior, administrative, and support staff will be in addition to the above domestic person-months.

### **3. Disbursements**

32. TA loan disbursement arrangements will be in accordance with ADB's *Loan Disbursement Handbook*. Payment of ADB's portion of the consulting services will be subject to direct payment procedures from ADB to the consultants against withdrawal applications submitted by MPDDS to ADB.

### **4. Implementation Schedule**

33. It is expected that the TA will commence in January 2002 and will be completed by August 2003. An implementation schedule is given in Appendix 5. Milestones have been established at three points. After the preparation of the business plan for the SHDP, a tripartite meeting among the Government (MPDDS and SLPA), ADB, and the consultants will be held to review the status, and viability, of both sector reforms and the business plan before proceeding with the next phase. This meeting will also review the report of the panel of experts on the viability of the business plan of the SHDP to be developed under this TA. A second milestone will occur when the draft concession documents and the evaluation report on expressions of interest have been submitted for review by a tripartite meeting. This meeting will also review the report of the panel of experts on the viability of the procurement documentation for the SHDP. The conditions to be accomplished by this second milestone will be those required to commence processing of the proposed ADB loan for the SHDP. The third milestone will occur before the award of concessions/contracts for the SHDP, when a tripartite meeting will approve the negotiated concessions/contracts.

## **E. Financial and Economic Analysis**

34. Financial analyses were carried out for the public and private sector portions of the SHDP separately. For the public sector portion, it was assumed that the revenues are those to be collected by SLPA from harbor dues charged to ships, seaward navigation, pilotage charges, concession fixed rentals and a concession fee on each teu handled by the operator. The net present value (NPV) of the financial returns gained by SLPA is SLRs15,427 million. The costs incurred by SLPA are for construction, maintenance, and operation of the breakwater, harbor basin, and channel. The NPV of the financial costs of SLPA is SLRs17,424 million, giving a net

financial benefit-cost ratio of 0.89 for SLPA. The financial internal rate of return (FIRR) is 10.9 percent.

35. For the private sector portion of the SHDP, the revenues are fees collected by the terminal operator including wharf fees, storage, stevedoring, wharf handling, and other services to vessels calling at the terminal. The NPV of the financial benefits derived by the private sector is SLRs114,620 million. The costs include capital, maintenance, and operating costs for the berths, terminal handling equipment, and associated infrastructure on land; buildings; equipment; and storage. The NPV of the financial costs of the private sector is SLRs73,681, giving a net benefit-cost ratio of 1.55 and an FIRR of 26.7 percent.

36. For the economic analysis, it is important to disaggregate the benefits that will accrue to the Sri Lankan economy from the benefits that will flow to overseas entities. Only preliminary estimates of benefits and costs are available at this stage. It was estimated that 40 percent of the profits generated by the concession company will be repatriated overseas<sup>11</sup> and that only 25 percent of the consumer surplus generated from SHDP will accrue to the Sri Lankan economy.<sup>12</sup> Based on the preliminary figures, it is estimated that the NPV of the economic benefits to Sri Lanka is SLRs122,375 million.<sup>13</sup> The NPV of economic costs is SLRs90,284 million. This gives a net benefit-cost ratio of 1.35 and an estimated economic internal rate of return of 19.2 percent. These economic analysis estimates show that *a priori* this project is economically justified based on the benefits that will remain in the country. However, a more conclusive economic analysis will be carried out under the TA.

## **F. Environmental and Social Issues**

### **1. Environmental Impacts**

37. Preliminary environmental investigations were undertaken under TA 3276 (footnote 1). However, the scope of work under that TA was not sufficient to obtain environmental approval of the construction of the SHDP. Services under the proposed TA loan provide for completing a full environmental impact assessment of the SHDP in accordance with ADB's *Guidelines for Environmental Assessment of Infrastructure Projects, Environmental Assessment Requirements of the Asian Development Bank* (March 1998), and the requirements of the Coastal Conservation Department and Central Environmental Agency of Sri Lanka.

### **2. Social Impacts and Poverty Impact**

38. Work under TA 3276 established that social issues with respect to the construction of the SHDP were limited. The SHDP will be constructed entirely within the existing port area, and no resettlement will be required. Social impacts resulting from the construction work are expected to be limited to those associated with (i) rock quarries and transport of rock to the SHDP, and (ii) facilities for and the impact of construction camps. Consultant services under the proposed TA loan include those for a social impact assessment in accordance with the requirements of ADB's *Handbook for Poverty and Social Analysis*, and a poverty impact study on the impact of the development on poverty reduction.

