

Resettlement Framework

March 2015

SRI: Mahaweli Water Security Investment Program

Prepared by Ministry of Mahaweli Development and Environment of Democratic Socialist Republic of Sri Lanka for the Asian Development Bank.

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ABBREVIATIONS

| | |
|--------|---|
| CAP | Corrective action plan |
| CBO | Community-based organisation |
| CEA | Central Environment Authority |
| DS | Divisional Secretary |
| EA | Executing agency |
| EM | External monitor |
| GN | <i>GramaNiladhari</i> (Village) |
| GRC | Grievance redress committee |
| GRM | Grievance redress mechanism |
| IR | Involuntary resettlement |
| ISEWP | improving system efficiencies and water productivity |
| KMTC | Kaluganga-Moragahakanda Transfer Canal |
| LA | Land Acquisition |
| LAA | Land Acquisition Act, 1950 |
| LDO | Land Development Ordinance |
| MASL | Mahaweli Authority of Sri Lanka |
| MCB | Mahaweli Consultancy Bureau (Pvt) Limited |
| MFF | Multi-tranche Financing Facility |
| MLLD | Ministry of Land and Land Development |
| MDP | Mahaweli Development Program |
| MOL | Ministry of Lands |
| MDB | Mahaweli Development Program |
| MLBCRP | Minipe Left Bank Canal Rehabilitation Project |
| MFF | multitranche financing facility |
| NEA | National Environmental Act |
| NCPCP | North Central Province Canal Program |
| NGO | Non-government organization |
| NPPC | National Policy on Payment of Compensation |
| NWPCP | North Western Province Canal Project |
| PAP | Project-affected person |
| PIU | Project implementation unit |
| PMDSC | program management, design and supervision consultant |
| PMU | Project management unit |
| RIP | Resettlement Implementation Plan |
| RP | Resettlement Plan |
| SIA | Social impact assessment |
| SIWRM | Strengthening integrated water resources management |
| SLRs | Sri Lanka rupees |
| SPS | Safeguard Policy Statement |
| UECP | Upper Elahera Canal Project |

GLOSSARY

Cut-off-date: For land to be acquired from titled landowners, the date of notification for acquisition under the Land Acquisition Act (LAA) will be treated as the cut-off date. For non-titleholders such as squatters, encroachers, the starting date of the project census or a designated date declared by the executing agency in consultation with Divisional Secretaries will be considered as the cut-off date.

Disturbance: Disturbances caused to normal living of a person arising from compulsory acquisition of private land.

Encroacher: A person who has illegally occupied state land. Any legal title holder to a piece of land becomes an encroacher if he/she establishes boundaries of the holding to include adjacent state land without prior approval.

Entitlement: A variety of measures including compensation, income restoration and interim support, transfer assistance, relocation and other benefits given to project-affected persons (PAPs) to restore and improve their post-displacement socio-economic conditions.

Entitlement matrix: It identifies categories of eligible persons and their specific entitlements under the project, and what agency/department is responsible to deliver them on time.

Host population: Persons, households and communities who reside in resettlement areas where PAPs are relocated.

Income restoration: Re-establishing income sources and livelihoods of project-affected persons to pre-project level in real terms.

Injurious affection: Adverse impact on the value of the remaining land due to acquisition of a part of a land.

Inventory of losses: Complete and accurate count of houses, land, business structures and other assets on land that will be affected by the project.

Involuntary Resettlement: The unavoidable physical or economic displacement of persons arising from a development project. In case of physical displacement, PAPs need assistance to rebuilding their livelihood, income and asset bases and social and cultural systems. If economically displaced, PAPs still need assistance to restore their livelihood and assets.

Project-affected persons (PAPs): Any person, who as a result of the implementation of a project, loses the right to own, use, or otherwise benefit from a built structure, land (residential, agricultural or pasture), annual or perennial crops and trees, or any other fixed or moveable asset, either in full or in part, permanently or temporarily.

Rehabilitation: Re-establishing and improving incomes, livelihoods and social systems of PAPs.

Relocation: Moving PAPs and their moveable assets, rebuilding their houses, developing new land, and providing public infrastructure at the relocation site.

Replacement cost: The method of valuation of assets that helps determine the amount sufficient to replace lost assets and cover transaction costs. In applying this method of valuation, depreciation of structures and assets are not to be taken into account. For losses that cannot easily be valued or compensated in monetary terms such as access to public services, customers and suppliers; to fishing, grazing or forest areas, the project will establish access to equivalent and culturally acceptable resources and earning opportunities.

Resettlement: Involuntary physical or economic displacement of persons caused by a project that covers compensation, relocation and rehabilitation measures to mitigate the effects of such displacement.

Resettlement Budget: A detailed breakdown of all costs of a resettlement implementation plan (RIP). This is a part of project costs.

Resettlement effects: Loss of physical and non-physical assets, including homes, communities, productive land, income earning assets and sources, resources, cultural sites, social structures, networks and ties, cultural identity and mutual help mechanisms.

Resettlement Implementation Plan: The government document as described in the National Involuntary Resettlement Policy. The contents of the document include time bound action plan with a budget setting out compensation, and resettlement strategy, objectives, entitlement, actions, responsibilities, monitoring, evaluation, and reporting.

Resettlement Plan: Time bound action plan with a budget setting out compensation, and resettlement strategy, objectives, entitlement, actions, responsibilities, monitoring, evaluation and reporting, as described in the ADB Safeguards Policy Statement 2009. The RIP and RP cover the same contents, and RIP will be used in the report instead of RP.

Severance: Dividing a landholding into two or several parts due to acquisition of the middle portion for a public purpose.

Social preparation: A process of consultations with PAPs conducted before key involuntary resettlement decisions are decided

Squatter: A person who occupies a piece of land without a title or any recognizable legal rights to that land.

Value to owner: Valuation based on actual cost to the landowner.

Vulnerable groups: Distinct groups of poor people who might suffer disproportionately from resettlement effects. Among them are the old, the young, the handicapped, the poor, isolated groups and female-headed of households.

Mahaweli Water Security Investment Program Resettlement Framework

I. INTRODUCTION

1. This Resettlement Framework (RF) outlines the principles and procedures that govern the formulation and implementation of resettlement plans (RPs) or resettlement implementation plans (RIPs) of the SRI: Mahaweli Water Security Investment Development Program (“investment program”). These principles and processes are distilled from Sri Lankan laws, regulations, and guidelines, and also from the Safeguard Policy Statement (SPS, 2009) of the Asian Development Bank (ADB). The RF highlights and outlines the specific requirements that the executing agency of the investment program has to meet in the formulation and implementation of a RP/RIP for a project with potential resettlement impacts, by focusing on their screening and categorization, socio-economic assessment, public consultations, resettlement planning, institutional arrangements for RP/RIP implementation, monitoring of results, grievance redress mechanism and the budget. ADB will review and approve each RIP before it is implemented.

2. The Ministry of Mahaweli Development and Environment (MMDE) is the executing agency of the investment program. The MMDE is responsible for formulating a RIP for each project of the investment program that indicates potential involuntary resettlement (IR) impacts and risks and submitting it to ADB for review and approval, and the Central Environment Authority (CEA) for concurrence.

3. In the context of the investment program, the need for a RF arises from the fact that the investment program will be implemented as a multitranche financing facility (MFF). An MFF requires an RF before ADB approves it in order to clarify RF safeguard principles and requirements governing screening and categorization, social impact assessment, and formulation of the RPs/RIPs of projects to be prepared after MFF approval. The investment program will have three tranches and in each tranche, IR impacts are anticipated.

II. THE INVESTMENT PROGRAM

4. The investment program will assist the government to complete outstanding water conveyance investments under the Mahaweli Development Program (MDP). The completion of MDP is a key priority of the government, as it will maximize the productivity of the water sources of the Mahaweli river basin by transferring water to the country's northern dry zone areas for irrigation, drinking and commercial purposes. This will, in turn, accelerate local and national economic growth and living standards of local people.

5. ADB supports the government to plan and implement the investment program through the MMDE by providing finances to the following three investment projects of the planned North Central Province Canal Program (NCPCP) of which Upper Elahera Canal Project (UECP) and the North West Province Canal Project (NWPCP) are components. The investment program is a multitranche financing facility (MFF) amounting to \$675 million (\$453 million from ADB, \$114 million from co-financing, and \$108 million from the government in the form of taxes and counterpart support). The MFF will comprise three tranches financing three projects. The projects will comprise the following individual investment projects:

- (i) The Upper Elahera Canal Project (UECP) comprises two components. The first component is the 9 kilometer (km) Kaluganga-Moragahakanda Transfer Canal, including an 8 km tunnel that transfers water between the Kaluganga and Moragahakanda Reservoirs.¹ The second component is the Upper Elahera Canal that connects the Moragahakanda Reservoir to the existing reservoirs: Huruluwewa, Manankattiya, Eruwewa and Mahakanadarawa via 82 km of canals (including in total 28 km of tunnels). These reservoirs supply existing irrigation and water supply schemes. The project is divided into three stages: (a) stage 1 will construct the first 6.2 km of UEC's open canals and associated structures; (b) stage 2 will construct the Kaluganga-Moragahakanda Transfer Canal and a 26 km tunnel of the UEC; and (c) stage 3 will construct the remaining 50 km of open and cut-cover canal sections, and four tunnels with lengths ranging from 70 m to 1.7 km.
- (ii) The North Western Province Canal Project (NWPCP) will construct 96 km of new and upgraded canals, including a 940 meter (m) tunnel, and two new 25 m tall earth gravity dams impounding the Mahakithula and Mahakirula Reservoirs. It will transfer water from the Dambulu Oya River and the existing Nalanda and Wemedilla Reservoirs to command existing irrigation and water supply reservoirs. The project is divided into two stages: (a) stage 1 will construct two new dams impounding the new Mahakithula and Mahakirula Reservoirs, the 26.7 km of open canals between the Wemedilla tank and the new Mahakithula and Mahakirula Reservoirs, and the tunnel; and (b) stage 2 will construct the remaining open canal sections and associated structures.
- (iii) Minipe Left Bank Canal Rehabilitation Project (MLBCRP), located in the downstream reaches of the Mahaweli River, will: (a) add upstream storage by heightening the headwork's weir by 3.5 m, (b) construct new intake gates to the left bank canal and emergency spill weirs to both left and right bank canals; and (c) rehabilitate the 74 km Minipe Left Bank Canal to improve conveyance and reliability of service to existing farmers.

¹ These reservoirs are currently under construction.

6. The investment program will be implemented over ten years and its proposed structure is shown in Table 1. The investment program will also include three consulting packages comprising: (i) “improving system efficiencies and water productivity” (ISEWP); (ii) “strengthening of integrated water resources management” (SIWRM); and (iii) the Program Management, Design and Supervision Consultant (PMDSC) which will support the MMDE to manage the investment program and prepare packages.

Table 1: Investment Program Structure and Implementation Schedule

| Project | Subproject | Schedule |
|----------------------------|--|--|
| Civil Works | | |
| Project 1 (Tranche 1) | UECP Stage 1 NWPCP Stage 1 MLBCRP | Q3 2015 – Q4 2019 |
| Project 2 (Tranche 2) | UECP Stage 2 KMTCP Stage 1 | Q1 2017 – Q4 2024 |
| Project 3 (Tranche 3) | UECP Stage 3 NWPCP Stage 2 KMTCP Stage 2 | Q1 2018 – Q4 2024 |
| Consulting Services | | |
| PMDSC | Stage 1 (Tranche 1) Stage 2 (Tranche 3) | Q3 2015 – Q4 2019 Q1 2020 – Q4 2024 |
| ISEWP | | Q3 2016 – Q3 2018 |
| SIWRM | | Q1 2019 – Q4 2020 |

ISEWP = improving system efficiencies and water productivity, MLBCRP = Minipe Left Bank Canal Rehabilitation Project, NWPCP = North Western Province Canal Project, PMDSC = program management, supervision and design consultant, SIWRM = strengthening integrated water resources management, UECP = Upper Elehera Canal Project

Source: Asian Development Bank

7. The due diligence undertaken found that investment program will have resettlement impacts. For all three tranches, the investment program will acquire about 70 hectares (ha), and will affect around 581 households, of which 39 households will likely be physically displaced. Most of these lands are regularized or unregularized encroachments, Land Development Ordinance (LDO) permit holders, and land grants.

8. The socio-economic surveys and resettlement census carried out during project preparation show for NWPCP and UECP that only 45 out of 581 affected households (8%) will lose all land due to the investment program. Among them are 39 households (12%) who will get full compensation for their entire holdings where their houses and other structures are located, and 511 households (88%) will be marginally affected by land acquisition. Each of these households will lose less than 10% of their landholdings to the investment program. This indicates that the investment program will have limited and non-significant resettlement impacts on communities and households in the program areas.

