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# **FRAMEWORK DEVELOPMENT AND INFRASTRUCTURE FINANCING TO SUPPORT PUBLIC PRIVATE PARTNERSHIPS**

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## **RESETTLEMENT POLICY FRAMEWORK (RPF)**



*July 2018*



**Government of Sri  
Lanka**

**Ministry of Finance**

**National Agency for  
Public Private  
Partnership**

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## Abbreviations and Acronyms

AP	Affected Person	IDA	International Development Association
A-RAP	Abbreviated Resettlement Action Plan	IEC	Information Education & Communication
BP	Bank Procedure	IEE	Initial Environmental Examination
CBO	Community Based Organization	IFC	International Finance Corporation
CDO	Community Development Officer	LAA	Land Acquisition Act
CEA	Central Environmental Authority	LAR	Land Acquisition Regulations
CEO	Chief Executive Officer	LDO	Land Development Ordinance
CMR	Colombo Metropolitan Region	MASL	Mahaweli Authority of Sri Lanka
CSO	Civil Society Organisation	MIC	Middle Income Country
DDR	Due Diligence Report	MIGA	Multilateral Investment Guarantee Agency
DFC	Department of Forest Conservation	MOF	Ministry of Finance
DMS	Detail Measurement Survey	MOU	Memorandum of Understanding
DPR	Detailed Project Report	MSDVT	Ministry of Skills Development & Vocational Training
DS	Divisional Secretariat	NAPPP	National Agency for Public Private Partnership
EAMF	Environmental Assessment & Management Framework	NBRO	National Building Research Organisation
EM	Entitlement Matrix	NCD	Non-communicable Disease
EIA	Environmental Impact Assessment	NCDM	National Council for Disaster Management
GDP	Gross Domestic Product	NCW	National Committee on Women
GN	Grama Niladhari	NEA	National Environmental Act
GOSL	Government of Sri Lanka	NGO	Non-governmental Organisation
GRC	Grievance Redress Committee		
GRM	Grievance Redress Mechanism		
IBRD	International Bank for Reconstruction & Development		

NIRP	National Involuntary Resettlement Policy	SIA	Social Impact Assessment
OP	Operational Policy	SIMP	Social Impact Mitigation Plan
PCR	Physical Cultural Resources	SLLRDC	Sri Lanka Land Reclamation & Development Authority
PPA	Project Partner Agency	SSR	Social Screening Report
PPIAF	Public-Private Infrastructure Advisory Facility	STI	Sexually Transmitted Infection
PPP	Public Private Partnership	TOR	Terms of Reference
RAP	Resettlement Action Plan	UDA	Urban Development Authority
RDA	Road Development Authority	UNCEDAW	United Nations Convention on the Elimination of all forms of Discrimination Against Women
RE	Renewable Energy	USAID	United States Agency for International Development
RoW	Rest of World	VGF	Viability Gap Financing
RPF	Resettlement Policy Framework	WB	World Bank
R&R	Resettlement & Rehabilitation		
SCP	Strategic Cities Programme		

## Glossary

**Affected household:** Any household or a family that faces an impact as a result of the implementation of the project, sub-project activity, or related activities; loses the right to own, use, or otherwise benefit from a built structure, land (residential, agricultural, commercial), annual or perennial crops and trees, or any other fixed or movable assets, either in full or in part, permanently or temporarily that could affect livelihood.

**Affected person (AP):** Any person, group, community, or people who, as a result of the implementation of the project, is affected by the loss of the right to own, use or otherwise benefit from land (residential, agricultural, commercial), water, livelihood, annual or perennial crops and trees, a built structure, or any other fixed or movable assets, either in full or in part, permanently or temporarily.

**Associated facilities:** Facilities or activities that are not funded as part of the project and, in the judgment of the World Bank, are: (a) directly and significantly related to the project; (b) necessary to achieve its objectives as set forth in the project documents; and (c) carried out, or planned to be carried out, contemporaneously with the project.

**Business owner:** Any person who owns or conducts a business within a project affected area, the operation of which may be disrupted by the construction work under the Project. The person can be a legal owner, non-titled structure owner, or tenant and will receive different compensation and R&R packages as per the Entitlement Matrix (EM).

**Census:** Complete enumeration based on a household questionnaire survey that covers all affected persons, irrespective of ownership and entitlement, and their assets. It can be used to minimise fraudulent claims made by people who move into the project affected area in the hope of being compensated or resettled.

**Compensation:** Payment in cash or in kind for an asset or a resource that is acquired or affected by a project, at the time the asset needs to be replaced.

**Cut-off date:** Cut-off date for eligibility of entitlements is either the start date of the census survey of the affected population and/or the date of notification under the Land Acquisition Act No. 9 of 1950. The cut-off date will be publicly announced and there will be continuous public dissemination of information on the area delineated to prevent further population influx. Persons who encroach on the area after the cut-off-date will not be entitled to claim compensation or any other form of resettlement assistance.

**Encroacher:** Someone who has illegally expanded, or extended the outer limit of his private premises beyond the approved building line or agricultural land and has occupied public space beyond his/her plot of private or agricultural land.

**Entitlement:** A variety of measures comprising compensation, income restoration, transfer assistance, income substitution, relocation, and other benefits which are due to affected people, depending on the nature of their losses, to restore their economic and social base.

**Entitlement Card:** A document in which details about the Project Affected person (PAP), their family, and their entitlements are entered. The document will be printed and give to the PAP.

**Gender equity:** Recognition of both genders in the provision of entitlements, treatment, and other measures under the Resettlement Action Plan (RAP) or the Abbreviated Resettlement Action Plan (A-RAP).

**Host population:** People living in or around areas to which people physically displaced by a project will be resettled who, in turn, may be affected by the resettlement.

**Household card:** A printed document in which details about the PAP and their household, type and degree of impact, and their entitlements are entered. This will be printed in duplicate. The original copy will be given to the PAP and the duplicate in the custody of the line Ministry or line agency. Whenever an entitlement is granted, the PAP will acknowledge receipt by signing on the card as having received the same, for transparency and record purposes.

**Involuntary resettlement:** Resettlement is involuntary when it occurs without the consent of the displaced persons or if they give their consent without having the power to refuse resettlement.

**Implementation schedule:** Timeframe of activities of the project.

**Income Restoration:** Re-establishing income sources and livelihoods of affected people.

**Land owners:** Owners of land with or without trees, crops or structures affixed to the land with clear title in government records. In some exceptional cases, a person who owns land/s within the project affected areas regardless of proof of such ownership will also be entitled, provided that such ownership is recognised under law. In such cases, special decisions will be taken by the LARC in consultation with the local authority, and the community.

**Livelihood:** A means of living such as agriculture, animal husbandry, fishing, wage labour, services of various types etc.

**OP 4.12:** World Bank's OP 4.12 safeguard objective is to avoid or minimise involuntary resettlement, and where it is not feasible, assist displaced persons in improving or at least restoring their livelihoods and standards of living in real terms, relative to pre-displacement levels or to levels prevailing prior to the beginning of project implementation, whichever is higher.

**Protected tenants:** Tenants occupying a legal property (commercial or residential) and are protected under the Rent Act of 1972 or its later amendments, which prevents the land owners from evicting them or increasing the rent at their own will.

**Reconciliation:** The process of making it possible for different groups to exist together without being opposed to each other and develop the degree of cooperation necessary to share the society so that all will have better lives together than living in separation.

**Relocation:** Re-building housing, assets including productive land and public infrastructure in another location.

**Rehabilitation:** Re-establishing incomes, livelihoods, living and integration with social system.

**Replacement cost:** The rate of compensation for lost assets which is calculated at full replacement cost. The replacement value is the cost that is adequate to purchase similar property of same quality in the open market and covers transaction costs. In applying this method of valuation, depreciation is not



taken into account. For losses that cannot be easily valued or compensated attempts are made to establish access to equivalent and culturally appropriate resources and earning opportunities.

**Resettlement:** A process to assist the displaced people and communities to replace their lost land, houses, assets and restore access to assets and services, and improve their socioeconomic and cultural conditions. It includes settlement of displaced people on buildable land or houses/ apartments in the same locality with barrier-free access to basic amenities. New settlement schemes in the context of development projects following restoration of law and order including restoration of livelihoods, incomes and assets bases and assistance to rebuild life after being resettled are also included in resettlement.

**Resettlement Action Plan (RAP):** The document in which a project sponsor or other responsible entity specifies the procedures that it will follow and the actions that it will take to mitigate adverse effects, compensate losses, and provide development benefits to persons and communities affected by an investment project.

**Resettlement assistance:** Support provided to people who are physically displaced by a project. Assistance may include transportation, food, shelters, and social services that are provided to affected people during their relocation. Assistance may also include cash allowances that compensate affected people for the inconvenience associated with resentment and defray the expenses of a transition to a new locale, such as moving expenses and lost works days.

**Stakeholders:** Any and all individuals, groups, organisations, and institutions interested in and potentially affected by, a project and having the ability to influence a project.

**Squatter:** Someone who has occupied public or private land, developed structures on it and put such land into residential, agricultural or commercial use without obtaining development permission and formal title under law.

**Tenants and Lessees:** Occupants that have legally taken any land or property or both on rent or lease for a specific period with registered papers recording agreed terms and conditions as permitted under the law.

**Vulnerable groups:** People who by virtue of gender identity, ethnicity, religion, age, sexual orientation, marital status, place of origin, physical or mental disability, economic disadvantage or social status may be more adversely affected by resettlement than others and who may be limited in their ability to claim or take advantage of resettlement assistance and related development benefits. This category specifically refers to: women-headed households, single parent households, the very poor (those below the poverty line), the disabled, the elderly, landless families, or families comprising members who are inflicted with a debilitating illness or an illness that requires regular medical attention.

# Executive Summary

Public-Private Partnerships (PPPs), although complex and time-consuming, are seen as one of the solutions that will provide value for money for projects that are well prepared and structured, where suitable. There are several constraints faced by the Government in executing a successful PPP program including: over-reliance on unsolicited proposals, multiple agencies with overlapping functions, poorly prepared projects have adversely affected recent PPP procurement, limited long-term debt and liquidity, legal framework not conducive for private sector investment, limited institutional capacity for PPPs. Limited ability to manage contingent liabilities.

