



Infrastructure Development in Sri Lanka

A case of Colombo Port City Development Project

S. Jayamathy
MEP19105
Sri Lanka

Outline

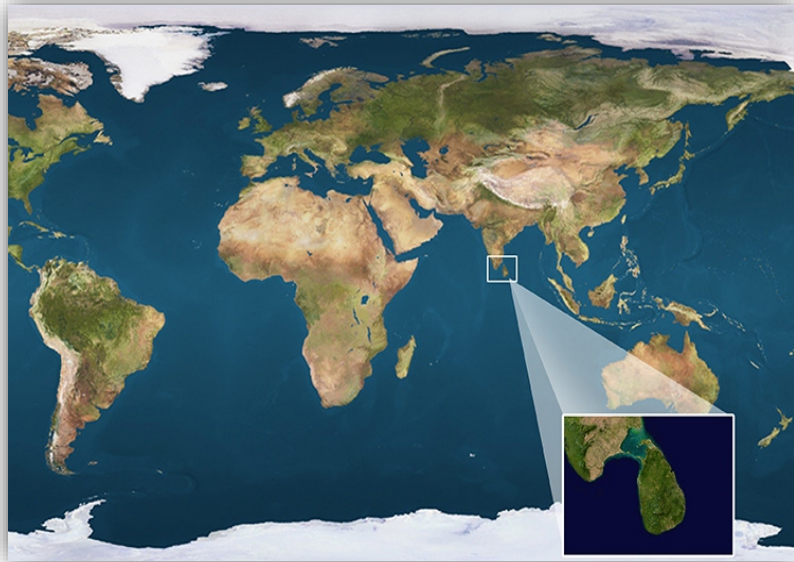
- Introduction to the country
- Infrastructure development in Sri Lanka
- About Colombo City
- About Colombo Port City Development Project (CPCP)
- Evolution of the CPCP
- Objectives of the CPCP
- Stakeholders & their expectations
- Economic Impact of the CPCP
- Issues & Challenges of the CPCP
- Recommendations
- References

Source: <https://www.designbuild-network.com/projects/port-city-colombo-master-plan-colombo/>



Introduction to the country:

Sri Lanka



- An island with 22 million population
- Famous for cultural and nature based tourism
- 500 years of colonial rule ended in 1948.
- Civil war between two ethnic groups during 1983 to 2009.

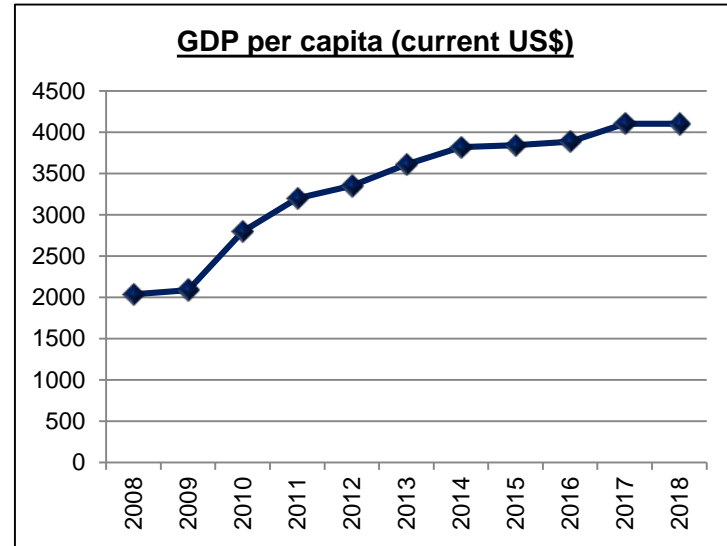
Political Structure

- Unitary state with democratic government
- Follows Westminster model of Parliamentary government with a French style Executive presidency at the top & a system of provincial government underneath with a public sector to support the government.

Introduction to the country: Sri Lanka (cont.)