<sup>11</sup> The implicit assumption is that the concession company running the terminal will have 40 percent foreign ownership, i.e., the same level as the current SAGT company.

<sup>12</sup> Indigenous cargo forms only 25 percent of the traffic handled by the port; 75 percent is transshipment traffic.

<sup>13</sup> About SLRs85,965 million or 70 percent of the net benefits accruing to Sri Lanka is in fact generated from revenues derived from transshipment traffic.

## V. ASSURANCES

### A. Specific Assurances

39. The Government has given the following assurances, in addition to the standard assurances, which have been incorporated in the legal documents:

- (i) At least 1 week prior to the tripartite meeting to review the SHDP business plan, SLPA will have submitted the business plan to the steering committee for approval.
- (ii) No later than three months after the award of the main services contract for consulting services, SLPA will submit to ADB copies of the legal documentation showing that (a) a legal corporate entity has been registered and empowered to operate and run the JCT, and (b) a board of directors has been established and empowered to operate and run the JCT. SLPA will also submit evidence that the JCT has been fully staffed and equipped as agreed upon with ADB.
- (iii) No later than six months after the award of the main services contract, the JCT will have recruited four skilled managers for the key management positions, as agreed upon with SLPA, and suitable documentation (such as employment contracts) evidencing such recruitment will have been submitted to ADB.
- (iv) No later than six months after the award of the main services contract, the JCT board will have approved a labor rationalization plan, and will have submitted a copy of the board resolution and plan to ADB.
- (v) By 31 December 2002, MPDDS will have finalized the organizational structure and functions of the port regulator, and a copy of the legal documents evidencing the same will have been submitted to ADB.
- (vi) No later than 12 months after the award of the main services contract, the JCT will have filed the application for ISO 9002 compliance, and will have submitted to ADB copies of the application for assessment.
- (vii) No later than 12 months after the award of the main services contract, MPDDS will have advised ADB in writing that private sector participation in the SHDP is as agreed upon at the tripartite review of the business plan.

### B. Condition for Loan Effectiveness

40. The following condition for loan effectiveness will be included in the TA Loan Agreement:

- (i) SLPA will have submitted to ADB (i) a copy of the legal documentation, acceptable to ADB, evidencing that a corporate entity has been registered with the sole purpose of operating the JCT; and (ii) confirmation that all other legal requirements to allow the JCT to operate as a wholly owned Government entity have been carried out.

**VI. RECOMMENDATION**

41. I am satisfied that the proposed loan would comply with the Articles of Agreement of ADB and recommend that the Board approve the loan in various currencies equivalent to Special Drawing Rights 7,878,000 to the Democratic Socialist Republic of Sri Lanka for the Colombo Port Efficiency and Expansion Project with a term of 32 years, including a grace period of 8 years, and with an interest charge at the rate of 1 percent per annum during the grace period and 1.5 percent per annum thereafter, and such other terms and conditions as are substantially in accordance with those set forth in the draft Loan Agreement presented to the Board.

**TADAO CHINO**  
**President**

**4 September 2001**

**APPENDIXES**

<b>Number</b>	<b>Title</b>	<b>Page</b>	<b>Cited on (page, para.)</b>
1	Technical Assistance Framework	13	4, 18
2	Cost Estimates and Financing Plan	16	7, 27
3	Technical Assistance Organization Chart	17	7, 29
4	Outline Terms of Reference for Consulting Services	18	7, 30
5	Implementation Schedule	22	8, 33