The Government’s recent economic policy framework (Vision 2025) features PPPs as an integral part. Vision 2025 highlights the Government’s commitment to encourage PPPs to strengthen the country’s growth framework. It identifies the importance of empowering the private sector and reducing reliance on public sector borrowing in the provision of public assets and services. Furthermore, the Government envisions expanding PPPs beyond the current sectors of transport and energy into health care, leisure, tourism, and education.

## I. Project Description

The PDO is to support the preparation of Public-Private Partnerships that will enable GOSL to utilize private sector finance.

### Component A: Improving the Enabling Environment (US\$2.5 million)

This component aims to improve and strengthen the enabling environment for PPPs in Sri Lanka by building on the various PPP related support that has been previously provided by the World Bank and other IFIs/donors (e.g. US AID).

#### *A.1 Establishing the Institutional environment for sustainability of PPPs*

This subcomponent will strengthen the institutional framework to improve sustainability of the PPP program, by: (a) organizing and staffing NAPPP; (b) establishing institutional arrangements for the provision of long term infrastructure financing for PPPs and funding for project development with a focus on addressing the existing weaknesses in the infrastructure financing sphere; (c) establishing mechanisms to channel Viability Gap Funding (VGF) to improve financial viability of PPPs; (d) developing principles for the assessment of contingent liabilities arising from PPPs and (e) establishing and strengthening other key institutions which would contribute to the successful implementation of the PPP program, such as the establishment of PPP nodes in line agencies, and establishment of institutions critical in enhancement of the enabling environment such as procurement appeals committee and arbitration center. The establishment of these key institutions is expected to contribute towards the sustainability of the program.

#### *A.2: PPP Capacity Building*

Proposed activities will encompass capacity building for PPPs for both GoSL and private sector that is critical for successful implementation and sustainability of PPPs. This subcomponent will provide specific

capacity building for NAPPP to carry out its functions, and training to acquire required skills. The programs will also focus on Government agencies, the Attorney General's department and National Planning Department. The project will provide specific training for agencies already involved in the PPP process as well as decision makers in Government, particularly Cabinet Appointed Negotiating Committees to facilitate the expeditious processing of the PPP transactions. The project will also carry out capacity building for staff at central and provincial levels with focus on female Government staff. The capacity building program will also include the local private sector and the banking Industry for the imperative for the sustainability of the PPP Program.

### *A.3: Communications and Stakeholder Engagement for PPP*

This component will support the development of a PPP communication strategy and private sector (and other stakeholders) engagement. Engaging stakeholders and having a robust communication strategy is seen as a critical element in ensuring successful implementation of PPPs that require buy-in from all stakeholders and general acceptability from the public. This subcomponent will support NAPPP in the development and implementation of a robust communication strategy intended to ensure that all stakeholders are adequately informed and engaged in the GoSL's PPP program and the program is sustainable. Through increased awareness, this subcomponent will seek to address the historic misconception that PPPs are privatization, foster support and buy-in from the media, help mitigate some of the risks associated with the political economy of the country and contribute to broadening the program. This sub component will also support in organizing roundtables and consultations etc. with the private sector and other stakeholders to gain their input into the design and sustainability of the PPP program.

### Component B: Preparation of PPP Transactions (US\$20 million)

The Project will support the transactions selected and prioritized by NAPPP in consultations with various sector Ministries and line agencies, and: (i) for which an outline business case has already been prepared; or (ii) which are already being prepared and/or negotiated but need additional support to achieve financial close.

#### *B1: Feasibility Studies*

Under this subcomponent, the Project will: (i) carry out the due diligence necessary to assess all project related aspects and scope of the project. It will include due diligence work to assess the technical, legal, economic, and financial feasibility of the proposed transaction (technical scoping, concept design, economic and financial analysis including value for money analysis). It will also cover other assessments such as gender analysis, traffic surveys and willingness-to-pay surveys; address mechanisms for citizens engagement, grievance redress and management of labor influx; as well as environment and social assessments (although they will not be carried out independent of the feasibility study); and (ii) provide technical assistance to agencies where policy or strategic decisions are needed prior to initiating PPPs. The objective of these activities will be to strengthen the likelihood of economic viability of the transactions proposed by GoSL for public private partnership.

#### *B.2 Project Structuring and Transaction Advisory Services*

Under this subcomponent, the Project will support the structuring of the transactions, preparation of procurement documentation and negotiations of the contractual documents with the selected bidder up to the financial closure of one or more selected transactions. It will ensure that the GoSL, through NAPPP, receives transaction, legal and financial advisory support in the structuring and negotiation of transactions, to supplement NAPPPs in-house resources. This component will include market sounding, design of risk allocation, financial modelling, preparation of the PPP project documents (concession and other agreements), provision of professional and experienced skills for GoSL negotiations with the selected bidder to increase value for money, up to financial close, including the assessment of GoSL's contingent liabilities for each transaction and, where necessary, the structuring of risk mitigation instruments to improve bankability.

#### Component C: Project Management (US\$2.5 million)

Under this component, the Project will support the costs of operation of NAPPP for the management of GoSL's PPP program. It will finance the day to day activities of NAPPP, goods and services required for the preparation and operation of NAPPP, as well as the cost of consultants for certain pre- identified positions for skills that cannot be easily accessed in the market.

## **II. Objective of the Resettlement Policy Framework**

The Project is primarily envisaged as technical assistance to develop a comprehensive mechanism and system for PPP in Sri Lanka. Based on the initial assessment of the Project activities, even though social development issues, including those relating to gender and citizen engagement would apply to the entire project components and sub-components, social safeguards issues, and accordingly, this RPF would be applicable for the following subcomponents:

- A.2. PPP Capacity Building
- B1. Feasibility studies
- B2. Project Structuring and Transaction Advisory Services

Under capacity building, the capacity of the NAPPP to ensure that the overall due diligence process is in place when developing and managing PPPs for social safeguards management will be put in place with qualified staffing and training. Under development of the PPP project pipeline, a tentative list of prioritized PPP transactions is in place (Annex 1). The project will provide assistance to carry out feasibility studies for about 4 PPP transactions under sub-component B.1. Under these feasibility studies, there will be requirements social impact assessments and preparation of safeguards action plan (e.g., RAP) for each of the PPP project.

The RPF sets out principles and guidelines for assessing and mitigating social impacts caused due to PPP projects in a manner consistent with Sri Lankan law and regulations, the National Policy on Involuntary Resettlement (NIRP) and World Bank's Operational Policy 4.12 on 'Involuntary Resettlement'. The RPF includes guidelines for social screening, impact assessment, and preparation of action plans for addressing adverse social impacts. Additionally, it lays down principles and procedures for providing entitlements, institutional arrangements for implementing social/resettlement action plans including

grievance redress, consultation, participation, disclosure, monitoring and evaluation of progress and outcomes.

### **III. Legal Framework and Past Experiences**

Sri Lanka's legal framework for safeguards consists of Acts of Parliament (environmental and social), Cabinet decisions, precedents created by Case Law and administrative procedures. The Land Acquisition Act (LAA) 1950 permits acquisition of private lands for public purposes, paying compensation and grievance redress. However, it does not address resettlement issues, including impacts on non-titleholders. NIRP 2001 provides for addressing resettlement and rehabilitation issues including payment of compensation at replacement cost. The Land Acquisition Regulations 2008 and 2013 incorporate many of NIRP principles and sets out refined procedures including payment of compensation based on market value for land, structures and crops affected by the project. The government has previous experience in managing projects involving LA and applying Rehabilitation and Resettlement (R&R) policies acceptable to external donors such as World Bank, ADB and JICA.

### **IV. Social Management and Mitigation Measures**

RPF in addition to setting out the principles and guidelines, elaborates on the key steps to be taken in involuntary resettlement planning and execution. The Cut-off date for eligibility for entitlement is the start of the census survey and/or the date of publication of a Section 2 Notice under the LAA. Persons who encroach on the project affected area after the cut-off-date are not entitled to claim compensation or any other form of resettlement assistance. The Entitlement Matrix explains the category and type of losses and the eligible category for entitlements. As the LAA does not address all types of losses, the NIRP and World Bank safeguards are applied to address such gaps. The acquired properties will be compensated at replacement cost based on the prevailing market rates. Additionally, income restoration strategies will be adopted which suggest that those who will incur income or livelihood losses will be provided with income assistance for several months or livelihood restoration assistance.

### **V. Labour, Gender and Inclusion, and Citizen Engagement**

The RPF as well as the overall design of the Project emphasizes on the need to pay special attention to issues of gender, inclusion, social accountability, labor management, and citizen engagement. It provides principles for strengthening social accountability and inclusion through public information; citizen involvement in planning and monitoring of services; guidelines for ensuring participation of women in the overall Project as well as resettlement planning process; special assistance to the economically weak, women-headed and vulnerable households for restoring their livelihoods and incomes that may be affected due to resettlement; and measures to address the risks and adverse impacts on communities from the project induced labour influx, including those related to risks of social conflict, illicit behaviour, burden on and competition for public service provision, risks of sexually transmitted diseases and gender-based violence.

### **VI. Information Disclosure, Consultations and Grievance Redress Mechanism**

The RPF provides a framework for information disclosure and consultation with participation of the relevant stakeholders in planning and implementing RAPs for various PPP projects supported under this Project. Affected Persons (APs) will be informed of their rights and responsibilities from the planning

stage to the implementation process, and consulted during the PPP prioritization, planning and implementation.

## **VII. Implementation Arrangement**

The implementation of the RPF by the line Ministry or line agencies, the private partner and other partner agencies, especially the preparation of PPP-project specific RAPs and other safeguards instruments, will be overseen by a dedicated environmental and social safeguards person within the Ministry of Finance and Mass Media (MoFMM), and the NAPP once it is legally constituted. The sub-projects will be consulted and supervised by the relevant line Ministry, agencies under the Provincial Councils and other relevant public bodies or local government authorities. The institutional arrangements for implementing RPF/RAP will include establishment/ strengthening of the Social Management Cell at relevant line Ministry/Agency and the NAPPP; establishing LA and R&R teams in the relevant line Ministry and line agencies and to carry out or coordinate social screening and resettlement impact survey; preparation and implementation of RAPs for the activities (with the help of consultants, if needed); and establishment of a Grievance Redress Mechanism. The overall coordination of LA and Rehabilitation and Resettlement (R&R) activities will be vested with relevant line Ministry or line agency.

The World Bank project task team, specifically the social specialists, will provide close supervision and necessary implementation support including:

- Undertaking of prior review and provide feedback on all safeguards instruments
- Clearing of safeguard instruments
- Sharing of knowledge on technologies and best practices
- Providing training support on Bank's safeguard policies and requirements of the project.