Economic Structure

- The economy is based on exports of cash crops, processed commodities and garments as well as tourism industry.
- Agriculture 7.8%, Industry 26.9% and service 56.8% (CBSL, 2018)
- Economic growth - 3.2%; Unemployment: 4.2%; FDI Inflow; \$1.6 billion (CBSL, 2019)
- An upper-middle-income country with GDP per capita USD 4102.48 (CBSL, 2018)
- Policy framework of the government: “Empowered Sri Lanka.” & “Vision 2025”



Source:

<https://data.worldbank.org/indicator/NY.GDP.PCAP.CD?locations=LK>

Infrastructure development in Sri Lanka

Key Players

- Dept. of National Planning (Ministry of National Policies and Economic Affairs & Provincial and Local governments)
- Cabinet of Ministers
- Ministry of Finance
- Urban Development Authority (UDA) & Central Environmental Authority (CEA)

Key Areas

- Sea Port and Airport Development
- Colombo Megapolis
- Development of High Mobility Road Network
- Power & Energy
- Telecommunication Infrastructure Development

Good ones and Bad ones



Moragahakanda Dam



Southern Expressway



Hambanthota Port



Mattala Airport

About Colombo City

- Business capital of Sri Lanka – 699km², 5.6 million inhabitants (WB, 2015)
- Overpopulated unplanned old coastal city located in the Western Coast of the island.
- One of the 25 administrative districts of Sri Lanka.
- **Landmarks:-** Port of Colombo (the country's largest and biggest business port), former parliament building, the lotus tower, the World Trade Center (WTC), banking headquarters.
- **Strategic positioning:-** heart of the East- West trade routes, once used by silk road merchants.
- **Goal of the government since 1977 -** To develop Colombo as regional commercial hub.

(Gunawansa, 2018)



Source: (Gunawansa, 2018)



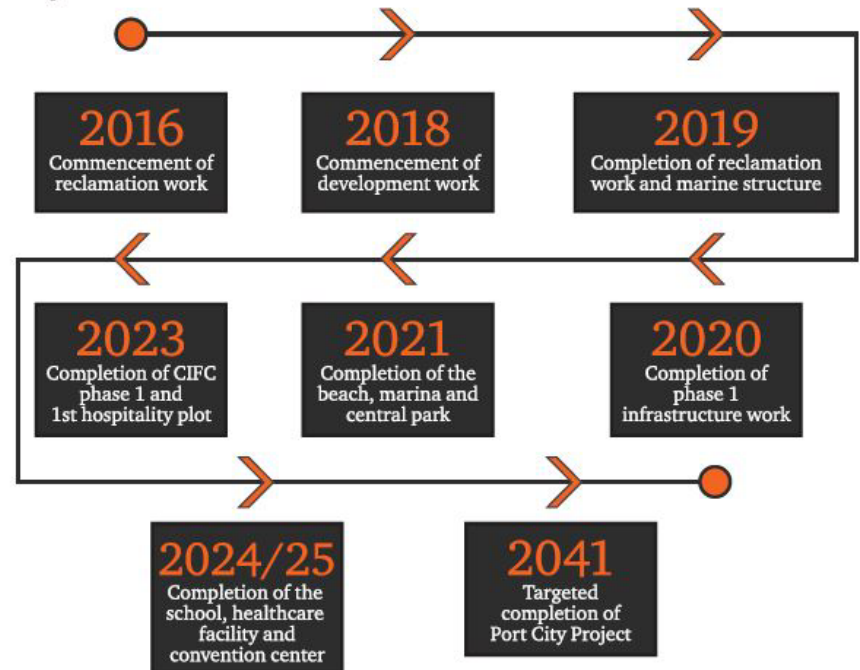
Source: google map

About Colombo Port City Development Project

- A key project under the Belt and Road Initiative of Chinese government.
- One of the priority projects in the Central Business District (CBD) of the Colombo Metro Area (CMA).
- PPP between China Communications Construction Company (Pvt.) Ltd. (CCCC) and the Sri Lankan government (GoSL) where the GoSL agreed to invest USD1.4bn in addition to the leasehold rights for the 116 ha. Of marketable land.
- Launched in 17th September 2014
- It is the largest FDI project in Sri Lanka.

(Port City Colombo of China Communications Construction Company Ltd, 2019) and (PricewaterhouseCoopers Pvt. Ltd. (PwC),. (2019).