### TECHNICAL ASSISTANCE FRAMEWORK

Design Summary	Targets/Inputs	Monitoring Mechanisms	Assumptions/Risks
<p><b>1. Sector/Area Goal</b> An efficient and internationally competitive port in Colombo that can facilitate and accelerate economic development in Sri Lanka</p>	<p>Colombo Port capacity increases to 4 million twenty-foot equivalent units by 2007.</p>	<p>Progress reports and other monitoring mechanisms of the subsequent investment project</p>	<p>.</p>
<p><b>2. Objective</b> Assist the Government to create an environment that will allow (i) expanding private sector participation in the port sector; (ii) commercialization of public sector operations and thereby improved efficiency; (iii) adoption of a strategic approach to enlarging Colombo Port and maximizing private sector funding.</p>	<p>Acceptance by the Government of (i) reform of the Sri Lanka Port Authority (SLPA) Act and establishment of a port regulator; (ii) the business plan for the South Harbor Development Project (SHDP); and (iii) award of a concession for the SHDP</p> <p>Market demand analysis and business plan is completed by the end of month 3, institutional reforms by the end of month 12, and concession documents and engineering parameters by the end of month 7 of consulting services.</p>	<p>Steering committee meetings, inception reports, interim reports, progress reports and technical design reports</p> <p>Expert panel to review technical design</p>	<p>Government will carry out procurement procedures to appoint consultants expeditiously.</p> <p>Availability of counterpart support and financing</p> <p>Government expedites approval of legal reforms and establishment of regulator.</p>
<p><b>3. Components</b> <b>A. Policy, Institutional, and Regulatory Issues</b> 1. Legal and institutional reforms</p> <p>2. Improving efficiency of the Jaya Container Terminal (JCT)</p>	<p>Draft revisions to SLPA Act and draft regulations to establish a port regulator.</p> <p>Design and implement plan to obtain International Standard Organization (ISO) 9002 standards within 15 months.</p> <p>Design within 12 months a master plan to improve customs and cargo clearance procedures including use of electronic data interchange (EDI) and computerization.</p>	<p>Progress reports and interim report</p> <p>Progress reports and interim report.</p>	<p>Government remains committed to sector reform and to maximizing the private sector role in the sector.</p> <p>A labor rationalization plan acceptable to all stakeholders can be implemented. Commitment from other government agencies involved in port operations is strong</p>

<b>Design Summary</b>	<b>Targets/Inputs</b>	<b>Monitoring Mechanisms</b>	<b>Assumptions/Risks</b>
3. Develop a strategy for a distribution hub	Carry out market demand analysis for transshipment cargo within 3 months.	Progress and interim reports	Government is committed to implement measures to increase the attractiveness of new container terminal to potential investors.
<b>B. Project Preparation for the SHDP</b> 1. Private sector participation plan for SHDP  2. Preparation of detailed engineering parameters for SHDP  3. Environmental impact assessment (EIA)	Carry out financial analysis and options analysis to formulate concession packages that maximize private sector participation. Complete documentation 14 months after commencement of consulting services.  EIA approval obtained within 19 months of commencement of consulting services.	Progress reports, interim report, concession bid documentation  Interim and technical design reports, construction drawings, tender documents  EIA technical reports	SLPA Act is revised and port regulator is established  No unforeseen ground conditions  No negative environmental impacts that were unforeseen at time of feasibility study
<b>4. Activities</b>  <b>A. Policy, Institutional, and Regulatory Issues</b> 1. Review legal requirements and set up corporatized entity for the JCT; identify principles for new act and for port regulator; review organizational needs and required skills for recruitment of top management personnel. 2. Implement work practice reform to increase efficiency of port operations; identify and implement more efficient work procedures; prepare master plan for EDI and computerization; prepare and implement plan for the JCT to obtain ISO 9002 standards.	Consulting services are expected to commence in first quarter 2002 and be completed by fourth quarter 2003.  International consultants in the fields of privatization, regulation, business reorganization and corporatization Domestic Consultants in the fields of reform of port sector legislation, business reorganization and executive search International consultant in the fields of port operations, business process reengineering, computerization, and EDI Domestic consultants in the fields of human resources management, port operations, and computerization	Award of contract and progress reports  Progress, interim, and final reports  Progress, interim, and final reports	Government commitment to reform in this sector  Government commitment to reform in this sector; labor rational plan meets needs and agreement of all stakeholders; consensus among all stakeholders to attain quality standards