## **VIII. Structure of the RPF**

The RPF has 12 chapters. The first three chapters provide information on the background of the project as well as baseline socio-economic conditions and the sectors that will potentially be covered under the PPP arrangements. Chapter 4 includes potential social impacts of the project, including loss of land, assets, income/livelihoods; construction related impacts; and impacts on women and vulnerable groups, followed by Chapter 5 which outlines the objective of the RPF. The national regulations, World Bank's policy requirements and measures to be adopted to address the gaps between national legislations and World Bank requirements are elaborated in Chapter 6. Chapter 7 details the key steps in resettlement planning under the project, including social screening and categorization of the project; Social Impact Assessment, assessing both land and non-land related social impacts; preparation of Project-Specific safeguards management instruments (e.g., Resettlement Action Plan); discussion on the eligibility, entitlements and entitlement matrix that details the compensation and R&R assistance for the project; and approval process for resettlement plans. Chapter 8 and 9 address issues of gender development, inclusion and management of potential impacts from labour influx. Chapter 10 is on consultation and participation strategy for the project as well as the two-tier grievance redress mechanism developed for the project. Chapter 11 is on the implementation arrangements and budget considerations for the safeguards instruments of the Projects.

The RPF also includes supportive Annexes that provides further information and guidance including the following:

Annex I: Sample of Social Screening Checklist/Guidelines

Annex II: Procedures involved in the process of acquiring land for public purposes

Annex III: Process to be followed by the concerned line Ministry/Agency implementing the PPP projects for land acquisition

Annex IV: Sample of Social Screening Report

Annex V: Sample Outline of Resettlement Action Plan

Annex VI: Sample Outline of Abbreviated Resettlement Action Plan

Annex VII: Sample Questionnaire for census survey

Annex VIII: Social Survey Questionnaire (Households) for Relocation Assistance

Annex IX: Sample Terms of Reference for Carrying out Social Impact Assessment and Resettlement Planning

Annex X: Sample Terms of Reference for hiring external monitoring and review consultants

Annex XI: Sample of Social Impact Mitigation Plan

## 1. Introduction

Sri Lanka is a lower-middle-income country with a per capita gross domestic product (GDP) of US\$4,065 in 2017. The economy grew at an average 5.8 percent during 2010–2017 following the end of the 30-year civil war in 2009, enjoying the benefits of a peace dividend and policy thrust toward reconstruction and growth. In 2017, it recorded a 3.1 percent GDP growth and is expected to reach 4.4 percent growth in 2018.<sup>1</sup> It ranks relatively high (73) on the United Nations Human Development Index compared to other developing economies and 110 on the World Bank Group’s Doing Business Indicator in 2017 (up from 113 in 2015).

In Sri Lanka infrastructure has been a significant driver of economic growth in recent years with key infrastructure sectors being transport, energy and water supply and sanitation. Several studies have identified a number of constraints in these specific sectors which alone require large capital investments. Investments in the transport sector has thus far concentrated on the rehabilitation of the road network and the development of the expressways with less efforts on the development of the bus or rail networks which has led to a deterioration of public transport. The country is currently facing shortages in power generation and addressing these constraints require at least US\$ 2.73 billion worth of capital investment up to 2020<sup>2</sup>. Lack of capital due to weak cost recovery and high investment required for water resource development are key constraints facing the water and sanitation sector. The World Bank in 2014 estimated the investment needs of water supply and sanitation infrastructure at US\$ 429 million per year in until 2020<sup>3</sup>. While the Colombo Metropolitan Region (CMR) have seen an increase in infrastructure investments over the years the country still has a lot to do in addressing economic and social infrastructure needs beyond the CMR. Infrastructure financing in the country has so far been dominated by public funding, often supported by loans from international financial institutions and countries such as China and Japan that have typically lent to the GoSL/state-owned enterprises (SOEs). In addition, some of the infrastructure projects were also financed by SOE’s by borrowing locally with the support of a sovereign guarantee. Private sector financing in infrastructure is often only sought in cases where a project is unable to secure public funding irrespective of whether or not the project is actually suitable for private sector investment.

However, Sri Lanka is faced with large fiscal deficits and high public debt. In 2015, the country recorded a fiscal deficit of 7.6 percent of GDP and a central government debt level of 77.7 percent of GDP. The corrective fiscal measures adopted following the International Monetary Fund (IMF) program in 2016 saw the fiscal deficit reduce to 5.5 percent of GDP in 2017. However, the central government debt remained high at 77.6 percent of GDP by end 2017 while the debt portfolio indicated significant risks

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<sup>1</sup> World Bank staff estimates.

<sup>2</sup> World Bank staff estimates based on the Long-Term Generation Expansion Plan (LTGEP) 2018-2037 of the GoSL

<sup>3</sup> Water and Sanitation Study Dissemination (2014) – World Bank



including refinancing risks of maturing Eurobonds from 2019 and relatively high share of foreign currency denominated debt.

The Government that came to power in 2015 envisions promoting a globally competitive, export-led economy with an emphasis on inclusion. It has indicated keenness to undertake reforms in the areas of public finance, competitiveness, governance and education sectors. Recently, the GoSL presented Vision 2025, a policy document encompassing structural reforms to address key economic challenges. The framework, among other things, recognizes economic limitations faced by the country due to the constrained fiscal space and the importance of promoting private sector participation in strengthening economic growth.

With high public debt levels, continuing to rely on public debt financing to provide infrastructure is unlikely to be a sustainable approach for the GoSL. Therefore, moving forward, Public-Private Partnerships (PPPs), although complex and time-consuming, are seen as one of the solutions that may provide value for money for projects that are well prepared and structured, where suitable.

Sri Lanka has the potential to benefit immensely from a PPP program in addressing its infrastructure requirements given its past successful track record where private participation in infrastructure over 1995–2005 totaled US\$2.1 billion across the transport, telecom, and energy sectors. Several of these projects procured over a decade ago have already completed successful implementation without any renegotiation.

The GoSL so far has shown strong and continued commitment to the PPP Agenda by establishing the PPP unit. In 2017, a PPP Unit was established by the GoSL based on the recommendations made in the World Bank's 'PPP Diagnostic'. The National Agency for Public-Private Partnerships (NAPPP) has been temporarily established in Jan 2018 as a division of the Ministry of Finance and Mass Media (MoFMM) and it is intended that it will be formally established through an Act of Parliament or an alternative legal mechanism to ensure sustainability within the institutional structure. Furthermore, a Board of Governors (BOG) has been constituted who will have oversight over the NAPPP and its processes. The BOG will provide guidance to the NAPPP on policy related issues, communications and overall monitoring and evaluation of the PPP program. The GoSL currently has investment projects of approx. USD 3 Billion<sup>4</sup> to be developed through PPPs.

The support that the World Bank is providing to Sri Lanka's PPP program has consolidated the assistance already being provided by the World Bank Group in the following areas: (a) introducing capital market reforms, (b) strengthening the investment climate and related legal framework, (c) supporting investment promotion, (d) establishing a Debt Management Unit, (e) climate risk management, (f) public finance management, and (g) transaction advisory support being provided by the International Finance Corporation (IFC). Further, the Infrastructure Sector Assessment Programs (InfraSAPs) for both the transport and energy sectors are currently being carried out in collaboration with IFC to

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<sup>4</sup> Estimated by NAPPP based on the availability of information and excludes projects in the Port City that still requires clarity.

operationalize the MFD. The InfraSAPs will assess the constraints for mobilizing long-term finance in these sectors with the objective of providing a road map of solutions and recommendations whereby the GoSL can establish a realistic way forward in achieving its objectives within these two sectors. The analysis and recommendations arising from these two InfraSAPs will feed into and supplement the work that will be carried out under the project. The InfraSAPs will thereby guide the way forward on accessing alternative finance including PPPs. Furthermore, it will open up investment opportunities for both IFC and MIGA in participating in the PPP program.

The development of the PPP Program is being facilitated through the consolidation of resources provided by several Practices and units within the World Bank Group (transport, energy, PPP, water, climate resilience, FCI, Global Infrastructure Facility [GIF], IFC) as well as development partners active in this sphere (United States Agency for International Development [USAID], Asian Development Bank (ADB), MCC, *Agence Française de Développement* (AFD)). Furthermore, coordination with other key stakeholders such as the Ceylon Chamber of Commerce, key journalists etc. has given the opportunity to broaden the PPP program and solicit wider buy-in. Moreover, a concerted effort is being made to engage and socialize the PPP concept with the public on PPPs, particularly by explaining the past success of PPPs in the country.

## 2. Project Description

### 2.1 Project Objective and Components

The main objective of the Project is to support the preparation of Public-Private Partnerships that will enable GOSL to utilize private sector finance. The various components of the Project and the related activities are as follows:

#### 2.1.1 Component A: Improving the Enabling Environment (US\$2.5 million)

This component aims to improve and strengthen the enabling environment for PPPs in Sri Lanka by building on the various PPP related support that has been previously provided by the World Bank and other IFIs/donors (e.g. US AID).

##### *A.1 Establishing the Institutional environment for sustainability of PPPs*

This subcomponent will strengthen the institutional framework to improve sustainability of the PPP program, by: (a) organizing and staffing NAPPP; (b) establishing institutional arrangements for the provision of long term infrastructure financing for PPPs and funding for project development with a focus on addressing the existing weaknesses in the infrastructure financing sphere; (c) establishing mechanisms to channel Viability Gap Funding (VGF) to improve financial viability of PPPs; (d) developing principles for the assessment of contingent liabilities arising from PPPs and (e) establishing and strengthening other key institutions which would contribute to the successful implementation of the PPP program, such as the establishment of PPP nodes in line agencies, and establishment of institutions critical in enhancement of the enabling environment such as procurement appeals committee and arbitration center. The establishment of these key institutions is expected to contribute towards the sustainability of the program.

##### *A.2: PPP Capacity Building*

Proposed activities will encompass capacity building for PPPs for both GoSL and private sector that is critical for successful implementation and sustainability of PPPs. This subcomponent will provide specific capacity building for NAPPP to carry out its functions, and training to acquire required skills. The programs will also focus on Government agencies, the Attorney General's department and National Planning Department. The project will provide specific training for agencies already involved in the PPP process as well as decision makers in Government, particularly Cabinet Appointed Negotiating Committees to facilitate the expeditious processing of the PPP transactions. The project will also carry out capacity building for staff at central and provincial levels with focus on female Government staff. The capacity building program will also include the local private sector and the banking Industry for the imperative for the sustainability of the PPP Program.