Table 3: The Degree of Resettlement Impacts of Land Acquisition on Affected Households in the Investment Program Areas.

| % of Land Acquired | Number of Households | Percentage of Households |
|---------------------------|-----------------------------|---------------------------------|
| Less than 10% | 511 | 88 |
| 10-50% | 17 | 3 |
| 50-99% | 8 | 1 |
| 100% | 45 | 8 |
| Total | 581 | 100 |

Source: Socioeconomic surveys and Resettlement Census

III. FORMULATION OF A RESETTLEMENT PLAN/ RESETTLEMENT IMPLEMENTATION PLAN

9. The Resettlement Plan (RP) / Resettlement Implementation Plan (RIP) is to be formulated for each project of the investment program that is likely to have resettlement impacts. The screening procedure for each project under this investment program that would require RP/RIP is described in Sections VI and VII of this framework. The MMDE will formulate necessary RP/RIP(s) with the assistance of their project management unit's (PMU's) Resettlement Specialist for the investment program and in consultation with project-affected persons (PAPs), other stakeholders and design engineers. The RP/RIP will meet Sri Lanka's resettlement regulatory framework requirements and safeguard policy principles and procedures of ADB. Consultations with PAPs and stakeholders include the disclosure of RP/RIP and resettlement information in Sinhala or Tamil or both at accessible places to the public. A satisfactory RP/RIP will include a census of PAPs, assessment of socio-economic conditions of PAPs, their entitlements, institutional mechanisms to implement RP/RIP, grievance redress mechanism (GRM), robust income restoration and improvement strategy, a relocation plan (if needed), a budget, time schedule, and a monitoring mechanism.

10. The RP/RIP could use the Policy Framework, entitlements compensation framework outlined in this RF if the local resettlement regulatory regime and ADB involuntary resettlement (IR) safeguard policy principles remain unchanged. Each RP/RIP will be submitted to ADB for review and approval, and for the CEA's concurrence. Guidelines for the formulation of a RP/RIP are given in Annex 1.

11. In formulating an RP/RIP, the following procedure will be followed:

- (i) Conduct consultations with PAPs, beneficiaries and other stakeholders to get their views and suggestions, needs, preferences and concerns. Address them in resettlement planning to minimize potential adverse resettlement impacts on persons, households and communities.
- (ii) A socio-economic survey of a sample population will be undertaken, unless adequate recent census and household socio-economic data are available. Sample size will be determined in consultation with ADB.
- (iii) Undertake census (population record) and asset inventory after detailed measurement surveys are completed. Analyze the data to identify different categories of PAPs based on the significance and scale of IR impacts of the project on them.
- (iv) Prepare an entitlement matrix in conformity with the approved RF, based on the findings of the type of land and other property losses, tenure rights, and income and livelihood losses of PAPs. The matrix will summarize major types of losses and the corresponding nature and scope of entitlements in accordance with the local IR regulatory regime and ADB's IR safeguard policy. It will indicate who will be responsible to deliver the entitlements to PAPs and communities affected and the procedures to be followed. The entitlement matrix given in Annex 2 is only indicative of types of losses and types of PAPs affected. It has to be revised and updated to meet the project situation. Where the entitlement matrix does not cover a particular IR impact, it can be elaborated in RIP based on the findings of the socio-economic assessment and census survey.

- (v) The sections of the approved RF on Policies, Laws and Regulations, ADB's IR safeguard principles and requirements, and IR policy principles that apply to the entire investment program can be used as components of a project RP/RIP.
- (vi) Formulate a time-bound schedule for RP/RIP implementation, procedures of grievance redress mechanism and monitoring and evaluation.
- (vii) Prepare a budget for all IR activities identified and quantified in RP/RIP. Make sure funds are available for prompt compensation payment and relocation of PAPs. Translate the draft RP/RIP into local languages and present it during consultations and public meetings for comments and recommendations. The final RP/RIP will incorporate the comments and suggestions of PAPs and other stakeholders.
- (viii) Discuss draft the RP/RIP with PAPs in detail. Summary of the entitlement matrix, budget, and implementation schedule will be translated and distributed among all PAPs prior to discussions. Record the key topics discussed and agreed.
- (ix) Submit RP/RIP to ADB for review and concurrence. The approved RP/RIP will be implemented before starting of any project construction work.
- (x) Approved RP/RIP will be posted on the MMDE and ADB websites.

IV. OBJECTIVES, POLICY FRAMEWORK, AND ENTITLEMENTS

12. The objective of RF is to ensure that projects implemented under the investment program comply with IR policies, laws, regulations and guidelines of Sri Lanka (IR Regulatory Framework) and ADB safeguard objectives, principles and requirements. The RF summarizes national policies, laws and regulations pertaining to consultation, land acquisition, compensation, relocation of PAPs, and income restoration and improvement. By comparing and contrasting these policies, laws and regulations with ADB's involuntary resettlement policy principles and requirement, RF has distilled key IR safeguard principles that are applicable to the investment program. A few gaps between the two exist, and the RF proposes gap-filling strategy so its guidelines for RP/RIP formulation and implementation would meet IR safeguard policy principles and requirements of ADB.

13. **Policy and Legal Framework.** The RF is based on the Land Acquisition Act (LAA), 1950 and its amendments, National Involuntary Resettlement Policy (NIRP), 2001, National Policy for the Payment of Compensation, 2008, the Land Acquisition Regulations of 2008 (LA Regulations 2008), National Environmental Act of 1980 and amendments, and ADB's SPS (2009).

14. **Land Acquisition Act (LAA).** The LAA provides a legal framework for acquisition of land for a 'public purpose'. It provides detailed procedures for land acquisition, consultations, calculation of compensation for land, structures, and crops at 'market value' and assistance packages. It guarantees that no person is deprived of his land except under the provisions of LAA, and provides a compensation package for acquired land, structures, damaged crops and disturbances caused by the project. The normal procedure for land acquisition begins with a request from a government agency made to the Ministry of Lands (MOL)² to acquire a piece of land for a public purpose. Once acquired, the land is vested in the government agency.

15. Provisions of the LAA are inadequate to address all adverse impacts associated with land acquisition and involuntary relocation. The LAA is indifferent to land losers' socio-economic conditions and long-term adverse impacts on their incomes and livelihoods. The LAA prescribes that market value of land should be paid as compensation, which amounts the price a property owner could expect if sold in the open market, whereas the SPS (2009) stipulates that 'replacement cost' should be paid as compensation which includes market value and other resettlement assistance packages. Post-acquisition monitoring of IR impacts is not part of the LAA.

16. **National Involuntary Resettlement Policy (NIRP).** The government adopted NIRP in 2001 to ensure that (i) PAPs are fairly and adequately compensated, relocated, and rehabilitated; (ii) delays in project implementation and cost overruns are reduced; and (iii) better community relations are restored among PAPs and host communities.

17. The NIRP is based on LAA and its amendments, National Environmental Act of 1980 (amended in 1988), and several other applicable laws such as Urban Development Authority Act and Coastal Conservation Act, Regulations of the Acts, and also on legal opinions of courts on land acquisition, compensation, consultation, and income restoration.

² Previously Ministry of Land and Land Development

18. Objectives of the Policy are:

- (i) Avoid, minimize, and mitigate negative IR impacts by facilitating the rehabilitation of PAPs on a productive and self-sustaining basis. Ensure that they are fully and promptly compensated, and successfully resettled. The livelihoods of the displaced persons should be re-established and the standard of living improved.
- (ii) Ensure that no impoverishment of PAPs shall result as a consequence of compulsory land acquisition by the State for development purposes.
- (iii) Assist PAPs in dealing with the psychological, cultural, social and economic impacts caused by compulsory land acquisition.
- (iv) Make all PAPs aware of processes available for the redress of grievances that are easily accessible and immediately responsive.
- (v) Have in place a consultative, transparent and accountable IR process with a time frame agreed to by the project executing agency and PAPs.

19. Principles of the Policy are:

- (i) IR should be avoided as much as possible by reviewing alternatives to the project as well as alternatives within the project.
- (ii) Where IR is unavoidable, PAPs should be assisted to re-establish themselves and improve their quality of life.
- (iii) Gender equality and equity should be ensured and adhered to throughout.
- (iv) PAPs should be fully involved in the selection of relocation sites, livelihood compensation, and development options at the earliest opportunity
- (v) Replacement land should be an option for compensation in the case of loss of land, and in the absence of replacement, land cash compensation should be an option for all PAPs.
- (vi) Compensation for loss of land, structures, other assets and income, and livelihood losses should be based on full replacement cost and should be paid promptly. This should include transaction costs.
- (vii) Resettlement should be planned and implemented with full participation of the provincial and local authorities.
- (viii) Participatory measures should be designed and implemented to assist those economically and socially affected to be integrated into their host communities.
- (ix) Common property resources and community and public services should be provided to resettles.
- (x) Resettlement should be planned as a development activity for PAPs.
- (xi) PAPs who do not have title deeds to land should receive fair and just treatment.
- (xii) Vulnerable groups should be identified and given appropriate assistance to improve their living standards.
- (xiii) Project EAs should bear the full costs of compensation and resettlement.

20. The Policy applies to:

- (i) All development-induced land acquisition or recovery of possession by the State.
- (ii) All projects regardless of the source of funding.
- (iii) All projects in the planning phase on the date the policy came into effect and all future projects.

21. MOL is responsible for implementation of the NIRP. This is done in collaboration with a wide network of public agencies including CEA, Survey Department, Valuation Department, Ministries concerned, and divisional secretariats.

22. The NIRP ensures that PAPs are treated in a fair and equitable manner, and that they are not impoverished in the process of land acquisition and resettlement. The Policy also enables establishing a framework for project planning and implementation that would meet international best practices in involuntary resettlement including involuntary resettlement safeguard policy principles and requirements of ADB.

23. National Policy on Payment of Compensation (2008) and LA Regulations (2008). The Cabinet of Ministers approved the National Policy on Payment of Compensation (NPPC) in November 2008 in order to establish a uniform system of adequate compensation payment, based on LAA, NIRP and several other laws applicable to land acquisition and resettlement, and also to supersede all other ad hoc and special compensation packages used by government agencies such as Road Development Authority. The LA Regulations 2008, ratified by the Parliament of Sri Lanka in 2009 as Regulations of the LAA gave effect to both NIRP and NPPC. The LA Regulations 2008 incorporated NIRP and NPPC principles into Sri Lanka's legal framework thereby improving the congruence between local regulatory framework for land acquisition and resettlement, and international best practices for involuntary resettlement.

24. National Environmental Act (NEA) 1980 and 1988. The National Environmental Act (NEA), No.47 of 1980, amended by Act No.56 of 1988, and its regulations are applicable to involuntary resettlement. The Gazette notification No.859/14 of 23 February 1995 determined the projects and undertakings for which CEA approval is needed in terms of Part IV – C of the NEA. Item 12 in the Schedule requires the formulation of a RIP to address involuntary resettlement of 100 or more households.

25. The NEA further requires an assessment of project impacts on relocating households and other community groups in sufficient detail. This assessment should identify anticipated social problems, proposed mitigation measures, estimated cost involved, and an entitlements package. This assessment should be based on information collected from PAPs, census and survey data, and on interviews with community leaders and site visit or field surveys. The assessment will demonstrate that every possible action has been taken to avoid the relocation of households and businesses. Where relocation is found to be unavoidable, the following issues are to be addressed with an action plan. These requirements are compatible with that of involuntary resettlement safeguard requirements of the SPS of ADB.

- (i) Number of households to be relocated and their socio-economic profiles. A distinction should be made between rented properties and owned properties.
- (ii) Availability of comfortable, safe, and affordable housing for the displaced households. This discussion should include the prices, size of house (number of rooms), location relative to present houses and accessibility, anticipated loss of

employment caused by acquisition of business, industrial or domestic premises.

- (iii) Number of commercial and industrial ventures to be relocated: their descriptions, size of premises, number of employees, their income, sales and special needs such as water and power.
- (iv) Availability of sites for relocating displaced businesses and the cost/benefit analysis of relocating them.
- (v) A statement that acquisition of property and relocation will be conducted in accordance with the existing laws and regulations such as an Urban Development Law No.141 of 1978 and resources available for compensating all residential and commercial displacements without discrimination.
- (vi) A discussion on the financial and other incentive programs that will be developed to minimize the impact must be included regardless of whether or not alternative sites and/or buildings are available. This discussion may also consider other sources of assistance available to the displaced persons.
- (vii) The NEA requires that the resettlement implementation plan outlining the above be submitted for review and approval.

26. **Safeguard Policy Statement (SPS) of ADB, 2009.** The objectives of the involuntary resettlement safeguards policy of ADB are to avoid involuntary resettlement wherever possible; to minimize involuntary resettlement by exploring project and design alternatives; to enhance, or at least restore, the livelihoods of all displaced persons in real terms relative to pre-project levels; and to improve the standards of living of the displaced poor and other vulnerable groups.

27. The IR safeguards covers physical displacement (relocation, loss of residential land, or loss of shelter) and economic displacement (loss of land, assets, access to assets, income sources, or means of livelihoods) as a result of (i) involuntary acquisition of land, or (ii) involuntary restrictions on land use or on access to legally designated parks and protected areas. These IR safeguards apply whether such losses and involuntary restrictions are full or partial, permanent or temporary.

28. The IR policy principles are:

- (i) Screen the project early on to identify past, present, and future involuntary resettlement impacts and risks. Determine the scope of resettlement planning through a survey and/or census of displaced persons, including a gender analysis, specifically related to resettlement impacts and risks.
- (ii) Carry out meaningful consultations with affected persons, host communities, and concerned non-government organizations. Inform all displaced persons of their entitlements and resettlement options. Ensure their participation in planning, implementation, and monitoring and evaluation of resettlement programs. Pay particular attention to the needs of vulnerable groups, especially those below the poverty line, the landless, the elderly, women and children, and Indigenous Peoples, and those without legal title to land, and ensure their participation in consultations. Establish a grievance redress mechanism to receive and facilitate resolution of the affected persons' concerns. Support the social and cultural institutions of displaced persons and their host population. Where involuntary resettlement impacts and risks are highly complex and sensitive, compensation and resettlement decisions should be preceded by a social preparation phase.