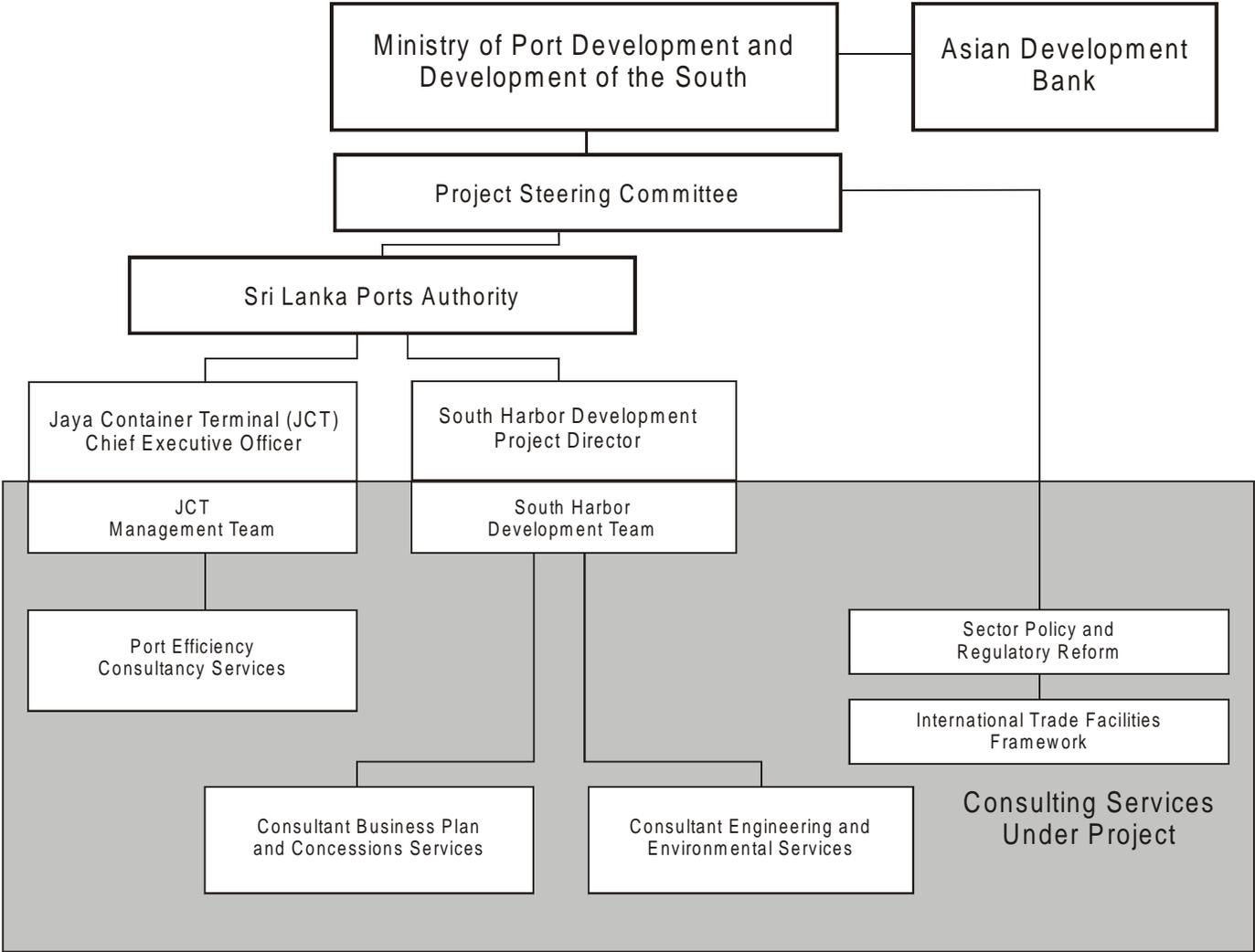
Design Summary	Targets/Inputs	Monitoring Mechanisms	Assumptions/Risks
3. Prepare demand analysis for International Procurement Center/ distribution hub and draft enabling legislation/regulations to establish hub	International consultants in the fields of international shipping, logistics, financial analysis, and privatization Domestic consultants in the fields of shipping, customs procedures, financial analysis, and trade legislation		
<p><b>B. Project Preparation for the SHDP</b></p> <p>1. Prepare business plan for SHDP including market demand analysis for transshipment volumes and financial analysis for different private sector financing options, concession documentation for private sector participation in SHDP. Assess the technical, financial, and commercial viability of bids.</p> <p>2. Prepare detailed engineering parameters for SHDP. Carry out hydrological and geotechnical surveys; numerical simulation, model simulations; and detailed engineering assessments of breakwater, approach channel, and inner harbor basin.</p> <p>3. Carry out detailed EIA for the SHDP, evaluate environmental conditions and formulate measures to mitigate the effects of the SHDP.</p>	<p>International Consultants – in the fields of international shipping, logistics, financial analysis and privatization Domestic Consultants in the fields of shipping, customs procedures, financial analysis and trade legislation.</p> <p>International consultants in the fields of port planning, port engineering, hydraulic engineering, navigation engineering, and geotechnical engineering</p> <p>Domestic Consultants in the fields of port engineering, hydraulic engineering, navigation engineering, and geotechnical engineering</p> <p>International consultants in the fields of port environmental and hydraulic engineering</p> <p>Domestic consultants in the fields of environmental and hydraulic engineering</p>	<p>Progress and interim reports, concession bid documentation.</p> <p>Technical reports, progress, interim and final reports, contract and tender documentation</p> <p>Technical reports; progress, interim, and final reports; EIA report</p>	<p>Economic growth in the region strong, shipping trends still on the upturn, domestic environment committed to privatization</p> <p>No unforeseen, ground, or hydrological conditions; monsoon does not disrupt field investigations beyond what is already foreseen.</p> <p>No negative environmental impacts beyond what was foreseen at time of feasibility studies</p>