##### *A.3: Communications and Stakeholder Engagement for PPP*

This component will support the development of a PPP communication strategy and private sector (and other stakeholders) engagement. Engaging stakeholders and having a robust communication strategy is

seen as a critical element in ensuring successful implementation of PPPs that require buy-in from all stakeholders and general acceptability from the public. This subcomponent will support NAPPP in the development and implementation of a robust communication strategy intended to ensure that all stakeholders are adequately informed and engaged in the GoSL's PPP program and the program is sustainable. Through increased awareness, this subcomponent will seek to address the historic misconception that PPPs are privatization, foster support and buy-in from the media, help mitigate some of the risks associated with the political economy of the country and contribute to broadening the program. This sub component will also support in organizing roundtables and consultations etc. with the private sector and other stakeholders to gain their input into the design and sustainability of the PPP program.

### **2.1.2 Component B: Preparation of PPP Transactions (US\$20 million)**

The Project will support the transactions selected and prioritized by NAPPP in consultations with various sector Ministries and line agencies, and: (i) for which an outline business case has already been prepared; or (ii) which are already being prepared and/or negotiated but need additional support to achieve financial close.

#### *B1: Feasibility Studies*

Under this subcomponent, the Project will: (i) carry out the due diligence necessary to assess all project related aspects and scope of the project. It will include due diligence work to assess the technical, legal, economic, and financial feasibility of the proposed transaction (technical scoping, concept design, economic and financial analysis including value for money analysis). It will also cover other assessments such as gender analysis, traffic surveys and willingness-to-pay surveys; address mechanisms for citizens engagement, grievance redress and management of labor influx; as well as environment and social assessments (although they will not be carried out independent of the feasibility study); and (ii) provide technical assistance to agencies where policy or strategic decisions are needed prior to initiating PPPs. The objective of these activities will be to strengthen the likelihood of economic viability of the transactions proposed by GoSL for public private partnership.

#### *B.2 Project Structuring and Transaction Advisory Services*

Under this subcomponent, the Project will support the structuring of the transactions, preparation of procurement documentation and negotiations of the contractual documents with the selected bidder up to the financial closure of one or more selected transactions. It will ensure that the GoSL, through NAPPP, receives transaction, legal and financial advisory support in the structuring and negotiation of transactions, to supplement NAPPPs in-house resources. This component will include market sounding, design of risk allocation, financial modeling, preparation of the PPP project documents (concession and other agreements), provision of professional and experienced skills for GoSL negotiations with the selected bidder to increase value for money, up to financial close, including the assessment of GoSL's contingent liabilities for each transaction and, where necessary, the structuring of risk mitigation instruments to improve bankability.

### **2.1.3 Component C: Project Management (US\$2.5 million)**

Under this component, the Project will support the costs of operation of NAPPP for the management of GoSL's PPP program. It will finance the day-to-day activities of NAPPP, goods and services required for the preparation and operation of NAPPP, as well as the cost of consultants for certain pre-identified positions for skills that cannot be easily accessed in the market.

## **2.2 Project Beneficiaries and Results Indicators**

The project will benefit the GoSL by increasing private sector participation in infrastructure development which is currently constrained due to fiscal limitations. The improvement in the enabling environment will minimize costs of inefficiency borne by the GoSL by ensuring that PPPs are structured and executed appropriately. While PPPs will also help the GoSL reduce its reliance on debt-financed infrastructure, it is important that the GoSL is cognizant of the fiscal risks that could arise out of PPPs. The various line ministries and agencies involved in infrastructure development will benefit as this project will help them deliver on their mandate by improving the current regulatory and institutional processes and providing capacity building programs to help these institutions identify, procure and execute PPPs more efficiently. The public will gain increased access to infrastructure which is more efficiently managed and better executed through the use of technology and innovation. The project will also benefit the private sector by providing an enabling environment for PPPs which ensures an efficient procurement process, an appropriate regulatory framework and a single institution to coordinate all PPP related activities. Furthermore, the project will provide the private sector with opportunities for long-term investments through PPPs which are currently limited due to lack of bankable projects.

The PDO will be measured through the following key indicators:

- (a) Feasibility studies or project designs that include gender analysis completed for at least four (4) PPP transactions with the assistance of the project.
- (b) Issuance of a RFP for one (1) PPP transaction.

### 3. Socio-economic Conditions, Selected Sectors, and Potential Impacts

The objective of the project is to improve the institutional, policy and legal framework conducive for the financing of PPP projects in Sri Lanka; hence, the project is expected to be national in scope. A long-list of 65 projects have been proposed for PPPs and the exact sites of project interventions are unknown at this stage. In this regard, this section describes the overall baseline condition of Sri Lanka in terms of its socio-economic environment, as well as the key sectors covered by the 65 potential PPPs.

#### 3.1 Demographic Profile, Land Use Patterns, Socio-Economic Conditions and Cultural Resources in Sri Lanka

This section describes the overall baseline condition of Sri Lanka in terms of its socio-economic and cultural environment.

##### 3.1.1 Demography

Sri Lanka is an island in the Indian Ocean about 28 kilometres (18 mi.) off the south-eastern coast of India with a population of about 21.2 million. Population density is highest in the southwest where Colombo, the country's main port and industrial centre, is located. The net population growth is about 1.3% (See Table 1).

**Table 1: Population and Land Area by Provinces**

Province	Population ('000)	Land Area (sq. km)	Population Density
<i>Western</i>	5,979	3,593	1,664
<i>Central</i>	2,658	5,575	477
<i>Southern</i>	2,556	5,383	475
<i>Northern</i>	1,094	8,290	132
<i>Eastern</i>	1,615	9,361	173
<i>North Western</i>	2,448	7,506	326
<i>North Central</i>	1,312	9,741	135
<i>Uva</i>	1,316	8,335	158
<i>Sabargamuwa</i>	1,988	4,921	404
<b>TOTAL</b>	20,966	62,705	334

Sri Lanka is ethnically, linguistically, and religiously diverse. Sinhalese make up 75% of the population and are concentrated in the densely populated southwest. Sri Lankan Tamils, citizens whose ancestors have lived on the island for centuries, total about 11% and live predominantly in the north and east. Indian Tamils who constitute about 4% of the population are a distinct ethnic group who were brought

to Sri Lanka in the 19th century as tea and rubber plantation workers, and they remain concentrated in the "tea country" of south-central Sri Lanka. Other minorities include Muslims (both Moors and Malays), at about 9.3% of the population; Burghers, who are descendants of European colonists, principally from Portugal, the Netherlands and the UK; and aboriginal Veddahs (See Table 2).

**Table 2: Composition of Population**

<b>By Ethnicity</b>	<b>%</b>	<b>By Religion</b>	<b>%</b>
<i>Sinhalese</i>	74.9	<i>Buddhist</i>	70.1
<i>Sri Lankan Tamil</i>	11.2	<i>Hindu</i>	12.6
<i>Indian Tamil</i>	4.1	<i>Islam</i>	9.7
<i>Sri Lankan Moor</i>	9.3	<i>Christian &amp; Roman Catholic</i>	7.6
<i>Other</i>	0.5	<i>Other</i>	0

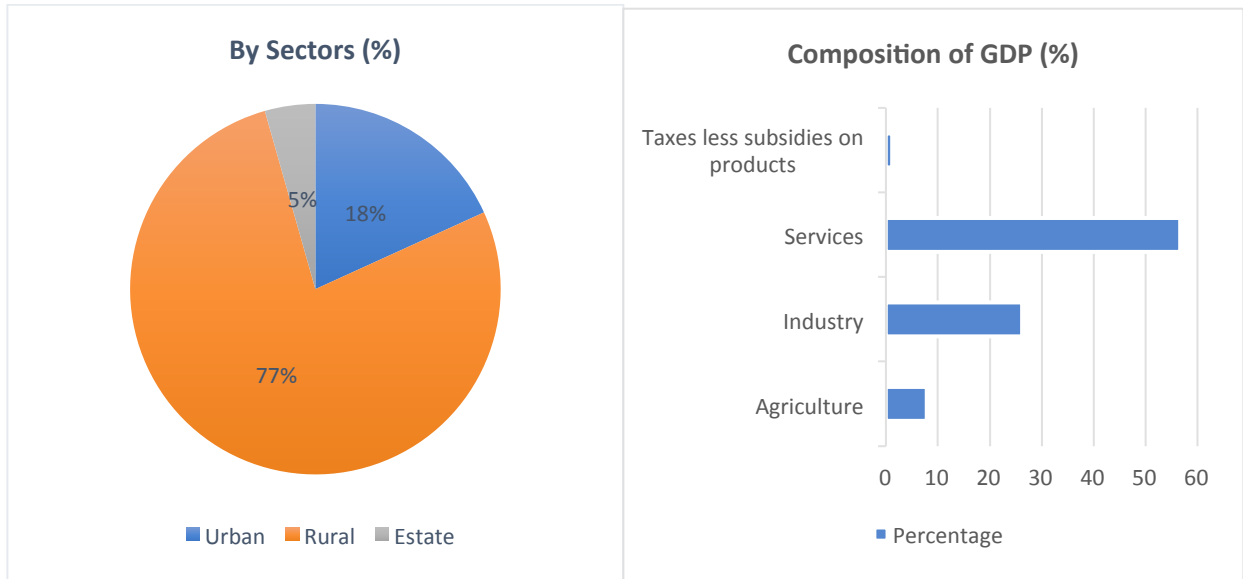
Most Sinhalese are Buddhist; most Tamils are Hindu; and the Malays and Moors are Muslim. Sizable minorities of both Sinhalese and Tamils are Christians, most of whom are Roman Catholic (See Table 2). The Burgher population is mostly Roman Catholic or Presbyterian. The Veddahs have Animist and Buddhist practices. Sinhala, an Indo-European language, is the native tongue of the Sinhalese. Tamils speak Tamil, a Dravidian language. The moors speak an Arab-Tamil dialect, consisting of a large number of Arabic words. The Malays speak Sri Lankan Creole Malay. Many of the Burghers speak Sri Lankan Indo-Portuguese although its use has declined and all speak Sinhala. The Veddahs speak a language closely related to Sinhala.