- (iii) Improve, or at least restore, the livelihoods of all displaced persons through (i) land-based resettlement strategies when affected livelihoods are land based where possible or cash compensation at replacement value for land when the loss of land does not undermine livelihoods, (ii) prompt replacement of assets with access to assets of equal or higher value, (iii) prompt compensation at full replacement cost for assets that cannot be restored, and (iv) additional revenues and services through benefit sharing schemes where possible.
- (iv) Provide physically and economically displaced persons with needed assistance, including the following: (i) if there is relocation, secured tenure to relocation land, better housing at resettlement sites with comparable access to employment and production opportunities, integration of resettled persons economically and socially into their host communities, and extension of project benefits to host communities; (ii) transitional support and development assistance such as land development, credit facilities, training or employment opportunities, and (iii) civic infrastructure and community services, as required.
- (v) Improve the standards of living of the displaced poor and other vulnerable groups, including women, to at least national minimum standards. In rural areas provide them with legal and affordable access to land and resources, and in urban areas provide them with appropriate income sources and legal and affordable access to adequate housing.
- (vi) Develop procedures in a transparent, consistent, and equitable manner if land acquisition is through negotiated settlement to ensure that those people who enter into negotiated settlements will maintain the same or better income and livelihood status.
- (vii) Ensure that displaced persons without titles to land or any recognizable legal rights to land are eligible for resettlement assistance and compensation for loss of non-land assets.
- (viii) Prepare a resettlement plan elaborating on displaced persons' entitlements, the income and livelihood restoration strategy, institutional arrangements, monitoring and reporting framework, budget, and time-bound implementation schedule.
- (ix) Disclose a draft resettlement plan, including documentation of the consultation process in a timely manner, before project appraisal, in an accessible place and a form and language(s) understandable to affected persons and other stakeholders. Disclose the final resettlement plan and its updates to affected persons and other stakeholders.
- (x) Conceive and execute involuntary resettlement as part of a development project or program. Include the full costs of resettlement in the presentation of project's costs and benefits. For a project with significant IR impacts, consider implementing the involuntary resettlement component of the project as a stand-alone operation.
- (xi) Pay compensation and provide other resettlement entitlements before physical or economic displacement. Implement the resettlement plan under close supervision throughout project implementation.
- (xii) Monitor and assess resettlement outcomes, their impacts on the standards of living of displaced persons, and whether the objectives of the resettlement plan have been achieved by taking into account the baseline conditions and the

results of resettlement monitoring. Disclose monitoring reports.

V. GAP ANALYSIS: RESETTLEMENT REGULATORY FRAMEWORK AND IR SAFEGUARD POLICY OF ADB

29. As discussed earlier, the LAA is the legal framework for compensation for acquired land and structures and land development. The NIRP and LA Regulations 2008 together with LAA provide a comprehensive resettlement regulatory framework which broadly matches IR safeguard policy objectives and principles. A Gap Analysis Matrix is given in Annex 3.

30. The key gaps between LAA and IR policy principles of SPS are (i) the entitlements of non-titled PAPs, (ii) compensation at replacement cost, (iii) income restoration and improvement, (iv) consulting PAPs and their host communities on relocation options; (v) special assistance to vulnerable PAPs, (vi) monitoring and assessment of resettlement outcome and impacts, and (vii) the formulation of RIP to address these issues.

31. The issue of non-titled PAPs' entitlements is addressed in the LAA and elaborated in NIRP and LA Regulations 2008. Under the LAA any person having a 'right, title or interest in or over the land which is to be acquired or over which servitude is to be acquired' (Section 10(1)) is entitled to compensation. A person who has 'interest in land' apart from owner and co-owners area mortgagee, a lessee, or an occupier absolutely for himself or in trust for another person or for any charitable, religious or other purpose, or a person having a servitude over the land (section 65, as amended in 1964). The Court of Appeal in 2001 added tenants to this list. The court also held that the occupier 'could not, in any event, be evicted without being compensated in respect of his improvement (if, in fact, he is the owner of such improvements). The court distinguished between 'ownership of the property' and 'ownership of land improvement'. This matches ADB' IR safeguard policy Principle 7 that those who do not hold title to land are eligible for resettlement assistance and compensation for loss of non-land assets.

32. The NIRP takes replacement cost as the norm for cash compensation. The LA Regulations 2008 detail how the total compensation package amounts to replacement cost of acquired land and other properties such as dwelling and business structures. MLLD's A Guide for Public Officials on Good Practices (MLLD 2013) guides that in preparing the entitlement matrix 'to determine replacement cost for land and structures which will be acquired to the project'.

33. Restoration and improvement of income sources and livelihood of PAP is a key resettlement principle of NIRP. The MLLD (2013) states that in preparing a RIP it is necessary to identify persons and households severely affected in terms of their income and employment losses; conduct consultations to develop an income restoration program for all PAPs; and develop a special income improvement program for vulnerable PAPs.

34. Consulting PAPs and their host communities on relocation issues is also a key resettlement principle of NIRP. Special assistance to vulnerable PAPs constitutes a core resettlement principle of NIRP and is elaborated further in LA Regulations 2008.

35. Monitoring and assessment of resettlement outcome and impacts which is an IR safeguard policy principle is not addressed in the resettlement regulatory framework. This needs to be addressed in RIPs.

36. The NIRP and LA Regulations 2008 require the formulation of a RIP to address IR safeguard requirements. The LA Regulations 2008 states that 'formulation of an RIP and its implementation is the responsibility of the project EA and PMU of a development project.

VI. IR PRINCIPLES FOR PROJECTS UNDER THE INVESTMENT PROGRAM

37. Based on the comparative review of various resettlement policies, laws, regulations and guidelines of Sri Lanka and the ADB IR Policy, the following broad resettlement principles are distilled for this investment program to apply to its projects:

- (i) Screen each project of the investment program to determine whether it triggers the following involuntary resettlement principles and to determine the scope of resettlement planning required.
- (ii) Take every effort to avoid physical displacement and/or any other adverse impacts on livelihood and income sources and community resources and infrastructure by exploring project and design alternatives. If physical displacement and economic displacement are unavoidable, the following actions will be taken to ensure that they improve or at least restore their income and livelihoods and rebuild their socio-cultural systems.
- (iii) Consult and inform all PAPs on land acquisition, compensation, and rehabilitation, and their entitlements and grievance redress mechanism.
- (iv) Provide special project assistance to meet the needs of affected vulnerable people such as poor, landless, elderly, woman-headed households, informal settlers and squatters.
- (v) Improve or at least restore livelihoods of all affected households through cash-for-land compensation at replacement cost for acquired or damaged non-land property, and cash-for-land or land-for-land for land acquired.
- (vi) Provide well-planned and budgeted income restoration and improvement programs for the benefit of PAPs, especially for the poor and vulnerable groups considering PAP's requirements, expertise, skills, experience, capacity, and available market avenues.
- (vii) All common property resources lost due to the project will be replaced or compensated by the project;
- (viii) If land acquisition is through negotiated acquisition, the project will ensure that PAPs who enter into negotiated acquisition will maintain the same or better income and livelihood status.
- (ix) PAPs without title to land are eligible for resettlement assistance.
- (x) Disclose resettlement information and RPs/RIPs including consultation documentation before the project appraisal in a form, manner and language(s) accessible to PAPs and other stakeholders. The final RPs/RIPs and their updates, if any, will also be disclosed to PAPs and other stakeholders in the same manner.
- (xi) Establish a grievance redress mechanism and ensure all PAP's, beneficiaries, contractors and line agencies are aware of the mechanism and its processes.
- (xii) The full costs of resettlement will be included in project costs.

- (xiii) Pay compensation and provide other entitlements to each eligible displaced person before physical displacement and any construction work starts.
- (xiv) Monitor and assess the progress of RP/RIP implementation and prepare monitoring reports to share with ADB, PAPs and other stakeholders.

38. In accordance with IR principles listed above, all PAPs will be entitled to a combination of compensation packages and resettlement assistance according to the nature of ownership/user/occupier rights and interests on lost assets and the degree of project impacts on socio-economic conditions and vulnerability of PAPs.

VII. SCREENING AND CATEGORIZATION

39. Each identified project of the investment program will be screened and categorized by ADB with the assistance of executing agency, when preliminary project information is available. The objectives of screening and categorizing are to (i) determine whether or not the project involves potential involuntary resettlement impacts and risks; (ii) ascertain the significance of such potential impacts and risks; (iii) identify the level of assessment and institutional and financial resources required for the formulation of satisfactory RIP to avoid involuntary resettlement impacts or risks, or at least to minimize and mitigate them; and (iv) screening and categorization of a project indicate the levels of information disclosure and consultations required.

40. The following checklist helps screen a project to identify its potential resettlement impacts and their significance:

- (i) Will the project acquire land?
- (ii) How much land is expected to be acquired? (estimate)
- (iii) How many persons and households are estimated to be affected?
- (iv) Will the project's IR impacts be permanent or temporary?
- (v) Categories of land tenure? Owner, LDO permit holder, encroacher, squatter, etc.
- (vi) Land use patterns? Paddy or highland cultivation? Crops, trees
- (vii) Will land acquisition impact on tenants, sharecroppers, leaseholders, encroachers, squatters?
- (viii) If state land is acquired, would it affect traditional claims over the land of people?
- (ix) If state land is acquired, are there any squatters, encroachers or informal settlers?
- (x) What will be the estimated number of squatters, informal settlers and encroachers?
- (xi) Are there any houses, structures, trees and crops that will be affected?
- (xii) How many houses will be fully acquired / destroyed? (estimates)
- (xiii) How many houses will be partially acquired / destroyed? (estimates)
- (xiv) How many households will be physically displaced? (estimates)
- (xv) Will any public or community infrastructure affected partially or fully?
- (xvi) Will *Veddha* communities be affected?
- (xvii) What percent of product assets (income generating) will people lose? (estimate)
- (xviii) What businesses will be affected? Their locations? Number? (estimate)

41. Based on the information and data collected above, the project team proposes an initial categorization for the project's potential involuntary resettlement impacts and risks.

Category A – The project is likely to have significant involuntary resettlement impacts. A resettlement implementation plan including an assessment of social impacts is required.

Category B – The project is likely to have resettlement impacts that are not deemed significant. A resettlement plan, including an assessment of social impacts, is required.

Category C – The project has no resettlement impacts. No further action is required.

42. If the project acquires a land ('Yes' for the first question in para. 40), the project should be categorized as 'B' or 'A' depending on the sensitivity of the impacts, and categorization should be determined by the category of its most sensitive component in terms of involuntary resettlement impacts. The involuntary resettlement impacts of a project are considered 'significant' or category 'A', if 200 or more persons will experience 1 or several major impacts. Major impacts are: (i) being physically displaced from housing, or (ii) losing 10% or more of their productive assets (income generating). The level of detail and comprehensiveness of the resettlement plan will be commensurate with the 'significance' of the potential impacts and risks. A project is tentatively categorized after completion of the initial screening of anticipated resettlement impacts and risks. The project team can change it with the concurrence of ADB, as more detailed resettlement information becomes available and project processing proceeds. Annex 4 provides the questions to be included in the categorization form.

43. **Types of Land Tenure of Potential PAPs.** Main land tenure patterns in the Central, North Central, and North Western are summarized below:

- (i) **Private titled deeds:** The private deeds are registered at the Land Registry under the Act of Registration of documents. It can be transferred to any person as a sale or lease or rent on agreed rate and terms by both parties before a Notary Public.
- (ii) **Jayabhoomi Deeds:** These deeds are issued under the LDO for agricultural and residential purposes with certain conditions. A *Jayabhoomi* land can be transferred to a specified person described in the Schedule of the LDO.
- (iii) **LDO Land Permits:** They are issued under LDO for a specified period of time. It can be transferred to a specified person described in the Schedule of the LDO.
- (iv) **Long-term Leases:** These leases are issued under the State LDO for commercial, residential or other purposes described under the Act. Leased period is 30 years with certain conditions. A long-term lease can be transferred to another person with the approval of the concerned authority.
- (v) **Annual Permits:** The permit is a legal document that allows the permit holder to use the state land mainly for agricultural purposes for a period of 12 months. A small levy is charged from the permit holder.
- (vi) **Encroached Land:** Use of state land without permission for various purposes mainly to cultivate crops. The encroachment could continue several years. Periodically some of encroachments are 'regularized' by the government mainly as a strategy to alleviate rural poverty.
- (vii) **Temple Land:** Hereditary land of Buddhist temples. Households work on them as leaseholders and pay an annual fee in addition to performing rituals and services without charge.

44. It is important to identify the tenure status of each PAP, as it would influence procedures of acquisition, compensation, resettlement, and rehabilitation.

VIII. SOCIO-ECONOMIC INFORMATION

45. **Initial Social Assessment.** At the project identification stage, a rapid social assessment will be conducted by ADB in association with project proposers to identify the scope of social impacts, impoverishment risks, project benefits and interests and capacities of potential project-affected persons, beneficiaries, and other stakeholders. This is done through meetings among ADB mission members and project proposers and visits to potential project areas to observe current state of affairs. A report based on the initial social assessment will be prepared by ADB titled Initial Poverty and Social Assessment.