**COST ESTIMATES AND FINANCING PLAN**  
**(\$'000)**

Item	Foreign Exchange	Local Currency	Total Cost
<b>A. ADB Financing</b>			
1 Consultants			
a. Remuneration and Per Diem			
i. International Consultants	6,132	0	6,132
ii. Domestic Consultants	0	534	534
b. International Travel	120	0	120
c. Reports and Communications	40	50	90
2 Equipment	119	0	119
3 Field Surveys and Investigations	0	685	685
4 Numerical and Model Simulation	461	480	941
5 Interest Charges on Loan	75		75
6 Contingencies <sup>a</sup>	1,042	262	1,304
<b>Subtotal (A)</b>	<b>7,989</b>	<b>2,011</b>	<b>10,000</b>
<b>B. Government Financing</b>			
1 Remuneration for South Harbor Development Team	0	213	213
2 Remuneration of Counterpart Staff	0	243	243
3 Remuneration for Junior, Administration & Support Project Staff for Main Services	0	1,100	1,100
4 Project Management Unit	0	100	100
5 Consultants Office Accommodation and Local Transport	0	162	162
6 Field Surveys and Model Simulation	0	1,125	1,125
7 Reports and Communications	0	50	50
8 Taxes and Duties	0	833	833
9 Contingencies <sup>a</sup>	0	574	574
<b>Subtotal (B)</b>	<b>0</b>	<b>4,400</b>	<b>4,400</b>
<b>Total</b>	<b>7,989</b>	<b>6,411</b>	<b>14,400</b>

<sup>a</sup> At 15 percent of costs.  
Source: Staff estimates.

**TECHNICAL ASSISTANCE ORGANIZATION CHART**



## **OUTLINE TERMS OF REFERENCE FOR CONSULTING SERVICES**

1. The consulting services for the technical assistance (TA) Loan will be carried out under two contracts. One contract will be for the panel of experts and the other for all other services. For the purposes of this paper, the services other than the panel of experts have been called the main services.

### **I. PANEL OF EXPERTS**

2. The panel of experts will review the technical and financial aspects of the South Harbor Development Project (SHDP) to ensure that it is technically and commercially viable.

3. The review will be based on data to be prepared by the TA consultants. The panel of experts will prepare an assessment in terms of commercial, technical and operational viability of the TA consultants' proposals. The assessment will address the commercial and financial viability of the proposed business plan, the efficiency of the proposed layout, in terms of port operations and container handling, structural capacity, and the constructability of the proposed layout plans.

4. The composition of the panel of experts is expected to include experts with skills in offshore/maritime structural engineering, port engineering and container shipping port operations, and structuring and financing concessions.

5. The services for the panel of experts are expected to comprise approximately 4 person-months of international experts.

6. The panel of experts will prepare a report on their findings and submit it to the steering committee.

### **II. THE MAIN SERVICES**

7. The consulting services under the main services will consist of two components. The first will address policy, institutional, and regulatory issues, and the second will prepare the detailed concession and engineering documentation required to implement the SHDP.

#### **A. Policy, Institutional and Regulatory Issues**

8. This component will consist of three parts:

- (i) Updating port legislation and setting up a port regulator;
- (ii) improving the efficiency of Jaya Container Terminal (JCT) through
  - (a) implementing the corporatization of JCT;
  - (b) improving container terminal operating efficiency at JCT;
  - (c) incorporating information and communications technologies in JCT, the Sri Lankan Port Authority (SLPA) and other government agencies functioning at Colombo Port; and

- (d) implementing International Standards Organization (ISO) 9002 standards at JCT; and
- (iii) developing a strategy to make Sri Lanka an International Procurement Center (IPC)/distribution hub.