**3.1.2 Economy**

Sri Lanka is a lower middle-income country of 21.2 million people with per capita GDP in 2016 of \$3,835. Since the civil war ended in 2009, the economy has grown on average at 6.2 per cent a year, reflecting a peace dividend and a commitment to reconstruction and growth, but there have been signs of a slowdown in the last three years.

The economy is transitioning from being predominantly rural-based to urbanised economy-oriented around manufacturing and services (Figure 1).

**Figure 1: Basic Profile of the Economy**



The government is carrying out fiscal reforms, improving public financial management, increasing public and private investments, addressing infrastructure constraints and improving competitiveness. It launched its Vision 2025 on September 4, 2017 to strengthen democracy and reconciliation, inclusive and equitable growth and ensure good governance.

### **3.1.3 Human Development**

Sri Lanka has made significant progress in human development. Social indicators rank among the highest in South Asia and compare favourably with those in middle-income countries. The national poverty headcount ratio declined from 15.3 per cent in 2006/07 to 6.7 per cent in 2012/13 although disparities remain (See Table 3).



**Table 3: Status of Human Development Indicators in Sri Lanka**

<b>Indicators</b>	
<b>Labour Force Participation Rate (%)</b>	
<b>Total</b>	53.8%
<b>Male</b>	74.7%
<b>Female</b>	35.9%
<b>Unemployment Rate (% of labour force)</b>	4.7%
<b>Life Expectancy (Avg. years)</b>	74.9
<b>Literacy Rate (Aged 15 years and above)</b>	
<b>Total</b>	93.2%
<b>Male</b>	94.1
<b>Female</b>	92.4
<b>Human Development Index</b>	0.757

### **3.1.4 Land resources**

In Sri Lanka, 82.25 per cent of the country’s land is owned by the State while only 17.75 per cent is privately owned, reflecting a history of centralised control over land. Records from as early as 500 B.C. document land allocation by the Kings while successive colonial governments (Portuguese (1505 – 1656), Dutch (1656 – 1796), and British (1796 – 1948)) asserted their control over land while instituting land ordinances and centralised administration systems. There is thus a significant imbalance between the ownership and tenure patterns of land. There are a large number of fragmented agricultural lands small in size and generally unproductive. Similarly, there is a large extent of agricultural land in plantations areas, a significant proportion of which is underutilized.

Sri Lanka is one of the most densely populated countries in the world, and therefore much of the land has been put into productive use (See Table 4). According to Census and Statistics data of 2015, overall cultivate extent was 2,196,306ha. Highest cultivation extent was coming from paddy cultivation that covers 1,253,288ha, followed by coconut (394,836ha), tea (221,969ha), and rubber (143,137ha). Other significant crops such as maize, pepper, and cinnamon remained below 70,000ha each.

**Table 4: Land Use Patterns**

Land Type	Land Use	Hectares (Year 2000)	% Area
Urban Land	Urban Land/Settlement	27,830	0.40%
Agriculture	Homesteads (associated non-agricultural land)	943,495	14.40%
	Horticulture Plantation	1,779,245	27.10%
Crop Land	Paddy	912,927	13.90%
	Other Crop Land	176,218	2.70%
Forest Land	Dense Forest	1,070,555	16.30%
	Open Forest	439,050	6.70%
	Forest Plantation	93,910	1.40%
Range Land	Scrub land	590,180	9.00%
	Grass land	97,274	1.50%
Wetland		55,698	0.80%
Barren Land		93,810	1.40%
Water		285,778	4.40%
Unclassified		124	0%
Total		<b>6,566,094</b>	<b>100 %</b>

Liberal economic reforms introduced since 1977 have progressively connected rural economies to the global and domestic markets. The process of commercialization was accelerated recently due to: (a) growing market opportunities for local agricultural products such as offering forward contract arrangements for maize; and (b) development of marketing facilities (e.g. the Economic Centre in Dambulla) for channeling rural agricultural products to urban markets. Such developments enhanced the market access for agricultural products that had earlier been produced for household consumption. According to farmers in dry zone villages, supply side facilitation for entry to the commercial stream brought several changes to traditional farming systems. However, poor implementation of existing land use policies has created catalytic conditions for deforestation and forest degradation. This is particularly important in the cases of large government projects for infrastructure development, private sector agriculture and tourism ventures. One major change occurred the 1990s is the rapid spread of rain-fed commercial farming of maize in the *Maha* season. This accelerated deforestation in dry zone villages significantly, as surrounding forest lands were encroached for commercial cultivation of maize.

Adoption of technological innovations significantly increased the farmers' capacity to expand the area of cultivation within a short period of time. Use of hybrid seeds and adoption of land preparation machinery have played a significant role here. These factors seem to have had a cumulative impact on transforming the traditional farming system in the dry zone to a commercial system. Commercialization and adoption of technological innovations has provided a clear direction for farmers to face resource scarcities by intensifying the production of cash crops to meet the market demand. Overall, the net effect of all key factors has pushed the traditional farming system towards a commercially oriented direction. This has invariably accelerated the deforestation process.

During the last few decades, natural disasters have been on the increase because of improper land uses in Sri Lanka. For example, human settlement and cultivation of annual crops on steeply sloping lands have resulted in rapid soil erosion, landslides and the silting of rivers, waterways and reservoirs, thereby reducing their capacity and causing floods. Furthermore, the productivity of fertile lands has been reduced due to improper land use. According to the available statistics nearly 44% of agricultural lands have been subject to land degradation.

A multitude of policies and legislations concerning land resources management exists in the country. Among others, laws and regulations connected to alienation and management of state land has had a significant catalytic effect on deforestation and degradation processes in Sri Lanka. These have significant implications on major proximate drivers in operation, namely, encroachments, infrastructure development projects and private agriculture ventures. All successive governments have followed a policy of periodic regularization of encroachments. The encroached lands were usually unutilized state land, often forested. The permissive policy of regularization of encroachments is therefore a catalyst, and has provided a clear encouragement to encroachers to continue with the expectation that one day the encroached property would be theirs legally.

Further, the country has a number of agencies with some mandate connected to the land use planning. The major institutions are Land Use Policy Planning Department, National Physical Planning Department, Urban Development Authority and Mahaweli Development Authority. It seems their activities are not fully coordinated or connected through an overall planning framework. As a result, agencies with different sectoral mandates (e.g. forestry, agriculture, infrastructure development) do not have a common guide or framework of reference concerning decisions on land use. For instance, agriculture policy of government promotes expansion of agricultural lands. Given the growing scarcity of land, such expansions could only come at the expense of existing natural forests. Role of land use planning and policy is to harmonize such competing claims so that sustainable solutions can be found.

### 3.1.5 Cultural Resources

The culture of Sri Lanka mixes modern elements with traditional aspects and is known for its regional diversity. Sri Lankan culture has long been influenced by the heritage of Theravada Buddhism passed on from India, and the religion's legacy is particularly strong in Sri Lanka's southern and central regions. South Indian cultural influences are especially pronounced in the northernmost reaches of the country. The country has a rich artistic tradition, with distinct creative forms that encompass music, dance, and the visual arts. Sri Lankan culture is internationally associated with cricket, a distinct cuisine, an indigenous holistic medicine practice, religious iconography such as the Buddhist flag, and exports such as tea, cinnamon, and gemstones, as well as a robust tourism industry. Some of the major religious and cultural heritage site of Sri Lanka include:

- **Monasteries** were designed using the Manjusri Vasthu Vidya Sastra, a manuscript which outlines the layout of the structure which to present day determines the architecture and heritage of Buddhist monasteries in Sri Lanka.

- **Cave temples.** The earliest evidence of rudimentary cave temples is found in Mihintale. A unique feature in these caves was the use of a drip ledge carved along the top edge of the rock ceiling which stopped rain water running into the cave. With time doors, windows and walls of brick or stone were added. Cave complexes of Dambulla, Situlpahuwa, MulKirigala are significant cave temples which demonstrate rudimentary architectural developments of the island. The Kaludiya Pokuna, Mihintale cave temples were constructed with brick walls, granite window openings, and ceilings. The Gal vihara, Polonnaruwa and the cave temples of Dambulla were initially constructed as cave temples, later on the cave temples were converted to image houses.
- **Dagobas or stupas.** The dagobas or stupas of Sri Lanka are significant to the architectural and engineering development in the island, stupas designed and constructed in Sri Lanka are the largest brick structures known to the pre-modern world. The construction of stupas was considered acts of great merit, and the purpose of stupas was mainly to enshrine relics of Buddha.
- **Vatadage.** The vatadage is considered to be one of ancient Sri Lanka's most prolific architectural creations; this design represented a changing perspective of stupa design independently within the island. The Polonnaruwa, Medirigiriya and Tiriyaya vatadages are the iconic sites in Sri Lanka.
- **Meditation houses.** The meditation houses found in the forest monasteries in Ritigala and Arankele are unique to Sri Lanka.
- **Vaulted roof shrine.** The brick shrine with vaulted roof, as seen at Thuparama, Lankatilaka, and Tivanka Pilimage, is also considered unique to Sri Lanka. The Thuparama is almost intact today and gives an idea of the manner in which the vaulted roof was created.
- **Palaces.** Five royal residences have been identified. They are Vijayabahu's palace in the inner city at Anuradhapura, the palaces of Nissanka Malla and Parakramabahu in Polonnaruwa, the palace off Sugala in Galabadda in Uva province, and Parakramabahu's palace in Panduwasnuwara near Hettipol.
- **Rock Palaces.** There was a palace on top of Sigiriya rock, and the outlines, layout and several detailed features of this Sky Palace are still visible.
- **Pools.** Kuttam Pokuna in Polonnaruwa provides one of the best examples of the construction of a royal bath. Other magnificent pool designs in Anuradhapura era such as "Twin Ponds" Kuttam Pokuna, "lotus Pond" Nelum pokuna, "hot water pond" janthagara Pokona, ath Pokuna—built for use of elephants and "black water pool" Kaludiya Pokuna are significant. Also, there are significant series of ponds and pools which contains water fountains at the Sigiriya citadel, which marvels the hydro engineering in the ancient Sri Lanka.
- **Audience halls.** Polonnaruwa has the remains of two magnificent audience halls—public audience halls of Parakramabahu and council chamber of Nissanka Malla.
- **Cultural triangle.** Sri Lanka's Cultural triangle is situated in the centre of the island and covers an area which includes the World Heritage cultural sites of the Sacred City of Anuradhapura, the Ancient City of Polonnaruwa, the Ancient City of Sigiriya, the Ancient City of Dambulla and the Sacred City of Kandy. Due to the constructions and associated historical events, some of which

are millennia old, these sites are of high universal value; they are visited by many pilgrims, both laymen and the clergy (prominently Buddhist), as well as by local and foreign tourists.