46. **Socio-economic Surveys.** If the categorization of potential project impacts falls into either A or B category, the MMDE will conduct a socio-economic survey as early as possible to (i) identify basic socio-economic baseline data in the project areas, (ii) identify persons and households who will be physically displaced and economically displaced by the project, (iii) record affected or lost assets of households, enterprises, and the community; (iv) assess the project's socio-economic impacts on them, and (v) establish monitoring and evaluation parameters to monitor project implementation.

47. Category A project will need more planning, resources and survey time to complete socio-economic surveys than a category B project. A category A project will also require more probing and in-depth analysis of socio-economic impacts on persons, communities and vulnerable groups.

48. The purpose of the socio-economic survey is to identify the nature and significance of potential project impacts. The survey will collect gender-disaggregated socio-economic data. The socio-economic survey is either a sample survey of affected persons and households or the total population. It is recommended that 100% survey to be carried out, however, it is also acceptable to have the sample size is 20% of the total affected population chosen through stratified sampling method to include different groups of PAPs based on their income, housing conditions, and degree of losses. If a sample survey is going to be done, it is necessary to agree with ADB the size of the sample. In the investment program, involuntary resettlement impacts will be limited and scattered in a linear form. Therefore, it is recommended to conduct the socio-economic survey taking all identified affected persons and households.

49. **Census.** A census will provide a demographic overview of the total affected population. It will cover PAPs' assets and main sources of livelihood affected and provide gender-disaggregated socio-economic data. Such data will be used to determine if special actions are needed to assist the poor and vulnerable households to overcome their socio-economic marginality and disarticulation.

50. If the socio-economic survey takes place before detailed project designs are completed, a census of all affected persons and households together with an inventory of their assets will be conducted soon after the detailed designs are completed, but before any project's construction activity starts. Based on the census and inventory of losses, the resettlement planner will revise and update the RP/RIP and disclose to all project stakeholders including PAPs. Such updates and revisions will be reflected in its budget and implementation schedule.

51. **Methodology.** Depending on the significance of potential resettlement impacts and the spread of such impacts over the project area, the resettlement planner will decide the methodology of data collection for the socio-economic survey and census. A questionnaire survey of all potential PAPs and households is the most popular methodology, and it is most

useful in a linear project such as a canal project that will have minor impacts on households and settlements, but scatter the impacts over a large area.

52. The questionnaire will include questions about basic household information disaggregated by gender, land ownership and use patterns, income and expenditure patterns, employment, and potential impacts on income and livelihood sources, residences and other structures and losses, community organizations, awareness about the proposed project, poverty incidence, and vulnerability. It will also include questions on PAPs' perceptions on displacement, and their expectations from the project.

53. In addition to the questionnaire, fieldworkers who are engaged in the survey will gather qualitative data and information from interviewing groups of potential PAPs, local leaders, local knowledgeable and representatives of local associations such as farmer organization and cooperative societies. Focus group consultations will supplement such interviews. Group interviews need prior arrangement and information about such meetings is to be disseminated among PAPs in advance through proper channels such as GN officer or divisional secretariat or through local temples, mosques and churches. Both men and women are to be encouraged to attend the group interviews. The deliberations, decisions and recommendations pertaining to the project will be recorded. Attendance at such meetings will be recorded with full name, address, and signature of each participant. If their cell phone numbers are available, they too are recorded in attendance sheet for easy future reference.

54. The resettlement planner will study recent socio-economic studies that have been conducted in project areas to gather more information and data. Key sources are environment impact assessment/initial environmental examination socio-economic survey reports, cropping data and crop marketing data, data collected to formulate various development programs for the benefit of the poor and vulnerable, reports of skill development programs and general socio-economic databases at GN officers and divisional secretariats. Such data are only supplementary data, and primary data and information will be collected through surveys, censuses of population and inventory of physical and community losses.

55. Before the socio-economic survey is commenced, the resettlement planner will train fieldworkers in questionnaire survey and groups interview methods, unless they already possess skills in socio-economic surveys.

56. All the data and information collected will be fed into a database which will be used in formulating RIPs. Based on the socio-economic survey, census and other sources of data and information, a social impact assessment (SIA) will be done which will focus on potential social impacts, impact on income sources and livelihoods of displaced persons and gender-disaggregated information pertaining to economic and socio-cultural conditions of displaced persons. The project's potential social impacts and risks will be assessed at personal, household and community level to formulate the entitlements of PAPs, households and communities. The results will be presented in summary and form a chapter of RIP. Such tabulated data and information will direct the objectives and scope of RIP and help determine requirement for further consultations with stakeholders, scope of grievance redress mechanism, budget, and implementation schedule.

57. **Gender Impacts, Vulnerabilities, and Mitigation Measures.** Socio-economic surveys will generate gender-disaggregated data. This will facilitate identifying gender-specific project issues and needs, and determining how the project would differentially impact on them. Land tenure and income sources are generally dominated by men in rural agricultural communities.

The survey will identify the causes of these disparities and the socio-economic analysis will recommend specific measures to address them. It will also indicate how women could become project beneficiaries and the obstacles that are required to overcome. Where women play a significant role in local organizations or agricultural production or marketing activities, RIP will suggest ways and means to sustain and improve their participation in project activities.

58. Among vulnerable households are the female-headed households. During the socio-economic survey, these households will be identified in order to analyze their current economic status and how the project will impact on them. Based on the findings of the analysis, RIPs will recommend special assistance programs to help them to overcome their vulnerabilities and also to improve their socio-economic status, so that they too could benefit from projects. The RIP plan will include measures to ensure that socio-economic conditions, needs and priorities of women are identified and the process of land acquisition and resettlement does not disadvantage women. It will ensure that gender impacts are adequately addressed and mitigated. Women's focus groups discussions will be conducted to address specific women's issues.

59. As part of the SIA, the resettlement planner will identify individuals and groups who may be differentially or disproportionately affected by the project (such as female-headed households, old and sick PAPs, gypsies, and low castes) because of their disadvantaged or vulnerable status in the community. Where such individuals and groups are identified, RIP will propose targeted measures so that adverse impacts do not fall disproportionately on them, and they will not be disadvantaged in sharing project benefits and opportunities resulting from development with others.

60. The communication strategy of a project will include women group discussions that focus on possible displacement and relocation, potential impacts on their socio-cultural systems, any potential threats regarding their safety during construction owing to the presence of laborers from outside, potential opportunities for women to engage in project activities to earn an income, and on special care to be taken by contractors during project construction activities, if women are recruited as workers.

61. **Cut-off Date.** For land to be acquired from titled landowners, the date of notification for acquisition under the LAA will be treated as the cut-off date. For non-titleholders such as squatters and informal settlers, encroachers, tenants and leaseholders, the starting date of the project census or a designated date declared by the MMDE in consultation with divisional secretaries (DSs) will be considered as the cut-off date. The relevant local authorities will be requested through GN officers to refrain from granting approvals for new constructions within the project area after the cut-off-date. The MMDE will disseminate information regarding the cut-off date throughout the project area through GN officers and DSs. Persons who occupy land in the project area after the cut-off-date are not eligible for compensation or resettlement assistance. Structures such as houses, crops, fruits, trees and wood lots established after this date are also not eligible for compensation. The DS and GN officers will assist the program personnel to formulate the gazette notification for acquisition of land under Section 2 of LAA. They will formally inform each affected person the area of land or property that will be acquired and initiate a process that will be completed with the pay of compensation and the provision of income restoration/improvement assistance.

IX. CONSULTATION, PARTICIPATION, AND DISCLOSURE

62. **Consultation and Participation.** The MMDE will consult PAPs and other stakeholders on the scope of the project, its benefits and potential adverse impacts and proposed mitigation measures. The MMDE will actively engage them in examining project alternatives, scope of land acquisition, potential direct and indirect impacts on economic activities, and social and cultural identity and networks of people, resettlement planning, implementation, and monitoring.

63. If a project plans to relocate physically displaced PAPs, plans for consultations and participation will include host communities as well. If present in the project area, representatives of community-based organizations (CBOs) such as farmers' organization and women groups, non-government organizations (NGOs) will also be invited to consultations. They will engage in resettlement planning and implementation together with PAPs. Among the stakeholders are representatives of relevant government agencies (GN officers, representative of the DS of the area), religious and community leaders, and local business community.

64. The consultations will be done through interviews, public meetings, and group discussions. The MMDE will ensure that disadvantaged or vulnerable groups, especially the poor, landless, elderly, women, female-headed households, and non-titled users of land too are included in consultations. The MMDE will pay special attention to their views, needs and suggestions. If anticipated resettlement impacts are severe or significant on livelihoods and household income sources of vulnerable PAPs, focused group consultations will also be held with project-affected women and vulnerable groups.

65. Consultations start during the 'project preparation phase' and will continue throughout the project life. All consultations are undertaken in an atmosphere conducive to free exchange of views and recommendations without any intimidation. Consultations and participation of PAPs in resettlement planning and implementation will be gender-inclusive, gender-responsive, and gender-sensitive, and will be designed to address special needs of vulnerable project-affected households and groups. By doing so resettlement planner will be able to incorporate views and recommendations of all segments of PAPs and other stakeholders into the project design, mitigation measures, and strategies of sharing of development benefits and opportunities. The organizers of stakeholder consultations will keep record of all discussions, suggestions and recommendations arising out of the consultative process at each consultation meeting. Each participant will sign the attendance sheet giving information on gender, national identity card number and address including cell phone number. The minutes of the meeting will be supplemented with photographs of the proceedings. The minutes and photographs will become annexes of the RIP. The formulators of the RIP will use the minutes in preparing RIP and address the issues listed in minutes.

66. Project information on measurement of losses, detailed asset valuations, entitlements and special provisions, grievance redress procedures, timetable for cash compensation payment, physical displacement schedule and project construction schedule will be disseminated by the MMDE through public consultations and brochures, leaflets, or booklets written in local languages. For non-literate people, other communication methods such as small group discussions and posters will be used.

67. Each RP/RIP will be prepared and implemented in close consultation with the stakeholders, particularly with PAPs through focus group discussions and stakeholder consultation meetings. Women's participation will be ensured by involving them in public

consultations at various stages of project preparation and implementation, and by arrangements which would enhance their ability to attend such meetings.

68. Each RP/RIP will be made available in local language(s) during the public meetings at the community level. Copies of RPs/RIPs will also be made available at the local level public offices, such as division secretariat, GN officers. The RPs/RIPs will be disclosed on ADB's and EA's websites. EA will inform ADB the date of posting of RIP on web.

69. A Public Consultation and Disclosure Plan will be prepared by PMU/Project implementation unit (PIU)/NGO for each project following the format below:

Consultation and Disclosure Plan

| Activity | Task | Timing (Date/Period) | No. of Persons Attended (if applicable) | Agencies Attended (if applicable) | Feedback/ Issues/ Concerns | Remarks |
|---|--|----------------------|---|-----------------------------------|----------------------------|---------|
| Stakeholder/PAP Identification | Mapping of the project area | | | | | |
| Project information Dissemination | Distribution of information leaflets to PAPs | | | | | |
| Consultative meetings with PAPs during scoping phase | Discuss potential resettlement impacts of the project | | | | | |
| Public Notification | Publish list of affected lands/sites at Divisional Secretariat/GN Officers; Publish eligibility cut-off date | | | | | |
| Socio-economic survey | Collect socio-economic information and PAPs' perception on resettlement impacts | | | | | |
| Consultative meetings on resettlement mitigation measures | Discuss entitlements, compensation rates, grievance redress mechanisms | | | | | |
| Publicize RP/RIP or at least its | Distribute leaflets or booklets in local | | | | | |

| Activity | Task | Timing (Date/Period) | No. of Persons Attended (if applicable) | Agencies Attended (if applicable) | Feedback/ Issues/ Concerns | Remarks |
|---|---|----------------------|---|-----------------------------------|----------------------------|---------|
| entitlement matrix | language | | | | | |
| Full disclosure of the RP/RIP to PAPs | Distribute RIP in local language to PAPs | | | | | |
| Internet disclosure of the RP/RIP | RP posted on ADB and EA website | | | | | |
| Consultative meetings during detailed measurement survey(DMS) | Face- to-face meetings with PAPs | | | | | |
| Disclosure after DMS | Disclose updated RP/RIP to PAPs | | | | | |
| Internet disclosure of the updated RP/RIP | Updated RP/RIP posted on ADB and EA website | | | | | |

70. The organizers of each meeting, consultation and interview will keep records of key topics discussed and decisions arrived at. Photographs of such meetings and interviews are to be attached to the records.

71. **Disclosure.** The MMDE will disclose RP/RIP, and/or other adequate information on resettlement related matters to PAPs and other stakeholders in a timely manner at accessible locations in Sinhala (and/or Tamil).

72. Resettlement information including the entitlement matrix, GRM, budget, and implementation schedule as leaflet or a booklet will be disclosed before the determination of compensation and resettlement assistance. A copy of RIP will be disclosed on the MMDE and investment program websites, and related websites. Sinhala or Tamil versions of RIP will be available for public reference at the MMDE, investment program offices, divisional secretariats and GN officers in project areas PMU and PIUs.