Project Timeline¹



About Colombo Port City Development Project *(cont.)*

- Mission :- To build Port City Colombo into "a world-class city for South Asia and the most dynamic economic center"
- The Port city will be one of the 5 New Cities that are set to Shake up the Future.
- The project has spanned 269 hectares of reclaimed land from the sea.
- The Port City will be divided into 5 distinct precincts as,
 - Financial district
 - Marina district
 - Central parking living district
 - Island living district
 - International island district
- It is expected to generate 83,000 local jobs and attract USD 15 billion international investment.

(Port City Colombo of CCCC, 2019) and (PwC, 2019)

About the project

USD **15** billion
Expected development investment for the project

250,000
Expected transient population of the city

83,000
Jobs created by the project

5.73 million square meters
Gross floor area

269 hectares
Reclaimed land from the sea

178 hectares
Developable Land Area

5
Precincts

52 hectares
Public space

2 kilometers
Leisure beach

A key project

of the Belt and Road Initiative

109 hectares
Swimming Lagoon



Location of CPCP



Aerial view of the reclaimed land

Images retrieved from the reports referred.



Precincts Port City



Illustration on Plan





Evolution of Colombo Port City Development Project

1991

- The expansion of the Colombo central business district (CBD) by reclaiming land from the sea was originally proposed.

2001

- The Singaporean Housing Development Board's (HDB) design subsidiary- CESMA, was invited to develop the Western Region Megapolis Plan.

2011

- An unsolicited proposal was submitted by the Chinese state-owned Company- CCCC.

2012

- The Sri Lanka Ports Authority (SLPA) & the CCCC entered into a Memorandum of Understanding.



Evolution of Colombo Port City Development Project

(cont.)

2013

- A concession agreement was signed between the SLPA and the CCCC after the proposal was evaluated by a cabinet-appointed TEC.

2014

- The cabinet gave the approval to the Ministry of Highways, Ports and Shipping to act on behalf of the government to enter into an agreement with the investor & The project launched in 17th Sept 2014.

2015

- The new government unilaterally suspended the project due to criticisms of opposition parties, intellectuals and the public.

2016

- The government had lifted suspension and restarted the project works.



Evolution of Colombo Port City Development Project *(cont.)*

2018

- Phase 1 of the city infrastructure constructions commenced with scheduled for completion in 2021.

2019

- A total of 269 hectares of land had been reclaimed from the ocean.
- Phase 1 of the sustainable green project commenced and is expected to be completed in 2022.

2020

- All marine structures of Port City Colombo were completed.



Objectives of the CPCP

According to the Supplementary EIA (November, 2015) the objectives of CPCP are:-

- To foster integrated oceanfront living within the CBD to provide a high quality of life through world class office, residential and recreational spaces that will attract tourists, professionals, entrepreneurs, managers and retirees.
- To position Colombo as the most liveable city in South Asia.
- To create a regional business hub, a city with a distinct brand with high-quality public spaces and infrastructure facilities, attractive to local and international developers and investors.
- To create a tourism hub with a unique character that reflects the distinctive local culture and the existing urban fabric.
- To design and build a sustainable urban city space that is adapted to the local climate, creates a comfortable micro climate and makes efficient use of energy resources.



Stakeholders of CPCP and their expectations

1. **Government:-** Compliance with laws and regulations; Serving the national economy and people's livelihood.
2. **Shareholders:-** Increasing profitability; Improving the corporate governance structure; Information disclosure.
3. **Customers:-** Abiding to business ethics; Improving service quality; Providing marketing supporting services; Meeting diverse need.
4. **Suppliers / the industry partners:-** Transparency and fair competition; Promoting the technological progress of the industry; Improving industry management; Extending the industrial chain and Expanding industrial services.
5. **Employees:-** Providing reasonable remuneration and benefit; Paying attention to professional development and training; Creating a good working environment.



Stakeholders of CPCP and their expectations (cont.)