- **Other religious sites.** In addition to sites around Buddhism, there are many sites scattered across the entire country that honours different religions, especially Christianity and Hinduism.

#### **Cultural heritage sites under UNESCO's World Heritage List.**

- **Ancient City of Polonnaruwa.** Polonnaruwa was the second capital of Sri Lanka after the destruction of Anuradhapura in 993. It comprises, besides the Brahmanic monuments built by the Cholas, the monumental ruins of the fabulous garden-city created by Parakramabahu I in the 12th century.
- **Ancient City of Sigiriya.** The ruins of the capital built by the parricidal King Kassapa I (477–95) lie on the steep slopes and at the summit of a granite peak standing some 180m high (the 'Lion's Rock', which dominates the jungle from all sides). A series of galleries and staircases emerging from the mouth of a gigantic lion constructed of bricks and plaster provide access to the site.
- **Golden Temple of Dambulla.** A sacred pilgrimage site for 22 centuries, this cave monastery, with its five sanctuaries, is the largest, best-preserved cave-temple complex in Sri Lanka. The Buddhist mural paintings (covering an area of 2,100 m<sup>2</sup>) are of particular importance, as are the 157 statues.
- **Old Town of Galle and its Fortifications.** Founded in the 16th century by the Portuguese, Galle reached the height of its development in the 18th century, before the arrival of the British. It is the best example of a fortified city built by Europeans in South and South-East Asia, showing the interaction between European architectural styles and South Asian traditions.
- **Sacred City of Anuradhapura.** This sacred city was established around a cutting from the 'tree of enlightenment', the Buddha's fig tree, brought there in the 3rd century B.C. by Sanghamitta, the founder of an order of Buddhist nuns. Anuradhapura, a Ceylonese political and religious capital that flourished for 1,300 years, was abandoned after an invasion in 993. Hidden away in dense jungle for many years, the splendid site, with its palaces, monasteries and monuments, is now accessible once again.
- **Sacred City of Kandy.** This sacred Buddhist site, popularly known as the city of Senkadagalapura, was the last capital of the Sinhala kings whose patronage enabled the Dinahala culture to flourish for more than 2,500 years until the occupation of Sri Lanka by the British in 1815. It is also the site of the Temple of the Tooth Relic (the sacred tooth of the Buddha), which is a famous pilgrimage site.

### **3.1.6 Climatic Factors**

The climatic pattern of Sri Lanka is determined by the generation of monsoonal wind patterns in the surrounding oceans. Four basic seasons based on rainfall exist. These are, the south - west monsoonal period during May to September; an inter-monsoonal period during October–November; the north-east monsoonal period from December to February; and another inter-monsoonal period lasting from March

to April. In 2016, Sri Lanka was hit with the worst drought in four decades that continued into 2017. In May 2017, Sri Lanka experienced one of the worst floods in 14 years, subsequently leading to a 4.3-fold higher than average number of dengue cases for the same period between 2010 and 2016.

### 3.2 Status of Selected Key Sectors

As mentioned in Section 2 of this RPF, Component A of the Project relates to improving the enabling environment through the development of the right policy, institutional and legal framework while Components B relates to the development of the PPP project pipeline and project structuring and transaction support. The screening and scoring along with several rounds of stakeholder consultations which have been carried so far has produced a short list of 13 transactions (see Table 5) for further support under the project. These transactions are expected to be considered for the development of OBCs, feasibility study support and transaction advisory. It should be noted that the project will also support transactions that are outside of the selected OBC's which require other areas of support such as those transactions that already have feasibility studies completed but require transaction advisory support.

**Table 5: Shortlist of PPP projects for OBCs/feasibility funding/structuring support**

	Transaction	Indicative Cost (US\$)	Description
<b>High Priority</b>			
1	Affordable housing – Generic Model	N/A	<ul style="list-style-type: none"> <li><b>Objective:</b> Introducing PPPs in the housing sector. To meet the housing needs of poor/middle income groups with a model that can be replicated. A pilot site proposed in Rajagiriya.</li> </ul>
2	Transport Smart Card	N/A	<ul style="list-style-type: none"> <li><b>Objective:</b> Enable PPPs in integrating a payment mechanism for transport and other services.</li> </ul>
3	Wastewater collection, treatment and disposal system for Gampaha Municipal Council Area	~95Mn	<ul style="list-style-type: none"> <li><b>Objective:</b> Introduce PPPs in the waste water sector. The PPP and policy reforms required in order to put in place a tariff structure to generate revenues through wastewater projects can run parallel.</li> </ul>
<b>Medium Priority</b>			
4	Implementation of new Inland Water Transport System – IW1 and IW2	~5Mn	<ul style="list-style-type: none"> <li><b>Objective:</b> (Unblocking PPPs) Ministry of Megapolis and Western Development has agreed with NAPPP for a feasibility study to better scope the project, structure it and mitigate the risks to attract private sector as well as make the project financeable.</li> </ul>
5	Kalpitiya desalination	~40Mn	<ul style="list-style-type: none"> <li><b>Objective:</b> Establishment of a water supply project by using a sea water desalination (RO) plant in Puttlam district.</li> </ul>
<b>Low Priority</b>			

6	Hospitals – Generic Model	N/A	<ul style="list-style-type: none"> <li>• <b>Objective:</b> Introduce PPPs in the health sector. Provision of Diagnostic facilities through PPPs have currently been proposed for the GOSL section of the Port City.</li> </ul>
7	Tunnel to Port City	~300Mn	<ul style="list-style-type: none"> <li>• <b>Objective:</b> To enable GOSL negotiate better terms within the PPP transaction.</li> </ul>
8	Convention Center at Port City	N/A	<ul style="list-style-type: none"> <li>• <b>Objective:</b> Enabling PPPs in the GOSL portion of the Port City</li> </ul>
9	Formation of recreational beach area along the shoreline south of Colombo (Kollupitiya to Wellawaththa)	~200Mn	<ul style="list-style-type: none"> <li>• <b>Objective:</b> Development of a recreation area for the public/tourism</li> </ul>
<b>Additional Projects that require transaction support (for which OBCs are not required)</b>			
10	Elevated expressway from new Kelani Bridge to Rajagiriya/Athurugiriya (Phase 1)  Elevated Expressway from Rajagiriya to Athurugiriya (Phase 2)	Phase 1: ~191Mn  Phase 2: ~300Mn	<ul style="list-style-type: none"> <li>• <b>Objective:</b> To assist structuring of the transaction to make it financeable.</li> </ul>
11	100MW Solar park in Siyambalanduwa	~125Mn	<ul style="list-style-type: none"> <li>• <b>Objective:</b> Assist the implementation of the Long-Term Generation Expansion Plan. Pre- feasibility is being done through Energy InfraSAP.</li> </ul>
12	170MW Wind park in Pooneryn	~300Mn	<ul style="list-style-type: none"> <li>• <b>Objective:</b> Assist the implementation of the Long-Term Generation Expansion Plan. Pre- feasibility is being done through Energy InfraSAP.</li> </ul>
13	100MW Solar park in Pooneryn	~175Mn	<ul style="list-style-type: none"> <li>• <b>Objective:</b> Assist the implementation of the Long-Term Generation Expansion Plan. Pre- feasibility is being done through Energy InfraSAP.</li> </ul>
	<b>Total Cost</b>	<b>~1,731Mn</b>	

Accordingly, the three sectors, namely transport, water supply and sanitation and energy, have been identified based on the composition of the current shortlist of PPP projects considered for feasibility financing and project structuring. The following sections provides a brief description of the selected key sectors with detailed description on the status of these key selected sectors presented in the Environmental Assessment and Management Framework (EMAF) prepared under the project.

### 3.2.1 Transport

While the basic coverage of transport sector in Sri Lanka has been good in terms of extending transport networks, the sector has not performed as well as that of its East Asian neighbors, failing to meet the demands necessary for the country to sustain higher levels of economic growth. Presently, Sri Lanka's land transport is dominated by the road network carrying 95 percent of the passenger traffic and 98 percent of the freight. The remaining land transport needs are addressed through a less developed rail network. Severe traffic congestion, lack of connectivity and poorly maintained roads have come to the forefront as pressing issues in the sector as demand for transport increases over time.

Furthermore, rising expectations as a result of Sri Lanka's long-term per capita growth as well as changing characteristics of Sri Lanka's production and trade, have placed new challenges on the sector. Among these challenges is the need for reliable, efficient, and safe services for passenger and freight transport, while managing the negative consequences such as congestion, air pollution, and accidents. Thus, to increase economic productivity through export-oriented growth, the country needs a transport system that function in a seamless fashion from the perspective of the exporter. This requires more focus on transport facilities and services attending to export regions and products as well as an integrated intermodal transport sector strategy; maintaining, upgrading, modernising, and ensuring connectivity between those transport facilities and services.

The Government plays a major role in the transport sector in Sri Lanka. Public enterprises are responsible for direct provision of road, railway, and port infrastructure, and there is no private provision of infrastructure. The Government plays a smaller role in the direct provision of transport services, with the exception of railways which are in the hands of Sri Lanka Railways, a Government Department, and bus transport where the Government is a 50% shareholder of the public bus companies. The poor performance of the transport sector has been mainly because the public sector has overextended itself as a direct provider of facilities and operator of services and is failing to meet important functions as manager of *competition*, custodian for the *environment*, and guarantor for *social concerns*.

In the past, substantial part of the investments in the transport sector concentrated on the rehabilitation of the road network and the development of the expressways with less efforts on the development of the bus or rail networks. As a result, modal share of public transport has diminished paving way for increased motorization exacerbated by the increase in per capita income of the country. Modernization of public transport through introduction of technology, integrating several modes of transport, creation of multi modal centers, facilitation of moving congestion away from the city centers and creating efficient freight transport are seen at the forefront of the transport needs. The Western Region Megapolis Transport Master Plan (2016) developed by the Ministry of Megapolis and Western Development, envisions a number of transport projects within the Western Region in the coming years which requires about US\$11 billion in investments up to 2020. Public investment in passenger transport



and road development amounted to 1.8 percent of GDP in 2016<sup>5</sup> with more than three quarters of it invested in roads. This level of resources will be insufficient to support a program integrating more mass transit investment as envisaged in the Transport Master Plan. Private sector participation in the sector has been limited to investments in bus transport and paratransit. However, the sector has some experience in PPPs with several successfully operating PPPs in the port sector.