## **B. Project Preparation for the SHDP**

9. This component will consist of two parts:
- (i) developing a business plan for the SHDP including
    - (a) a marketing strategy for transshipment volumes; and
    - (b) options analysis for the SHDP;
  - (ii) concession/contract documentation and definition of engineering parameters including
    - (a) SHDP layout plan;
    - (b) designs for breakwater, quay walls, dredging and navigational aids sufficient to allow detailed engineering parameters to be defined within which the STDP will be constructed;
    - (c) detailed engineering parameters for terminals; and
    - (d) concession documentation;
  - (iii) calling and evaluating Expressions of Interests and Bids
  - (iv) environmental impact assessment

## **C. Initial Social Analysis**

11. The consultants will prepare an initial social analysis (ISA) in accordance with the Asian Development Bank (ADB) *Handbook for Poverty and Social Analysis*. The ISA will address issues of resettlement, if any; the consequences of any potential labor rationalization or changes in labor skills; and the effect of improvements in port efficiency on the flow of essential goods through the port. The ISA will pay particular attention to disaggregating the effects of the above issues, or other relevant issues, with respect to gender.

## **D. Poverty Impact Study**

12. The consultant will prepare a poverty impact study on the impact of the port development on poverty reduction. This will focus primarily on analysis and quantification of the effects of the improved and expanded port capacity, lower costs and more timely shipping services on the expansion of economic opportunities in the national economy and on reduction in the cost of imported goods for consumers and producers. The work will include an estimation of the distribution of such gains between the poor and the non poor, and an estimation of the

resulting reductions in the proportion of people below the poverty line and in the depth of poverty at both the national and regional levels.

## E. Reports

8. The consultants will prepare and submit the following reports. Six copies of each report will be submitted to the Ministry of Ports Development and Development of the South (MPSD) and two copies to ADB. Table A4.1 sets out the requirements for each report.

Table A4.1 : Reporting Requirements

Report		Contents/Reference to TOR	Draft Report	Final Report
No.	Title			
1	Inception Report	Brief review and confirmation of work plan; identification of issues that may effect work schedule		Month 1
2	Port Legislation and Regulator	Tasks listed under para. 8(i)	Month 1	Month 2
3	Improving Efficiencies at Jaya Container Terminal	Tasks listed under para. 8(ii). Report to include review of measures adopted and status of efficiency of operations at Jaya Container Terminal	Month 11	Month 12
3.1	Corporate Plan for Jaya Container Terminal	Tasks listed under para. 8(ii)	Month 1	Month 2
3.2	Operating Plan for Jaya Container Terminal	Tasks listed under para. 8(ii)	Month 3	Month 4
3.3	Incorporating information and communication technologies at Colombo Port	Tasks listed under para. 8(ii)	Month 5	Month 6
4	Implementing International Standards Organization 9002	Tasks listed under para. 8(ii)	Month 13	Month 14
5	IPC/Distribution Hub Strategy	Tasks listed under para. 8(iii)	Month 3	Month 4
6	Business Plan for South Harbor Development Project	Tasks listed under para. 9(i)	Month 3	Month 4
7	Detailed Engineering Parameters	Tasks listed under para. 9(ii)	Month 14	Month 15
7.1	Civil Works Layout Plan	Tasks listed under para. 9(ii)	Month 1	Month 2
8	Concession/Contract Documents Final Report	Tasks listed under para. 9(ii)	Month 18.5	Month 19
8.1	Expression of Interest Documents	Tasks listed under para. 9(iii)	Month 2.5	Month 3
8.2	Evaluation of Expressions of Interest	Tasks listed under para. 9(iii)	Month 6.5	Month 7
8.3	Concession Documents	Tasks listed under para. 9(iii)	Month 6	Month 7
8.4	Bidding Evaluation Report	As listed in tasks under para. 9(iii)	Month 18.5	Month 19
9	Environmental Impact Assessment	Tasks listed under para. 9(iv)	Month 12	Month 19
10	Initial Social Analysis	Tasks listed under para. 11	Month 4	Month 5
11	Poverty Impact Study	Tasks listed under para. 12	Month 2	Month 3

Note : Submission dates for draft and final reports are in terms of number of months from date of commencement of services.

TOR = Terms of Reference

**F. Equipment**

10. The consultants will be required to procure the following equipment and to hand it over to SLPA at the end of the services:

Photocopier	1 unit
Printer (Laser Jet)	5 unit
Printer (for drafting)	1 unit
Computer	20 units
Software (for drafting)	14 units
CAD Plotter	1 unit
Facsimile Machine	2 units