73. The MMDE will submit the following planning documents to ADB for review and disclosure on ADB or the MMDE's website:

- (i) Draft Resettlement Framework
- (ii) RP/RIP before project appraisal
- (iii) Final RP/RIP based on the census of PAPs completed after the detailed project designs, if a draft RIP based on a sample socio-economic survey was submitted earlier
- (iv) A new RP/RIP or an updated RP/RIP, and a Corrective Action Plan (CAP), if any,

- prepared during project implementation
- (v) Resettlement monitoring reports

X. COMPENSATION, INCOME RESTORATION AND RELOCATION

74. **Valuation of Lost and Affected Assets.** The MMDE and PAPs will participate in determining the replacement cost of acquired property for a project. The LAA, NIRP and LA Regulations 2008, outlined in Section 4 above, constitute the resettlement regulatory framework for determining the replacement cost. Replacement cost comprises fair market value of the property and other compensation packages that are elaborated in NIRP and LA Regulations 2008 (see below). The valuation of acquired property will be done by the Valuation Department on the request of by the DS of the area where land is located. The DS is the land acquiring officer. The Valuation Department will calculate the replacement cost of fully acquired, partially acquired and damaged or partially damaged structures, guide by the 2008 LAA Regulations.

75. Those holding legal rights to land acquired are entitled to compensation at replacement cost of the land and structures on the lost land or to replacement land and replacement cost of structures on the land. Those persons who do not own land but have 'interests' such as squatters on acquired land are entitled only for replacement cost of dwellings and other structures, improvements to the land, only if the person had occupied the land or the structure prior to the cut-off-date for eligibility for resettlement assistance.

76. In case of PAPs whose livelihoods are land-based, the MMDE will give priority to find replacement land for them. It is the responsibility of the MMDE to find suitable land of equal size or quality where PAPs are willing to relocate. Where replacement land is offered, displaced persons will be given a plot of land at least equivalent to the quality and size of the land acquired. The replacement land will allow them to improve or at least to restore their livelihoods such as agriculture at the relocation site with necessary infrastructure, extension facilities and community support. If there is any time gap between displacement and relocation, the MMDE will provide cash and subsistence assistance to the displaced persons until such households are given land and resettlement assistance at resettlement locations. These facilities are to be provided in accordance with the entitlement matrix.

77. The value of land will be based on updated official records, field observations, recent land market rates in the vicinity, if available, and valuation done by the Valuation Department. The land records containing information such as legal title and classification of land will be taken into consideration in determining its value. All land parcels identified to be acquired for the project will be compensated based on the replacement cost of the land and will be paid in cash unless the land-for-land option is opted by PAPs.

78. **Negotiated Land Acquisition.** The LAA refers to 'willing seller' as a precondition for negotiated land acquisition. This avoids expropriation and use of governmental authority to remove people and acquire land. It is based on meaningful consultation with PAPs including those who occupied land without legal titles. Obtaining lands through negotiated land acquisition still involves a formal acquisition as per LAA. This is mainly to avoid land with title defects get passed on to the State. Within the LAA framework, it is difficult to apply negotiated land acquisition modality, although the LAA recognizes negotiated land acquisition as a method of calculating compensation. The Supreme Court defined the test of a willing seller as being 'likely to receive prompt compensation of the market value'. The Court pointed out the impracticality of negotiated land acquisition because of 'delays, technicalities and expenses' associated with the LAA mandatory procedures for land acquisition and compensation payment. Therefore, what is feasible and efficient is to negotiate and agree replacement cost of land, dwellings and other structures, and the market value of crops and trees. Such negotiated prices could be used in determining compensation for acquired property. In any negotiated settlement, the MMDE will

conduct meaningful consultation with affected persons including those without legal title, and the MMDE will engage an independent external party to record the negotiation and settlement process. The MMDE will also open for third party validation, in case, it is required.

79. **Assessment of 'Replacement Cost'**. The LAA provides for determining compensation based on 'market value'. It defines market value as 'the amount which the land might be expected to have realized if sold by a willing seller in the open market as a separate entity on the date of publication of that notice in the Gazette ... [Section 46(1)]. The NIRP states that compensation will be based on 'replacement cost' of acquired land and structures. 'Compensation for loss of land, structures, other assets and income should be based on full replacement cost and should be paid promptly. This should include transaction costs [Principle 6].

80. The LA Regulations of 2008 under section 63(2) (f) of the LAA did not adopt 'replacement cost' as the basis for compensation as the LAA does not use the concept; instead it used 'market value' as defined in the LAA together with several safeguard provisions to eliminate inequities arising from methods of valuation and determining 'market value' thereby upgrading compensation to the level of the replacement cost.

81. The current IR regulatory framework ensures that persons affected by land acquisition receives replacement cost, so that they could maintain the same socio-economic status that they enjoyed prior to land acquisition, or that their living standards are raised to a higher level compared with the pre-acquisition level particularly in case of the poor. As outlined above, LA Regulations of 2008 under 'Disturbances' make the necessary provisions for compensating every possible cost incurred by a PAP during the acquisition of their properties. Section 3.11 of the LA regulations 2008 within the framework of 'value to owner' provides a range of 'disturbances' caused by land acquisition. The total package of compensation and other payments would bring compensation to the level of 'replacement cost' which is also a best international practice. The LA Regulations 2008 provides the following compensation packages to those who lost land to a public project.

- (i) Where part of a land is acquired and when its value as a separate entity deems to realize a value proportionately lower than the market value of the main land, the compensation will be proportionate to the value of the main land.
- (ii) A building used for occupation or for business purpose, or was intended to be used for occupation or business purpose on the date the intention to acquire was published, the difference between the cost of re-construction and the value of building based for determination of market value will be paid as additional compensation.
- (iii) Value based on 'development potential' is considered in determining the value of land when a paddy land plot is acquired if the Agrarian Services Commissioner General's approval has already been obtained to convert it into a non-agricultural land.
- (iv) Where an acquired building is occupied by a tenant/statutory tenant protected under the provision of the Rent Act No. 7 of 1972 (as amended thereafter) compensation will be ascertained in proportion having regard to the provisions of Rent (amendment) Act No. 26 of 2006.
- (v) Damages caused by injurious affection and severance should be allowed fully. Compensation for disturbance is based on the "value to owner" will be paid

based on written claims:

- (vi) Expenses incurred during appearing under LAA Section 9 Inquiry: maximum payment is SLRs 10,000.
- (vii) Expense of finding an alternative accommodation: maximum rental of SLRs 10,000 per month for properties located in urban council areas, and SLRs 5,000 per month for properties located in *pradeshiya sabha* areas. If the anticipated physical displacement is temporary, maximum of three months rental will be paid; if the anticipated physical displacement is permanent, a maximum of 6 months rental of SLRs 10,000 per month is payable for a house where floor area is less than 1,000 square feet. In the program areas, the average monthly rental per household with less than 1000 square feet is about Rs 4000. The method proposed for physical displacement is not to relocate the displaced household until it has built its own house elsewhere or bought a house with compensation and special assistance received from the program.
- (viii) Cost incurred in change of residence: SLRs 10,000 for houses where floor area is less than 1,000 square feet and SLRs 15,000 for houses where floor area is between 1,000 and 2,000 square feet. SLRs 25,000 for houses where floor area is more than 2,000 square feet. If sub families live in a house, the payment should be divided proportionately. For other properties, maximum of SLRs 25,000 is paid based on the nature of the occupation.
- (ix) Cost of advertising: permanent displacement of informal business establishment will get SLRs 2,500 and a formal business establishment, SLRs 15,000.
- (x) Re-fixing cost of fixtures and fittings; transport expenses: SLRs 5,000 for a house/residence. In case of a business premises or any other structure of specific nature, the amount should be based on actual expenses
- (xi) Loss of earnings from business: SLRs 15,000 a month for informal businesses. For formal businesses compensation amount is based on accounts and tax returns pertaining to preceding three years.
- (xii) Increased overhead expenses will be paid according to the circumstances.
- (xiii) Double payments, for example, rent or rates: This is to be calculated based on actual expenditure; all other expenses incurred by the owner in relation to the acquisition: losses sustained because of the compulsory sale of the business due to the acquisition, for example, sale of livestock.
- (xiv) Other additional expenses for disturbance or compensation not considered under any other compensation item above: disturbance experienced by tenants fall into this category. A payment in respect of vulnerable persons such as old and disabled people who are dependent on affected persons. Another category is self-employment. The maximum payment for any of these disturbances is SLRs 15,000.
- (xv) When an owner of a house or of an investment property is displaced, additional 10% of the compensation is paid as an incentive payment to encourage the PAP to handover the acquired property to the program by a stipulated date.
- (xvi) Value of an agricultural land or a piece of land with agricultural potential, both replacement cost and estimated loss of income will be taken into consideration in determining its compensation value.

82. **Special Arrangements for Paying Compensation.** In addition to the normal procedures of land acquisition, there are several special arrangements for paying compensation for acquired land and structures. The key arrangements are listed below.

- (i) Projects under the investment program are likely to acquire narrow strips of land for canals and water conveyance facilities. In such case, the valuer will be given specific directions under LA Regulations 2008. Irrespective of the size of the main land, determine the site value of a buildable front block and adopt the same rate for acquired portion uniformly.
- (ii) When a part of a building is acquired compensation will be paid for the entire building.
- (iii) Some lands occupied by PAPs may belong to Buddhist temples. Such lands are managed by the chief incumbent of the temple. Compensation for acquired temple lands, however, is paid to the Public Trustee Department.

83. **Reinstatement cost of buildings and compensation for other developments on encroached lands.** The following steps will be followed in determining compensation for improvements on encroached lands.

- (i) The Land Acquiring Officer should include the encroacher as an 'interested party' under Section 10 (1) (a) of LAA.
- (ii) Encroachments on state lands: with the concurrence of the DS in writing, reinstatement value for developments/improvements done by the encroacher may be paid.
- (iii) Encroachments on private land: where the landowner has not contested the encumbrances in a Court of Law, the person who improved land qualifies will receive the value of such improvements.
- (iv) In subprojects of the investment program, encroachments will be considered as occupied and developed land and the operator will be paid compensation for land and crops and a special grant to purchase alternative land elsewhere.

84. **Common Property.** The MMDE will restore or reinstall common resources, structures and facilities affected by the project as outlined in the Entitlement Matrix. If access is restricted to such resources, alternative access to similar common property resources will be provided by the MMDE. Compensation for trees will also be based on the current market value of timber for timber trees, the annual net product market value multiplied by remaining productive years for perennial and fruit trees. The MMDE will consult the Department of Agriculture on the value of trees. The market value of trees will be paid to community organizations enabling them to initiate re-plantation programs.

85. **Temporary Impacts.** For temporary impacts, cash compensation and other entitlements prescribed in the entitlement matrix will be provided to each entitled affected person before taking acquiring land or properties.

86. **Income Restoration.** The MMDE will improve or at least, restore lost or affected income sources and livelihoods of PAPs in real terms to the pre-project levels. The MMDE will identify the number of eligible PAPs from the socio-economic survey and census and formulate detailed income restoration and improvement plans such as skill development programs in consultation

with PAPs, CBOs, NGOs, government officials and other agencies in the project areas. The MMDE will also formulate income improvement programs for the benefit of vulnerable households. These plans will be included in RIP with a budget, institutional support, and an implementation schedule.

87. Income restoration and improvement will have several components. Compensation at full replacement cost and other cash components of the compensation packages will allow PAPs to invest some portion of cash received in income generating activities. The PMU/PIU will guide PAPs on financial management and investment. Such investments are augmented by ex-gratia payments that will be paid to eligible PAPs by the project. Among ex-gratia payments are shifting assistance, initial living assistance, and special grant for vulnerable households.

88. In project areas, the majority of PAPs are rural agriculturalists who depend on small plots of paddy and highland to earn their living. If these plots are fully or partially affected by the project, the MMDE will prepare a comprehensive plan to find land-for-land and to develop relocation sites for their benefits. No land acquisition will take place before relocating the physically displaced persons. While compensation is required to be paid before displacement, full implementation of relocation plans might take longer. The gap period is to be dealt with ex-gratia assistance such as living allowances and temporary housing. Such complicated programs are to be in place before land acquisition starts and certainly before any project construction activity begins.

89. Project-sponsored skill training programs and micro-credit programs will provide basic knowhow and capital respectively especially to the displaced youth helping them to find or generate income sources or livelihoods. The MMDE will introduce PAPs to national and local employment development programs, and will also secure priority enrollment for them in such programs. The MMDE will also encourage project contractors to hire skilled, semi-skilled and daily wage workers from among PAPs, if they are seeking such employments from the project. Priority will be sought for vulnerable PAPs. Women workers will be encouraged to engage in project construction activities. The MMDE will negotiate with contractor's special assistance programs for them and ensure their safety at work sites. Such assistance requires prior planning and negotiations. The MMDE will initiate such dialogue with concerned agencies and contractors before land are acquired.

90. A cohesive and comprehensive income restoration and improvement strategy based on local skills, resources, and PAPs' expectations and needs will be developed by the MMDE as a key component of RIP with key monitoring indicators and a secured adequate budget. TV repairs, motor mechanics, vehicle driving, heavy machinery handling, sawing and cattle rearing are some of income restoration and improvement programs. In developing such programs, project authorities will consult GN officers and DSs to explore the possibility of combining them with current local income-generating programs.