The Road Development Authority (RDA) has significant capacity to manage environmental and social concerns when developing the road network as a result of continuous engagement with financing institutions like the World Bank and Asian Development Bank (ADB). The RDA has its own Environment and Social Unit which was established over a decade ago with the support of ADB. The national environmental management regulations mainly apply to new road construction activities and not for existing road rehabilitation. However, natural resources use during construction/rehabilitation activities require to obtain necessary licenses and permits including the Environmental Protection License. Local authorities which manages roads within their jurisdiction with the technical support from Provincial Roads Development Department has limited capacity and also rarely need to adopt the national regulations due to many of their current activities only involves rehabilitation and maintenance. Maintenance of roads has been relatively weak in the past due to non-allocation of maintenance funds. With the Road Maintenance Trust Fund in place and with the transition towards design, build, operate and maintain type of arrangements, the situation is slowly changing, especially for RDA managed roads.

There is little information available on the environmental management of construction/operations of others agencies that manage railways, seaports, airports, etc. as the usual multilateral financing agencies have not been involved in support such activities in the recent past. Compliance on environmental management regulations have been questioned number of times for recent developments such as siting and construction of Mattala airport and Hambantota seaport, although both have been subjected to national environmental act and its regulations. There are no recorded significant issues on the operations of international ports due to international requirements, except the Mattala airport where issues related to siting has continue to arise. Land management of railway reservation has been extremely weak, due to proliferation of squatters on the either side of the railways.

### **3.2.2 Energy**

A corollary of economic growth has been the increasing demand for energy in the country. This demand is expected to continue to grow as Sri Lanka pursues economic growth and development. Presently, Sri Lanka's energy demand is being catered by several energy sources consisting of both indigenous non-fossil fuels and imported fossil fuels. Most of the country's energy needs are met through biomass, an indigenous fuel source, and imported fossil fuels, such as petroleum and coal. The remainder is made up of other indigenous sources, which include large and small hydro and renewables such as solar and wind. Acknowledging this need, Sri Lanka saw an increase in the share of renewable energy (RE) in the

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<sup>5</sup> Treasury Annual Report – 2016: US\$1.5 billion against GDP of US\$81.3 billion

electricity mix, when in 2014, the country met its target of generating at least 10 per cent of its electricity using renewable energy. Subsequently, in 2015, the contribution of fossil fuels to the electricity mix decreased, at the same time as a rise in the contribution of both renewable energy and large hydro. In an endeavor to embrace renewables more fully, Sri Lanka, while attending the 22nd United Nations Framework Convention for Climate Change Conference of Parties in Marrakech, Morocco, as part of the Climate Vulnerable Forum, pledged to use only RE for electricity generation by 2050.

Sri Lanka has achieved a grid connectivity of 98 percent, with an annual total electricity demand of about 14,150 GWh. According to the Long-Term Generation Expansion Plan (LTGEP) 2018-2037 of the GoSL electricity demand in Sri Lanka is expected to grow at an annual rate of 5.6% through 2037 and will require a high level of investment in the sector. Based on capacity projections, World Bank staff estimates show that there is a need to mobilize at least US\$ 2.73 billion worth of capital investment in the power sector up to 2020, US\$ 5.46 billion up to 2026, and US\$ 10.53 billion up to 2037. The estimated capital needs include investment requirements for generation, transmission and distribution, and demand side management. Sri Lanka has historically relied primarily on government finance to finance investments in the energy sector. In 2016, public investment in power and energy infrastructure amounted to 0.3 percent of GDP<sup>6</sup>. Currently, there is considerable private sector participation in the power sector. Comparison of 2015 and 2016 data reveals that private participation in power sector has increased, including a 23.4 percent increase in electricity generated by Independent Power Producers (IPPs) and 17.04 percent increase in installed capacity undertaken by IPPs. While IPPs have been able to mobilize international finance, it is primarily with support from the government in form of direct/indirect guarantees/indemnities. Majority of large scale IPPs have been implemented on a Build-Own-Operate-Transfer (BOOT) scheme.

Use of environmental management regulations in energy sector development has been consistently well practiced, particularly at the stage of initial capital investments. The post Environmental Impact Assessment (EIA) monitoring is however, weak, which is the case across overall EIA process irrespective of the sector. There have also been issues related to environmental flows of hydropower generation, as well as site selection of new hydropower stations due to short-coming is in assessing the cumulative impacts along river basins, poor assessments of environmental flows and ensure the environmental flows are maintained.

### **3.2.3 Water Supply and Sanitation**

On a national basis, safe water coverage—defined here as the proportion of the population having access to water supplies from piped water systems, protected wells, or rainwater systems—is currently almost 90%. About 44% of the population (over 9 million people) have access to piped water, 3% (more than 0.6 million) have access to hand pump tube wells, 36% of the rural population has access to safe drinking water through protected dug wells, and 1% of the population uses rainwater harvesting

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<sup>6</sup> Treasury Annual Report – 2016: US\$0.2 billion against GDP of US\$81.3 billion

systems. The other side of the coin, however, is that 15% of the population is unable to access a safe water source within 200 meters of their residence—currently estimated at over 3 million people.

A study<sup>7</sup> identifies key constraints facing the sector as the lack of capital due to weak cost recovery, high investment required for water resource development, pollution of water bodies due to lack of organized wastewater and disposal systems and low standard tariffs. A study by the World Bank in 2014<sup>8</sup> estimated the investment needs of water supply and sanitation infrastructure at US\$ 429 million per year in until 2020. Of this, about US\$ 340 million per year is needed for new infrastructure, while about US\$89 million per year is needed to rehabilitate existing systems. This annual expenditure requirement is about twice the US\$220 million that the GoSL spent on capital improvements in the water sector in 2011. According to the study, historically, development partners have provided the GoSL with about 68 percent of the funds it spends on investments in water infrastructure.

To address these challenges, Sri Lanka's principal water supply and sanitation utility, the National Water Supply and Drainage Board (NWSDB), had an estimated 840,000 total water connections in 2004 and this figure had doubled by the end of 2013. Another feature characterizing the evolution of Sri Lanka's water supply sector is the increased use of community-managed water supply systems which have delivered a further 500,000 water supply connections. The quality and reliability of water provided by the NWSDB is at an acceptable level. Currently, 98% of the bacteriological tests carried out by the NWSDB show satisfactory results, however, in rural areas, water quality for a considerable number of community-based water supply systems is not at an acceptable level.

Overall, the NWSDB and other institutions handling water and wastewater services in Sri Lanka have made remarkable progress in expanding water supply services. However, their performance with respect to operational efficiency, financial sustainability, and the cost effectiveness of investment needs further improvement. Three important features ought to be noted. First, despite the rise in community-based organizations, there remains a marked rural–urban disparity in the quality of services provided to consumers. Second, although substantial progress has been achieved in improving access to safe water supplies in post-conflict areas in the Northern Province, more work needs to be done. Finally, improvement is also needed in providing safe water supply to estate communities such as in Nuwara Eliya district. The main strategic challenge in the water supply sector will be how to maintain and/or improve service levels to current users while, at the same time, extending services to the approximately 3 million people who are presently underserved.

In the sanitation subsector, coverage (which principally comprises on-site facilities such as septic tanks and closed pit latrines but also some piped sewerage systems) has increased from 83% in 2008 to 90% in 2013. Piped sewerage systems are limited to those locations where other forms of sanitation service provision are not practical due to population and housing density. As a result, sewerage networks

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<sup>7</sup> Challenges in the Water Sector and Waste Water Sector – Eng. P. H. Sarath Gamini, National Water Supply & Drainage Board

<sup>8</sup> Water and Sanitation Study Dissemination (2014) – World Bank

presently cover only about 2.5% of the country's population in major urban areas. There remains five major challenges with respect to sanitation services in Sri Lanka: rapid urbanization, water scarcity and degradation, investment needs, sector governance, and the need to achieve greater financial sustainability.

To address these challenges, the Government of Sri Lanka estimates total investment requirements for water and sanitation through to 2020 to be about LKR700 billion (US\$5.38 billion). Of this total, about 80% (LKR564 billion) is estimated as being required to achieve the sector targets of 60% piped water supply coverage and 7% piped sewerage coverage by the year 2020. However, financial sustainability of Sri Lanka's water and sanitation utilities depends on a number of factors, including: tariff levels, the subsidy regime, the nature of environmental and service standards, financing options, and operating cost levels. So far, the tariffs set by the government for NWSDB-managed schemes historically have not been sufficient to cover total operating expenses and debt service requirements (principally to the Government of Sri Lanka).

## 4. Potential Social Impacts of the Project

Many of the project interventions will involve construction and rehabilitation activities required for upgrading the physical infrastructure of Sri Lanka and expansion of service delivery. Critical strategic interventions selected for development will create important development opportunities and benefits to Sri Lankan citizens. Some of these include:

- Improved legal, institutional and technical PPP growth environment will result in improved legal, institutional, financial, fiduciary and technical framework supportive of pipeline bankable PPP projects.
- Increased private sector investment through an enhanced PPP framework that will pave the way for increased availability and quality of infrastructure in different sectors to boost enterprise growth and productivity and improve the wellbeing of Sri Lankans.
- Employment opportunities and improved service delivery to enterprises and the population across the stated sectors.
- Government fiscal efficiency and transparency in terms of improved project preparation, better risk allocation, increased transparency, wider quality control, and greater efficiency.
- Modern technology and business tools in infrastructure and associated services from the private sector that will lead to improved efficiency for the general public.
- Reduction in risk for the public sector by sharing the burden of economic performance of infrastructure projects also to the private sector.
- Provision for alternative funding and freeing government funds by attracting investors and financial institutions thereby helping to mobilise alternative funding for projects that may have been financed by scarce government resources.
- Funding to maintain infrastructure overtime since PPPs are run as revenue generating enterprises, often with loan repayment obligations, which means that there is an underlying driver to maintain the income generating facilities thus ensuring maintenance of infrastructure over time.
- Improved economic growth by enhanced access to infrastructure, service delivery and employment generation.