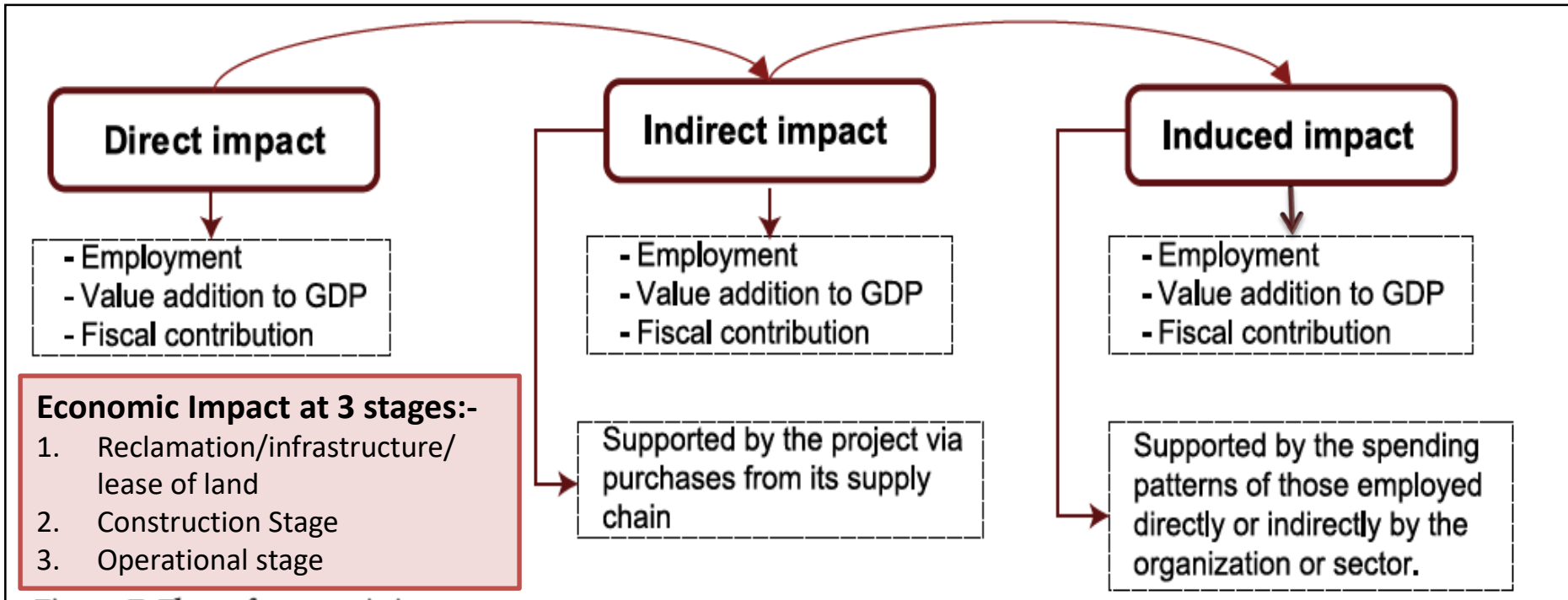
Stakeholders

6. Environmental protection agencies:- Utilizing resources rationally; Implementing energy conservation and emission reduction strategies; Developing low carbon economy; Improving HSE management.
7. Society / the public:- Engaging in social welfare; Serving community development

Major Actors:

- Sri Lanka Ports Authority & Urban Development Authority– statutory cooperation
- Ministry of Highways, Ports and Shipping – represents the GoSL
- China Communications Construction Company (Pvt.) Ltd. (CCCC)- investor

Economic Impact of the CPCP





Economic Impact of the CPCP (Cont.)

The CPCP has significant impact on the national economy in terms of employment generation, attracting FDIs, GDP contribution, BOP and government revenue in following ways:-

- Increasing FDI in real estate and other businesses which will bring in both business and employment opportunities for both skilled & unskilled labors in all three stages.
- Suppliers of materials are benefited at first two stages.
- At the first stage government received revenue from the lease of marketable land and at the construction stage, government received income in the form of import duty, income tax, value-added tax and license & application fees :- **fiscal contribution**
- Investment and Consumption within the Port City directly contribute to the GDP and indirectly contribute to the GDP from the payments flow through.
- BOP is positively affected by foreign exchange of FDI, tourism related activities and export of other goods and services.
- Boosting tourism industry after completion.