91. **Relocation.** The MMDE will decide in consultation with IAs, provincial and divisional authorities the locations for relocation of physically displaced PAPs and the resettlement assistance package for each PAP or displaced household. This information should be disclosed to all PAPs during the formulation of RIP for a project. It is necessary to describe in RIP relocation sites, how and why they have been selected, how many PAPs are to be relocated at each of relocation site; the size of highland and wetland land plots identified for each PAP, the temporary housing arrangements if residential units are under construction; and basic infrastructure facilities and assured budget for all identified resettlement activities at relocation sites.

92. The selection of relocation sites are to be done in consultation with PAPs. Their willingness to move to the relocation sites, expectations, worries and concerns are to be probed through group and individual consultations. The results of such consultations are to be recorded and attached to the RIP. Resettlement administration, responsibility for each task will be outlined in the RIP.

93. The RIP will describe the resettlement assistance package which is given in addition to the land compensation package. Resettlement assistance package will include transportation of household good and salvaged items from the demolished/damaged house, house construction assistance programs; temporary shelter and food supplies; and special security arrangement for women.

94. If PAPs are predominantly farmers, the MMDE will provide land suitable for agriculture for them with cultivation assistance such as tractors to plough land and build bunds (embankments) and tertiary canals.

95. If PAPs of an affected village or hamlet want to live together as a community at relocation sites, the MMDE will take necessary actions to fulfil this requirement. Such formation of a community at a new location will help them to cope with displacement trauma, anxiety and fear. A community would also provide them mutual labor and subsistence at the initial stage of relocation.

XI. INSTITUTIONAL ARRANGEMENTS

96. **Grievance Redress Mechanism.** Each project which is likely to have resettlement impacts will have a formally instituted transparent and time-bound project level GRM to receive and resolve PAPs' grievance locally about the delivery of their entitlements, in particular, and project impacts, in general. The MMDE will determine whether a common GRM could handle both resettlement and environmental complaints of PAPs or two separate GRMs are need in the context of the project.

97. The GRM is an accessible and trusted platform for PAPs to seek solutions and relief for their grievances related to IR activities of the project. The GRM will reveal PAPs' capacity for consultations and desire to resolve grievances through discussion and negotiation. The MMDE will make sure that PAP's beneficiaries, and line agencies understand and apply the GRM to resolve issues pertaining to compensation, relocation and income and livelihood restoration and improvement.

98. The objective of the GRM is to resolve land acquisition, compensation and resettlement disputes and construction related issues at the grass-roots level in order to avoid lengthy and costly judicial process. However, the GRM will not deal with matters pending in Courts of Law. The grievance redress committee (GRC) of the GRM will have no jurisdiction over the 'rates' of compensation.

99. Grievances from PAPs are primarily dealt with by GN officers through consultation and involvement of resettlement officers, as required. Complaints that cannot be addressed at the level of GN officer will be forwarded to GRC.

100. The structure and organization of a GRM will depend on the significance and complexity of anticipated IR impacts and risks of the project. The number of tiers a GRM will have is to be decided by the MMDE in consultation with the divisional secretariats in the project area in light of the number of PAPs, the nature of project impact on them, and the significance of anticipated resettlement impacts. Generally, a GRM will have minimum of two tiers, namely, the divisional level GRC and the Appellate GRC at the project level. The presence of GRM or seeking relief from GRM is not a bar to take grievances to national courts for arbitration.

101. All disputes related to land acquisition, delays in providing cash compensation and resettlement assistance, handing over of resettlement land, land issues such as land ownership disputes will be dealt by GRCs. A PAP can submit a complaint to the secretary of GRC in writing or verbally to the GN officer or resettlement officer at the Project Office. Such verbal complaint swill be recorded and forwarded to the chairperson of GRC.

102. The GRC will meet according to a published timetable. This information will be disseminated among all PAPs. It will call public meetings to arbitrate grievances. Each session/meeting will be held at a place which is convenient to PAPs to attend. The GRC procedures will be publicized through notices and community meetings. The PAPs will be made aware of the presence of GRM, its powers and benefits during consultations and group discussions. At such gatherings, PAPs will be encouraged to discuss their views on the structure and functions of GRM.

103. The GRC at the divisional level will address PAPs' complaints and grievances promptly, using a transparent process that is gender responsive, culturally appropriate, and readily accessible to all segments of PAPs at no costs and without retribution. It will be chaired by the

DS. It will have a secretary and several committee members, a surveyor, GN officers of the Division, IA resettlement specialist/officer, three or four PAP representatives (at least two will be women PAPs), and representatives of project-related agencies. The Secretary will receive complaints. A record of each complaint will be maintained at the division secretariat. The Appellate GRC at the project level will be chaired by the Project Director. The other members of the committee are a representative of the Survey Department, a representative of MLLD, a valuer from the Valuation Department, and representatives of PAPs. All GRC meeting deliberations and decisions will be recorded and will be available for public reference.

104. **Resettlement Administration.** Each RIP will succinctly outline the institutional arrangements to implement resettlement within the institutional framework of the project. The institutional arrangements for the RIP implementation will present both as a narration and a diagram showing the responsibilities and reporting arrangements. The MMDE is the executing agency of the investment program.

105. As Annex 3 shows, the MMDE possesses sufficient knowledge of and experience in involuntary resettlement planning and implementation. As a result, capacity development of MMDE for the investment program is not a key requirement. It has sufficient resources to apply IR regulatory regime found in LAA, NIRP and LA Regulations 2008 (and outlined above) to each subproject of the investment program during resettlement planning and implementation.

106. **Program Management Unit.** The investment program will have a (PMU) established at the MMDE. It will oversee social safeguard compliance during social impact assessments, formulation of RPs/RIPs, their implementation and monitoring of implementation progress. The PMU will have Resettlement Unit or Cell with a full time specialist (s) who will assist the formulation of RIPs, resettlement due diligence reports and resettlement monitoring reports. The PMU will develop the specialists' terms of reference (TOR) and forward them to ADB for review. The specialist(s) key activities include: (i) screening of proposed projects for potential resettlement impacts and risks;(ii) reviewing of project alternatives to avoid or minimize resettlement impacts; (iii) assessing social impacts of the project; (iii) formulating an appropriate strategy for public consultations and resettlement information disclosure; (iv) formulating RIPs with resettlement consultants; and (v) establishing the GRM and monitoring of their effectiveness.

107. **Resettlement Staff and Consultants.** While the MMDE will be responsible for overall coordination, planning, and financing of resettlement program, the implementation of RP/RIP is the responsibility of the PMU. Before commencing socio-economic surveys and the formulation of the RIP, the MMDE will recruit a social development specialist(s) as a staff member of the PMU who is familiar with land and resettlement regulatory framework and ADB involuntary resettlement policy and procedures. The specialist(s) conduct surveys and formulates the RIPs of the project. The specialist(s) through the MMDE could hire resettlement consultants to assist resettlement planning and implementation.

108. Involuntary resettlement is a sensitive process and officials who are engaged in resettlement program need field experience in resettlement and rehabilitation and community development. In order to facilitate good rapport with affected communities and oversee resettlement implementation, experienced and well-qualified civil society organization should be hired in project areas to assist the PMU/PIU in RIP implementation especially in case of Category 'A' project. Such organizations could play the role of facilitator and will work as a link between the PMU and affected communities. They will assist PAPs in income restoration

through training in skill development and getting access to various government development schemes and to agencies that provide financial assistance and loans for small enterprises.

109. **Project Implementation Unit.** The PMU will be supported by PIUs in the field. Each project will have a PIU working under the supervision of the PMU, resettlement officers will be hired to assist the PIU to conduct social impact assessment, formulation of RP/RIP and their implementation and monitoring.

110. The roles and responsibilities of various agencies to be involved in resettlement planning process and implementation of resettlement activities are summarized below.

| Roles and Responsibilities of Agencies in Resettlement Planning and Implementation | |
|---|-------------------------------|
| Activity | Agency Responsible |
| Establishment of Resettlement Unit at EA and appointment of a Resettlement Specialist (RS) | MMDE |
| Hiring of resettlement consultants (RC), external monitors (EMs) | MMDE |
| Organizing resettlement training workshop (optional) | MMDE, RC |
| Screen project affected area for resettlement effects | RS, RC |
| Determine the scope of RIP | MMDE in consultation with ADB |
| Social Assessment and preparation of land acquisition plan, Census, Socio-economic Surveys, RIP | MMDE/PMU, RS and RC |
| Hiring of Civil Society Organizations (NGOs) | MMDE |
| Public consultation and disclosure of RIP | RS, RC, NGO/CBO |
| Co-ordination with divisional administration for land acquisition | MMDE, PMU/PIU, RS and RC |
| Declaration of cut-off date | MMDE, DS, RS |
| Review and obtaining of approval of RIP from ADB | MMDE |
| Appointment of GRC | MMDE/PMU/PIU |
| Submission of land acquisition proposals to Divisional Secretary (DS) | PIU |
| Compensation award and payment of compensation | DS, PMU/PIU, RS |
| Payment of replacement cost and allowance | DS, PIU |
| Taking possession of acquired land and structures | DS |
| Handing over the acquired land to contractors for construction | DS |
| Notify the date of commencement of construction to PAPs | RS, RC, PMU/PIU, NGO |
| Assistance in relocation, particularly for vulnerable groups | RS, PMU/PIU, NGO, DS |
| Internal monitoring of overall RP Implementation | PIU, RS, RC, NGO |
| External Monitoring and Evaluation (M&E) | EM |

MMDE = Ministry of Mahaweli Development and Environment

XII. MONITORING AND REPORTING

111. The PMU/PIU will monitor the RPs/RIPs' implementation to determine whether resettlement goals have been achieved and livelihood and living standards have been restored, and to recommend how to further improve implementation. For this, each project will elaborate specific, relevant and detailed monitoring indicators.³ The PMU/PIU will prepare half-yearly monitoring reports to submit to MMDE and ADB. The reports will focus on whether resettlement activities have complied with IR safeguard principles and loan covenants of the project. The report will also document consultations conducted with PAPs and summaries of issues identified and actions taken to resolve them. It will also provide a summary of grievances or complaints lodged by PAPs and actions taken to redress them and the specific activities conducted to restore and improve income sources and livelihoods of PAPs.

112. The scope and frequency of resettlement monitoring will commensurate with the degree of significance of resettlement impacts and risks. Resettlement monitoring will involve (i) administrative monitoring to ensure that implementation is on schedule and problems are dealt with on a timely basis; (ii) socio-economic monitoring including income restoration and improvement during and after any resettlement impacts, utilizing baseline information established during socio-economic surveys; and (iii) overall monitoring to assess the socio-economic status of PAPs. If any deviations from resettlement loan covenants or safeguard principles are reported in monitoring reports, the MMDE will prepare a CAP and will submit to ADB for review and approval. The monitoring reports and CAP will be posted on ADB website.

113. In case a project is categorized as "A" for involuntary resettlement impacts or a significant IR impact is found which was not envisaged at the time RIP formulation of a category "B" project, the MMDE will engage a qualified and experienced external monitor (EM) who is not associated with the project planning and implementation to examine it and to suggest how to address them. In such a situation, the need to prepare an addendum to the RIP will be considered.

114. In addition, the EM will document good practices as well as difficulties encountered in implementing the RIP. This document will provide guidance for subsequent projects. A sample monitoring format is given below which needs to be elaborated during the RIP implementation stage.

³ Please see (<http://www.adb.org/documents/involuntary-resettlement-safeguards-planning-and-implementation-good-practice-sourcebook-d>) for sample internal and external monitoring indicators.

115. A draft monitoring framework for resettlement issues is given below.

Monitoring Framework

| Activity | Progress | Remarks |
|---|----------|---------|
| Assessment of IR impacts of changes in project design, if any, | | |
| Updating of RP/RIP based on changes in project design, if any. | | |
| Approval of updated RP/RIP by ADB | | |
| Appointment NGO, if required | | |
| Disclosure of updated RP/RIP | | |
| Establishment of GRM/Committee | | |
| Capacity building of EA/IA, if required | | |
| Verification of Census; assessment on compensation and assistance, and readjustment | | |
| Land Acquisition | | |
| Payment of compensation at replacement cost of land & assets to PAPs | | |
| Disbursement of resettlement assistance to title holder PAPs | | |
| Disbursement of assistance to non-title holder PAPs | | |
| Disbursement of special assistance to vulnerable groups | | |
| Number of vocational training provided to PAPs | | |
| Linking PAPs with local, provincial Development schemes | | |
| Planning for resettlement sites as per RP/RIP | | |
| Shifting PAPs to resettlement sites as per RIP | | |
| Replacement/ shifting of community property resources | | |
| Reinstallation of public utilities | | |
| Preparation/ updating of Indigenous Peoples Development Plan based on changes in project design | | |

XIII. RESETTLEMENT BUDGET

116. Detailed budget estimates for each RIP will be prepared by the PMU/PIU to include in the overall tranche budget. The budget will include: (i) detailed costs of land acquisition, and livelihood and income restoration and improvement; (ii) source of funding; (iii) administrative, including staff training; (iv) monitoring costs; (v) cost of hiring consultants and the NGO; (vi) arrangement for approval, and (vii) flow of funds and contingency arrangements. All land acquisition, compensation, and rehabilitation, administrative, monitoring and consultant cost, income and livelihood restoration cost will be considered as an integral component of project costs and will be borne by the MMDE. The MMDE will ensure timely disbursement of sufficient funds for RIP implementation. The MMDE, through the PMU/PIUs and in consultation with PAPs and appropriate divisional and provincial officials will determine the cost of land acquisition, resettlement and rehabilitation. The approved cost will be allocated in advance in the annual budget of MMDE. All cash compensation packages will be paid to PAPs before any construction activity of the project commences. Resettlement assistance programs will start before construction works start and may continue during the project implementation phase. Budgetary provisions should be available in advance to resolve compensation issues without any delay.