Issues and Challenges of CPCP

Initially the project was severely criticized for 3 reasons:-

- i. The signing authority for the government had no legal capacity to enter into the agreement.
- ii. No adequate EIA had been conducted before approving the project.
- iii. The project could lead to air pollution, water pollution, sea erosion, the destruction of marine life, harm to fishing communities and climate change.



Source:
<http://www.asianews.ty>

(Gunawansa, 2018)

Issues and Challenges of CPCP (cont.)



Further allegations:-

- i. Incomplete EIA.
- ii. The CPCP which is entirely within the coastal zone requires approval under the Coast Conservation Act (CCA) for granting ownership of the seabed to a foreign company under 99 years of lease.
- iii. The construction of artificial structures including islands is governed by the UN Convention on the Law of the Sea (UNCLOS) Part VIII. Since CPCP is connected to the sea, the provisions of Article 121 of UNCLOS may not apply.



Source: <https://newsin.asia/>

Issues and Challenges of CPCP (cont.)

- iv. The extraction of non-renewable resources are governed by the Geological Survey and Mines Bureau (GSMB) under Mines Mineral Act No.33 of 1992 and it should be queried whether mining permits have been issued for such extraction.
- v. The environmental impacts of the project highlight that the principles for sustainable development have been ignored when adopting the Port City Project.



Source: <https://newsin.asia/>



Issues and Challenges of CPCP (cont.)

Sources of Criticisms

- **Political Competition:**—the criticisms came from the initiator (Mr.Ranil Wickramasinghe) himself as he became opposition party leader & the project works suspended and restarted when he became PM in 2015.
- **Unavailability of specific public procurement law:**- Procurement of public projects has to follow guidelines issued by National Procurement Agency which makes the process unclear and complicated.
- **Missing provision for suspension:**- GoSL's Agreement makes no provision for either party to suspend the Port City Project, thus there is no contractual or any other legal basis on which the project could have been unilaterally suspended by the government.
- **The government's overdependence on China:**-The creation of a sovereign Chinese territory in Sri Lanka undermines the territorial sovereignty and independence of Sri Lanka.



Issues and Challenges of CPCP (cont.)

- **Powerful Executive President:**-More powers with Executive President & Possibility for corruption.
- **Education:**-Lack of knowledge among ministers about legal requirements as the cabinet has only a few graduates.

Progress beyond criticisms

- Colombo was ranked among the world's 10 worst cities to live in by the Economist Intelligence Unit's (EIU) Liveability Survey in 2011.
- Limited land in Colombo- privately owned; acquiring prime real estate for commercial development is cumbersome.
- Two inter-dependent transformations required to make Sri Lanka a high income country-1. the spatial transformation of urban agglomerations in the western region of the country, where Colombo is situated; 2. the structural transformation of the national economy as a whole.
- GoSL cannot imagine for undertaking this kind of mega projects by itself.



Recommendations to overcome the issues

Measures already taken:-

Environmental Management Plan (EMP) - 2016 was prepared to cover all the mitigatory measures proposed in initial EIA (2012) and SEIA (2015).

Recommendations:-

- Seek an open and transparent dialogue with the affected local community and public with a view to manage, investigate and act upon any issues raised by them.
- Frequent disclosure of the progress information via progressive evaluations would eliminate misunderstandings among people.
- Smart Technologies can be adopted to prevent air pollution, soil erosion and marine pollution even though they are costly in terms of money. **Ex: “City Air Management (CyAM) system”**

References

- China Communications Construction Ltd., C. (2019). *2018-2019 Social Responsibility Report*.
- Gunawansa, A. (2018). Creation of New Urban Land by Reclaiming the Sea in Colombo Port City, Sri Lanka. *24th International Sustainable Development Research Society Conference*, 98–119.
- PricewaterhouseCoopers Pvt. Ltd. (PwC),. (2019). *Economic Impact Assessment of the Colombo Port City* (p. 52).
- Silva, S. De, & Sachindrani, D. (2015). The Contradiction between Sustainable Development and Economic Development: Special Reference to the Colombo Port City Project of Sri Lanka. *General Sir John ...*, November, 196–201.





Thank You

Q & A

S. Jayamathy
MEP19105