117. The disbursement of cash compensation to PAPs for land and other property losses and damages will be done by the division secretariats in the project areas. The approved amount will be deposited by the MMDE in the divisional secretariat accounts and the disbursement will be done by the divisional administration.

118. Resettlement assistance and other rehabilitation measures will be provided to PAPs by the MMDE. The implementing NGO, if recruited by the project, will involve in facilitating the disbursement process and rehabilitation program. An outline of a budget is given below.

Resettlement Budget and Cost Estimates

| Item | Unit Rates | Total Quantity | Compensation (in SLRs) | R&R Costs (SLRs) |
|--|--|------------------|------------------------|------------------|
| A: Compensation for Acquisition of Private Properties | | | | |
| 1 | Agriculture Land | | | - |
| 2 | Homestead Land for Residential/Commercial | | | - |
| 3 | Residential Structures | | | - |
| 4 | Commercial Structures | | | |
| 5 | Trees | Fruit-bearing | | |
| | | Timber | | |
| | | Perennial Crops | | |
| | | Standing Corps | | |
| 6 | Special payments (if any) | | | |
| 7 | Interest accrued for delays in compensation payment | | | |
| | | Sub-total | | |
| B: Resettlement and Rehabilitation Assistance | | | | |
| 1. | Agricultural Land (top up value to meet replacement cost) | | | |
| 2. | Homestead Land for Residential /Commercial (top up value to meet replacement cost) | | | |
| 3. | Residential Structure (top up value to meet replacement cost) | | | |
| 4. | Commercial Structure (top up value to meet replacement cost) | | | |
| 5. | Non-title holder Structures | | | |
| 6. | Transitional Allowance | | | |
| 7. | Shifting Allowance | | | |
| 8. | Training Assistance | | | |
| 9. | Assistance to Employees/ Agricultural Laborer/ Sharecroppers | | | |
| 10. | Additional Support to Vulnerable Households | | | |
| | Sub-Total | | | |
| C: Community Infrastructure/Common Property Resources | | | | |
| 1. | Community Infrastructure Improvement / Installation | | | |
| 2. | Religious Structures | | | |
| 3. | Government Buildings | | | |
| D: Support Implementation of RIP | | | | |
| 1. | Independent Monitoring & Evaluation Agency | | | |
| 2. | NGOs Assistance for RP Implementation | | | |
| | Sub-Total | | | |
| | TOTAL (in SLRs) | | | |
| | Contingency (15% of the total) | | | |
| | Grand total (in SLRs) | | | |

XIV. IMPLEMENTATION SCHEDULE

119. The implementation schedule of the RPs/RIPs will vary from project to project. The process could become lengthy because of frequent disputes regarding land acquisition and delays in compensation calculation and payment. Resettlement program of a project comprises three key phases: RP/RIP preparation, land acquisition, and rehabilitation of PAPs. The key involuntary resettlement-related activities of these three phases such as census and socio-economic survey, cut-off-date publication, resettlement planning, public consultation, disclosure of resettlement information, land acquisition, compensation payment, relocation, income restoration and improvement, monitoring and evaluation of resettlement implementation will be detailed in the implementation schedule.

120. The MMDE will ensure that no physical/or economic displacement of affected households will occur until: (i) compensation at full replacement cost has been paid to each displaced person for project components or sections that are ready to be constructed; (ii) other entitlements listed in the resettlement plan are provided to PAPs; and (iii) a comprehensive income and livelihood rehabilitation program, supported by adequate budget, is in place to help displaced persons, improve, or at least restore, their incomes and livelihoods.

Implementation Schedule

| Resettlement Activity | Time Schedule | Progress |
|---|---------------|----------|
| Screen project areas to identify potential resettlement impacts | | |
| Determine the scope of resettlement planning and resources required | | |
| Socio-economic Surveys | | |
| Resettlement Census | | |
| Declaration of cut-off date | | |
| Determine land acquisition plan (by segment or as a whole) | | |
| Preparation of RIP | | |
| Hiring of Civil Society Organizations (NGOs), if required | | |
| Public consultation and disclosure of RIP | | |
| Co-ordination with divisional administration on land acquisition | | |
| Approval of the RP/RIP byADB | | |
| Submission of land acquisition proposals to Divisional Secretaries | | |
| Compensation award and payment of compensation | | |
| Payment of replacement cost and other IR allowances | | |
| Taking possession of acquired land and structures | | |
| Handing over of acquired land to contractors | | |
| Notify the date of commencement of construction to PAPs | | |
| Assistance to PAPs, especially to vulnerable groups | | |
| Internal monitoring of RP Implementation | | |
| External Monitoring and Evaluation (M&E), if applicable | | |
| Project Completion Report | | |

Annex 1: Formulation of a RP/RIP - Guidelines
Guidelines for a RP/RIP

| Tasks/activities | Guidelines |
|--|--|
| Conduct an initial social assessment | <ul style="list-style-type: none"> - Identify social and involuntary resettlement issues and their scope - Define project area and develop a database of its socio-economic conditions - Identify key stakeholders and conduct a stakeholder analysis - Consult and involve other stakeholders such as local government officials, non-government organizations. - Explore viable project alternatives to minimize social impacts, especially involuntary displacement, and assess whether resettlement and social impacts are significant or not |
| Conduct a social impact assessment using a sample survey and an inventory of losses survey | <ul style="list-style-type: none"> - Identify past, present, and future social impacts and review EIA/IEE reports of the project, if available, to gather supplementary data and information - Conduct a sample socio-economic survey and an inventory of displaced persons and affected assets - Assess involuntary resettlement impacts on communities other than displaced persons, and potential impacts on vulnerable groups, common property and other public resources - Develop data collection methods, strategies for hiring and fielding investigators, field supervision, data processing and analysis |
| Prepare an entitlement matrix | <ul style="list-style-type: none"> - Determine the cut-off date for qualifying compensation. Enumerate and register APs according to their respective locations (This would help in establishing a list of legitimate beneficiaries who live at the locations prior to project planning and to avoid false claims by those moving in to the project area to collect compensation and project benefits) - Identify the types of losses and set up a database of APs and the impacts (prepare an Inventory of Losses (IOL) at the household, commercial, and community level) - Set out eligibility criteria for their different losses - Determine replacement cost for land and structures which will be acquired to the project - Prepare an entitlement matrix for each type of loss and categories of affected persons (women, indigenous people, customary land users, encroachers, squatters, the poor, severely affected persons) |
| Conduct consultations with PAPs and other stakeholders and design information disclosure and a grievance redress mechanisms | <ul style="list-style-type: none"> - Conduct stakeholder consultation workshops and record findings and suggestions - Disseminate information on resettlement plan, project activities, entitlements, and obtain views and preferences of stakeholders - List out strategies for information campaign and procedures for APs to negotiate their entitlements - Include a 'social preparation phase' when resettlement activities are likely to cause protests/objections - Study existing procedures of grievance redress systems and introduce robust mechanisms to deal with complaints from APs |
| Review legal and policy | <ul style="list-style-type: none"> - Review the national legal framework and policies for |

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|--|--|
| framework of involuntary resettlement | land acquisition, compensation, relocation and income restoration, and identify gaps, if any, to address them in the entitlement matrix |
| Conduct a gender analysis | <ul style="list-style-type: none"> - Identify the needs of women who are affected by land acquisition, relocation and other project activities - Consult women and women groups to identify their needs, opinions, project impacts on them, and special assistance that they may require - Address their vulnerability arising from loss of livelihood and familiar living surroundings |
| Identify needs of vulnerable groups | <ul style="list-style-type: none"> - Identify and consult vulnerable groups including the poor - Assess the special needs of vulnerable households |
| Design income restoration/improvement programs | <ul style="list-style-type: none"> - Identify persons/households severely affected in terms of their income and employment losses - Conduct consultations to develop an income restoration program for all APs - Develop a special income improvement program for vulnerable APs |
| Prepare a budget and an implementation schedule | <ul style="list-style-type: none"> - Estimate the costs of key activities of resettlement operations and provide necessary budgetary provisions - Maintain a contingency budget to address unanticipated resettlement impacts - Establish a timeframe for completion of activities such as information campaign, compensation payments, and relocation |
| Identify sources of funding to implement RIP | <ul style="list-style-type: none"> - Identify local and foreign funding sources - Estimate their adequacy to pay compensation at replacement cost - Pay special attention to income restoration and improvement programs and their budgets |
| Establish institutional arrangements to implement RAP/RIP and to monitor their implementation | <ul style="list-style-type: none"> - Assess the institutional framework and capacity building requirements, if any, to implement RP - Identify agencies responsible for implementation and management of the resettlement process - Establish a Resettlement Unit with resettlement staff, if the project is large and complex - Establish a coordination committee at project and subproject level for resettlement management - Appoint a local NGO/CBO or a local authority to monitor implementation of RP - Include a list of monitoring indicators into RP |
| Outline arrangements for RIP disclosure, review and approval | <ul style="list-style-type: none"> - Disclose the draft RIP for comments/observations from APs and other stakeholders - Indicate who will review the RP - Translate into Sinhala/Tamil - Indicate the approval authority and timeframe for approval |

Source: Land Acquisition and Implementation of the National Involuntary Resettlement Policy: A Guide for Public Officials on Good Practices, MLLD, Government of Sri Lanka, 2013

Annex 2: Entitlement Matrix

| Type of Loss | Application | Entitled persons | Entitlements | Implementation Agency | Implementation Procedures |
|---|--|---|--|-----------------------|---|
| Loss of Agricultural Land | Land acquired for the canal and related facilities such as service roads | Owner of titled land | a) Compensation for land at replacement cost – statutory compensation and special grant or replacement land of equal size and quality b) Market value for trees and crops. | MMDE/PMU/PIU | <p>1. Compensation rates are determined based on, LAA, NIRP, LDO and LA Regulations, 2009</p> <p>2. Replacement land: PAH will purchase replacement land in the same locality using the statutory compensation and special grant provided by the Project. Special grant is paid regardless of the tenure type of the land acquired.</p> <p>3. Other assistance outlined in RIP will also be provided by PMU/PIU</p> |
| Loss of Agricultural Land | -do- | Leaseholder of state land | a) Compensation for loss of leasehold land right; b) Market value for trees and crops | -do- | |
| Loss of Agricultural Land | -do- | Owner of State grant land | a) Compensation for land at replacement cost, b) Trees and crops at market value | -do- | |
| Loss of access to agricultural land | -do- | Owner of titled land | a) Compensation for land on replacement cost b) Compensation for crops and trees at market value | -do- | |
| Loss of access to agricultural land | -do- | <i>Ande</i> Farmer (Share cropper) | a) Compensation for loss of <i>Ande</i> right b) compensation for crops destroyed/damaged c) A registered tenant is entitled to get a 1.5 acres of irrigated land and .5 acres of homestead at a Mahaweli relocation site in Polonnaruwa District | -do- | |
| Loss of access to agricultural land | -do- | Non-titled user or squatter on State land | a) Compensation for land development b) Replacement cost of structures built c) Compensation for trees and crops at market value d) Grant to buy land. | -do- | |
| Residential Land and Structures | | | | | |
| Loss of Residential land and structures | Land acquired for canal, related facilities such as service roads | Owner of titled land | a) Compensation for structures and land at replacement cost, b) trees and crops at market value. c) Salvage materials from structures and trees without cost. c) Cash grant for purchase of housing allotment. d) Transport cost and other transaction cost e) Cash grant for temporary | MMDE PMU//PIU | <p>1. Compensation rates are determined based on NIRP, LAA, and LA Regulations, 2009</p> <p>2. A replacement homestead will be purchased by each physically displaced household for relocation in the same locality with the cash grant provided by PMU/PIU or request PIU to buy land on</p> |

| | | | | | |
|--|--|--|--|--------------|--|
| | | | shed (SLRs 50,000) | | their behalf |
| Loss of Residential land and structures | -do- | Owner with State grant land (Main HH) | <p>a) Compensation for structures and land at replacement cost,</p> <p>b) Trees and crops at market value.</p> <p>c) Salvage materials of structures and trees without cost.</p> <p>d) Cash grant to purchase of housing allotment.</p> <p>e) Transport cost and other transaction cost</p> <p>f) Cash grant for temporary shed (SLRs 50,000)</p> | -do- | The cash grant will be sufficient to replacement land 4. other assistance outlined in RIP will also be provided by PMU/PIU |
| Loss of Residential land and structures | -do- | Leaseholder of state land | <p>a) Compensation for structures at replacement cost</p> <p>b) Trees and crops at market value, compensation for leasehold right for land</p> <p>c) Salvage materials of structures and trees without cost.</p> <p>d) Cash grant for purchase of housing allotment.</p> <p>e) Transport cost and other transaction cost.</p> <p>f) Cash grant for temporary shed (SLRs 50,000).</p> | -do- | |
| | | Non-titled and encroachers | <p>a) Compensation for structures at replacement cost</p> <p>b) Trees and crops at market value, compensation for leasehold right for land</p> <p>c) Salvage materials of structures and trees without cost.</p> <p>d) Cash grant for purchase of housing allotment.</p> <p>e) Transport cost and other transaction cost.</p> <p>f) Cash grant for temporary shed (SLRs 50,000).</p> | | |
| Secondary Structures and Common Property | | | | | |
| Partial or complete loss of other property or secondary structure (i.e. sheds, outdoor | Land acquired for canals, related facilities such as service | Owners of structures regardless of land tenure | <p>a) Compensation for structure and land at replacement cost</p> <p>b) Salvage materials without cost</p> <p>c) Cash grant for temporary shed (SLRs 50,000)</p> | MMDE PMU/PIU | <p>1. Compensation rates are determined based on NIRP, LAA, and LA Regulations, 2009</p> <p>2. other assistance outlined in RIP will also be provided by</p> |

| | | | | | |
|---|-------|---|--|---------------|----------------------------|
| latrines, rice stores, animal pens etc.) | road | | | | PMU/PIU |
| Loss of tombs or graves | - do- | All owners | a) In case of a family cemetery, compensation will be paid for the lost land and structure b) If it is a public facility run by a local authority, compensation will be paid to the local authority | -do- | |
| Livelihood Restoration and Rehabilitation Assistance | | | | | |
| Materials Transport Allowance | | | | | |
| i) Loss of house and other structures | | PAHs rebuilding house and other structures on same plot | a) Shifting allowance | MMDE PMU/PIU | |
| ii) Loss of house and other structures | | PAH rebuilding house and other structures at a relocation site. | a) Shifting allowance b) Transport allowance | MMDE PMU/PIU | |
| Transition Subsistence Allowance | | | | | |
| Loss of house | | Severely affected household | SLRs, 25,000 ex gratia payment per PAH | MMDE PMU//PIU | As per LA 2009 Regulations |
| Livelihood Restoration (Grant and Training) | | | | | |
| Loss of source of income or livelihood | | PAPs/ household | a) Vocational & skill training will be provided b) Training allowance and cash grant will be provided c) Work at project sites | -do- | |
| Permanent loss of income or livelihood sources | | One member per household | a) Vocational & Skill training will be provided b) Training allowance and cash grant will be provided c) Work at project sites | -do- | |
| Permanent loss of income or livelihood sources | | Severely affected household remaining on the affected land | a) Vocational & Skill training will be provided b) Training allowance and cash grant will be provided c) Work at project sites | -do- | |
| Special Assistance | | | | | |

| | | | | | |
|---|--|--|---|--------------|-------|
| Loss of income or livelihood sources | | Vulnerable PAHs including the poor and woman-headed household | a) SLRs 25,000/= cash grant b) Priority in membership in Income restoration and improvement programs c) Assistance in official document search and registration. | | |
| Community Assets | | | | | |
| Loss of local roads, footpaths, bridges, irrigation, water ways | | Divisional Secretary's Division, Local Authority and local community | a) All lost infrastructure facilities will be rehabilitated to their original conditions. b) If such affected infrastructure facilities cannot be provided, alternative infrastructure facilities will be provided | MMDE PMU/PIU | - do- |

HH = household; PIU = Project Implementation Unit, EA = Executive Agency,

Annex 3: Gap Analysis - Program's Involuntary Resettlement Safeguards and ADB Involuntary Safeguard Policy Principles, and Program's Safeguard Implementation Capacity

| ADB Policy Principle | Triggered by the Program | Assessment | |
|--|--------------------------|---|--|
| | | Assessment of Adequacy of the Program IR Safeguard Regime to Meet SPS IR Safeguard Requirements | Assessment of Implementation Capacity |
| 1. Screen the project to identify involuntary resettlement (IR) impacts and risks. Determine the scope of resettlement planning through a survey and/or census of displaced persons and a gender analysis | Yes | IR country safeguard system provides for screening IR and risks as part of resettlement planning. NIRP requires that a RIP is prepared for projects where 20 or more households are affected. If less than 20 households are affected a RIP is to be prepared at a 'lesser level of detail'. Part of resettlement planning is identifying key stakeholders and exploration of viable project alternatives to minimize social impacts especially involuntary displacement, and assess whether resettlement and social impacts are significant or not. See 2008 LAA Regulations | MLLD is responsible for implementing of NIRP in collaboration with network of public and CSOs including CEA, PEA, the Ministries concerned and Divisional Secretaries. These agencies and MMDE have sufficient experience in applying this principle in formulating RIPs for projects. |
| 2. Conduct meaningful consultations with affected persons (APs), host communities, and NGOs. Inform APs of their entitlements and resettlement options. Ensure APs, especially vulnerable household participation in project planning, implementation and monitoring. Establish a grievance redress mechanism. Support socio-cultural institutions of APs. If IR impacts are complex and sensitive, provide social preparation phase | Yes | The country safeguard system (CSS) has specific guidelines on consultations with PAPs, vulnerable groups and other stakeholders and NGOs; establishment of a GRM; recording of decisions at consultative meetings; and social preparation phase of RIP planning. | MMDE has experiences in conducting meaningful consultations with PAPs and other stakeholders. GRM is a component of RIPs in the Mahaweli Systems and other irrigation programs. MMDE has used social preparation phase in their projects. The capacity to implement this principle exists at the Program and project levels. |
| 3. Improve or at least restore the livelihoods of all DPs. Land-for-land compensation when affected livelihoods are land-based where possible or cash-for-land compensation when land the loss of land does not undermine livelihoods; | Yes | The country safeguard system provides opportunity to identify persons, households severely affected in terms of their income and employment losses. Income restoration programs are to be developed in consultations with APs in order to re-establish themselves and improve their quality of life. Replacement land is | MMDE is aware of this key principle and have applied in several projects. |

| ADB Policy Principle | Triggered by the Program | Assessment | |
|--|--------------------------|---|--|
| | | Assessment of Adequacy of the Program IR Safeguard Regime to Meet SPS IR Safeguard Requirements Actions | Assessment of Implementation Capacity |
| prompt replacement of assets, prompt compensation at replacement cost for assets that cannot be restored. Provide additional revenue and services through benefit-sharing schemes. | | <p>an option for compensation in the case of land loss; in the absence of replacement land cash compensation is an option for all APs. See NIRP</p> <p>Payment of full replacement cost of lost assets to PAPs is a key principle of NIRP. LA Regulations 2008 provide a comprehensive compensation package including the market value of property acquired. The total package amounts to replacement cost of lost assets.</p> | |
| 4. Provide all APs needed assistance: if relocated, secured tenure to resettlement land, better housing, access to employment and production opportunities, integration of resettlers with host communities, extension of project benefits to host communities, transitional support and civic infrastructure and community services, as required. | Yes | The CSS recognizes the special needs of physically relocated PAPs. PAPs involve in the selection of resettlement sites, livelihood compensation and development options at the earliest opportunity. Gender equality and equity are to be ensured and adhered to in resettlement programs. The CSS provides for assisting PAPs to be economically and socially integrated into the host communities. Participatory measures are to be designed and implemented by the resettlement planners and implementers. | Our field visits to current resettlement sites of projects (Moragahakanda Reservoir project) indicate that MMDE has sufficient understanding of this principle and have applied in several other projects. |
| 5. Improve the standards of living of the displaced poor and vulnerable groups | Yes | CSS, especially NIRP and LA Regulations 2008, emphasize the importance of improving standard of living of the affected vulnerable and poor groups. The program will compensate affected households regardless of their tenure rights over the lost property together with assistance to re-establish income sources. Vulnerable households will receive additional cash assistance and help in registering deeds etc. | MMDE in its previous projects and RIPs have paid sufficient attention to this key principle. Entitlement Matrices indicate this practice which is satisfactory. |
| 6. Develop procedures in a transparent, consistent and equitable manner if land acquisition through negotiated settlement to ensure that APs maintain the same or | Yes | Although negotiated acquisition is recognized as a method of land acquisition by CSS, it is subject to LAA procedures of land acquisition which could cause delays. However, the NIRP and LA Regulations 2008 provide a legal | The application of LA Regulations 2008 and NIRP by MMDE in several other projects is satisfactory. They have the capacity to apply this principle. |

| ADB Policy Principle | Triggered by the Program | Assessment | |
|---|--------------------------|--|--|
| | | Assessment of Adequacy of the Program IR Safeguard Regime to Meet SPS IR Safeguard Requirements Actions | Assessment of Implementation Capacity |
| better income and livelihood status | | framework for ensuring that PAPs maintain the same or better income and livelihood status | |
| 7.Ensure that APs without titles to land or recognizable legal rights to land are eligible for resettlement assistance and compensation for loss of nonland assets. | Yes | Compensation for non-land assets of non-titled persons is a well-established principle in CSS. Often such non-titled persons are provided with land at resettlement sites to ensure that they will have better socio-economic status during post-displacement. | MMDE has planned and implemented several RIPs which include this key principle. EA/IA possess sufficient capacity. |
| 8.Prepare a resettlement plan with APs' entitlements, income and livelihood strategy, institutional arrangements, monitoring and reporting framework, budget, and time-bound implementation schedule | Yes | CSS, especially NIRP and LA Regulations 2008 require RIP for any project which is likely to have resettlement impacts. Necessary guidance is also published by MLLD on how to prepare RIP. | MMDE has vast experience in RIP formulation and implementation |
| 9. Disclose resettlement plan including documentation of the consultation process in a timely manner, before project appraisal in an accessible place and a form and language understandable to APs and other stakeholders. Disclose final resettlement plan and its updates to APs and other stakeholders. | Yes | CSS, especially NIRP and LA Regulations 2008 require disclosure of RIP. LAA discloses the lands which have been identified to acquire for a public purpose and calls for views, opinions and objections. | MMDE possesses sufficient experience and capacity in RIP disclosure and consultations on resettlement information with PAPs. This has been done in several projects. |
| 10. Conceive and execute involuntary resettlement as a part of development project or program. Include the full cost of resettlement in the project costs and benefits. If significant resettlement impacts are found, consider implementing the IR component of the project as a stand-alone operation. | Yes | IR is considered as a key component of any development project in Sri Lanka and in this regard, NIRP and LA Regulations 2008 provide sufficient guidance. | MMDE has sufficient experience in calculating resettlement cost as part of project cost and in obtaining sufficient funds from the Treasury to pay compensation and implement resettlement programs including income restoration programs for the benefit of PAPs. |

| ADB Policy Principle | Triggered by the Program | Assessment | |
|---|--------------------------|--|---|
| | | Assessment of Adequacy of the Program IR Safeguard Regime to Meet SPS IR Safeguard Requirements Actions | Assessment of Implementation Capacity |
| 11. Pay compensation and provide other resettlement entitlements before physical or economic displacement. Implement RP under close supervision throughout project implementation | Yes | CSS focuses on this key safeguard principle. Payment of compensation before displacement is the law except in case of urgency clause 38(a) of LAA. | MMDE is cognizant of the importance of paying compensation prior to displacement. Delays do occur because of lack of sufficient funds and litigation over land ownership. MMDE has sufficient experience and capacity to apply this principle |
| 12. Monitor and assess resettlement outcomes, their impacts on the standards of living of displaced persons, and whether the objectives of the RP have been achieved based on baseline conditions and the results of resettlement monitoring. | Yes | Monitoring and assessing resettlement outcomes are not well developed in the IR regulatory framework. Special arrangements are to be introduced to overcome this deficiency in CSS | Project-based internal and external monitoring of IR impacts is part of donor-funded projects which MMDE has planned and implemented. They have gained sufficient capacity in this regards which could be applied to the Program. |

Annex 4: INVOLUNTARY RESETTLEMENT IMPACT CATEGORIZATION

CHECKLIST

| Probable Involuntary Resettlement Effects | Yes | No | Not Known | Remarks |
|---|-----|----|--------------|---------|
| Involuntary Acquisition of Land | | | | |
| 1. Will there be land acquisition? | | | | |
| 2. Is the site for land acquisition known? | | | | |
| 3. Is the ownership status and current usage of land to be acquired known? | | | | |
| 4. Will easement be utilized within an existing Right of Way (ROW)? | | | | |
| 5. Will there be loss of shelter and residential land due to land acquisition? | | | | |
| 6. Will there be loss of agricultural and other productive assets due to land acquisition? | | | | |
| 7. Will there be losses of crops, trees, and fixed assets due to land acquisition? | | | | |
| 8. Will there be loss of businesses or enterprises due to land acquisition? | | | | |
| 9. Will there be loss of income sources and means of livelihoods due to land acquisition? | | | | |
| Involuntary restrictions on land use or on access to legally designated parks and protected areas | | | | |
| 10. Will people lose access to natural resources, communal facilities and services? | | | | |
| 11. If land use is changed, will it have an adverse impact on social and economic activities? | | | | |
| 12. Will access to land and resources owned communally or by the state be restricted? | | | | |
| Information on Displaced Persons: | | | | |
| Any estimate of the likely number of persons that will be displaced by the Project? <input type="checkbox"/> No <input type="checkbox"/> Yes If yes, approximately how many? | | | | |
| Are any of them poor, female-heads of households, or vulnerable to poverty risks? <input type="checkbox"/> No <input type="checkbox"/> Yes | | | | |
| Are any displaced persons from indigenous or ethnic minority groups? <input type="checkbox"/> No <input type="checkbox"/> Yes | | | | |

Note: The project team may include additional questions to get more information on the project, as necessary.