Besides these positive impacts, depending on the nature of PPP projects selected for feasibility studies, there may be adverse impacts within the footprint of the PPP interventions, especially through land acquisition, including: physical displacement (relocation or loss of shelter); economic displacement (loss of assets or access to assets that leads to loss of income sources or means of livelihood); restriction of access to legally designated protected areas and gazetted forests resulting in adverse impacts on the livelihoods of the displaced persons; impacts from labour influx potentially leading to risk of social conflict, illicit behaviour, community dynamics, increased burden on and competition for public services, etc; construction-related impacts leading to dust pollution, noise pollution, traffic congestion, etc., that cause inconveniences to the general public; adverse impacts on women and vulnerable groups, particularly since resettlement impacts and other adverse impacts are known to have differential

impacts on females, female-headed households, poor and other vulnerable groups; and lack of support from affected communities and other stakeholders.

Of these various potential risks and impacts, management of social issues that do not result from land taking, and are associated with OP/BP 4.01, are included in the EAMF prepared separately under the Project. This RPF is focused primarily on the issues concerning World Bank's OP/BP 4.12 on Involuntary Resettlement. In other words, it addresses the direct economic and social impacts that are caused by (a) the involuntary taking of land that results in: (i) relocation or loss of shelter; (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not the affected persons must move to another location; or (b) the involuntary restriction of access to legally designated parks and protected areas resulting in adverse impacts on the livelihoods of the displaced persons. In this regard, social safeguards risks associated with 'Involuntary Resettlement' are outlined below.

#### **4.1 Loss of land**

Depending on the PPP nature of the PPP selected for feasibility studies, the requirements for land acquisition will vary. The need for additional land taking, if any, and the magnitude of the risks, can be established only after the engineering designs for the various PPP feasibility studies become available. To the extent possible, land acquisition requirements and involuntary resettlement will be avoided in the siting of new facilities. Where land acquisition is unavoidable, the project will follow appropriate measures to ensure safeguards compliance in line with government legal framework and Bank policies as laid out in this RPF, including minimizing the impacts from land acquisition to the extent possible and compensation at replacement cost in accordance with entitlement matrix included in this RPF.

#### **4.2 Loss of income sources or means of livelihood**

Activities under the PPP projects selected for feasibility studies might also involve temporary or permanent impacts on people's income sources or means of livelihood, especially through different forms of land-taking. Each affected person whose income or livelihood is affected will be assisted to improve or at least restore his/her income to pre-project level. Income restoration schemes to be prepared under the project will be designed in consultation with affected persons, and in consideration of their resource base and existing skills.

#### **4.3 Loss of assets and/or access to assets**

The scope and extent of land acquisition under the project, whether permanent or temporary, will largely determine the impacts on assets or access to assets. In this regard, some loss of structures and shelters (e.g., dwelling areas, kiosks, offices, garage, store, etc.), and other fixed assets such as compound walls, gates, etc., are to be expected. The valuation method defined under the Resettlement Action Plan (RAP) or the Abbreviated Resettlement Action Plan (A-RAP) will be followed to determine full replacement cost. Depreciation for structures and other assets will not be considered while determining the replacement costs. In case of loss of common resources, structures and facilities as defined in the Entitlement Matrix, the same will be restored or reinstalled or access to lost facilities provided at a new place in consultation with the community or appropriate authority.

#### **4.4 Construction-related Impacts**

Anticipated social impacts during construction phase of the PPP projects could include restrictions of access to roadside commercial establishments and residential buildings; shifting of utility services like electricity poles, water connections, etc.; dust and noise pollution; traffic congestion; etc., that cause inconveniences to the general public. However, these impacts are considered to have minimal and limited impacts, and also temporary and site-specific in nature. Measures for addressing some of these construction-related disturbances will include implementation of traffic control and safety measures, signage and educational campaigns, which will be specifically provided in the Environmental Management Plan (EMP) and Social Impact Mitigation Plan (SIMP) for each sub-project of selected PPP projects (See Annex XI for a sample of SIMP). This RPF provides additional guidance and mitigation measures for addressing the specific impacts that arise due to land acquisition.

#### **4.5 Impacts on Women and Vulnerable Groups**

A recent ADB Country Gender Assessment report points out that while infrastructure development is a major area of priority in national policy in Sri Lanka, gender issues have been largely invisible in infrastructure-related policies and have not received adequate recognition. This is critical since the employment structure of Sri Lanka is characterised by male dominance, the conflict-areas have significant number of female-headed households and population of working women, and gender-based violence is highly prevalent across the country. Further, adverse impacts on women and vulnerable groups, especially in the form of resettlement impacts, are known to be hard on females, female-headed households, poor and other vulnerable groups. The social impact assessment carried out as part of the feasibility studies will consider gender impacts of the proposed interventions, and the sub-project specific safeguards instruments will prepare a detailed plan for addressing impacts on women and other vulnerable groups.

Further, the PPP policy prepared under the project will include the principle of gender equality; gender analysis will be part of the feasibility studies, including social impact assessment of every feasibility study for PPP project, gender specialist will be included within the organizational structure of the PPP Unit to ensure that gender issues are well incorporated in all stages of PPP project cycle, and training and capacity building activities on gender will be included as part of Project implementation.

#### **4.6 Impacts of Labour Influx**

Infrastructure projects often involve construction of civil works for which the required labour force and associated goods and services cannot be fully supplied locally for a number of reasons, among them worker unavailability and lack of technical skills and capacity. The labour force (total or partial) needs to be brought in from outside the project area. In many cases, this influx is compounded by an influx of other people (“followers”) who follow the incoming workforce with the aim of selling them goods and services, or in pursuit of job or business opportunities.

On the one hand, such movements of labour can provide potential benefits for the community, including economic opportunities through employment and/or training by the project, contributions to the local economy by selling goods and services, the provision of local infrastructure (such as access roads, power, or water connection) which is developed for the project and which serves the community beyond the project duration. However, the rapid migration to and settlement of workers and ‘followers’ in the project area can affect project areas negatively in terms of increased risks of social conflict, illicit behaviour, burden on and competition for public service provision, such as water, electricity, medical services, transport, education, and social services, risk of communicable diseases and burden on local health services, including sexually transmitted diseases, gender-based violence, particularly in the form of inappropriate behaviour, etc. (See Section 9 for more details). To address these risks, contractors will be encouraged to tap into the local workforce, to the extent possible, as well as incorporate social and environmental mitigation measures into the civil works contract. Further, the feasibility studies will include identification and assessment of the potential social impacts on local communities that may be generated by labour influx, development of specific measures to mitigate the risks associated with the social and environmental impacts from labour influx into the ESMP/SIMP in consultation with affected communities, monitoring mechanisms to be adopted by project proponents, and site-specific instruments relating to labour.



## 5. Purpose of the Resettlement Policy Framework

The Project is primarily envisaged as technical assistance to develop a comprehensive mechanism and system for PPP in Sri Lanka. Based on the initial assessment of the Project activities, even though social development issues, including those relating to gender and citizen engagement would apply to the entire project components and sub-components, social safeguards issues, and accordingly, this RPF would be applicable for the following subcomponents:

- A.2. PPP Capacity Building
- B1. Feasibility studies
- B2. Project Structuring and Transaction Advisory Services

Under capacity building, the capacity of the NAPPP to ensure that the overall due diligence process is in place when developing and managing PPPs for social safeguards management will be put in place with qualified staffing and training. Under development of the PPP project pipeline, a tentative list of prioritized PPP transactions are in place (Annex 1). The project will provide assistance to carry out feasibility studies for about 4 PPP transactions under sub-component B.1. Under these feasibility studies, there will be requirements social impact assessments and preparation of safeguards action plan (e.g., RAP) for each of the PPP project.

As mentioned above, most of the activities under the Project are focused on institutional strengthening that will generate positive social outcomes in the long run. The primary beneficiaries of the project will be the Government, the public, the private sector and various line ministries and agencies involved in infrastructure development, with the public benefiting by gaining increased access to infrastructure which are more efficiently managed and better executed with the use of technology and innovation.

However, significant social impacts are expected from the short-list of potential PPP projects to be supported for feasibility studies by the World Bank, many of which are large infrastructure projects in the transport, energy, and water and sanitation sectors. Experience from Sri Lanka and other countries suggests that involuntary resettlement under development projects, if unmitigated, often gives rise to severe economic, social, and environmental risks. At this stage, since the exact nature and sites of the project interventions are not known, it is necessary to prepare a RPF that would guide the GOSL in managing the risks of the short-listed PPP projects and scaling up positive impacts.

To safeguard against the risks of impoverishment, World Bank's OP 4.12 on Involuntary Resettlement requires that: involuntary resettlement is avoided where feasible, or minimised, exploring all viable alternative project designs; where it is not feasible to avoid resettlement, resettlement activities are required to be conceived and executed as sustainable development programmes; displaced persons are meaningfully consulted and provided with opportunities to participate in planning and implementing resettlement programmes; and such persons are assisted in their efforts to improve their livelihoods and standards of living or at least to restore them, in real terms, to pre-displacement levels or to levels prevailing prior to the beginning of project implementation, whichever is higher.<sup>9</sup>

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<sup>9</sup> If the impacts include physical relocation, the resettlement plan is required to ensure that the displaced persons are: (i) provided assistance (such as moving allowances) during relocation; and (ii) provided with residential

Based on these policy principles, the objective of this RPF is to ensure that the planned activities and related social assessment, management instruments and processes included in the feasibility studies, will be implemented in compliance with the national legislation of Sri Lanka as well as the Bank's operational policy, OP 4.12 on Involuntary Resettlement, and are duly and diligently implemented to ensure social sustainability of the PPP projects.

Specifically, the RPF sets out principles and guidelines to identify and assess the potential social impacts and risks, prepare mitigation plans as part of sub-project preparation, institutional arrangements and processes to be followed for the PPP Projects. This includes: (i) principles and procedures for screening and identifying impacts; (ii) the criterion and due diligence processes based on risks, including the provisions for entitlements and eligibility criteria; (ii) guidelines for preparing time-bound action plans to assure compliance; (iii) institutional arrangements for implementing resettlement action plans; (iv) guidance for public consultation process and disclosure of safeguard documents; (v) mechanisms for grievance redress, monitoring and evaluation of process and outcomes; and (vi) responsibilities of the GoSL in relation to the preparation, implementation and progress review of social safeguards documents for the various PPP Projects. In addition to this RPF, a separate Environmental Assessment and Management Framework (EAMF) have been prepared as part of safeguards instruments to be adopted for the feasibility studies supported under the Project.<sup>10</sup>

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<sup>10</sup> At this stage, details of sites, the specific nature of the sub-projects, and designs of the various infrastructure investments, are not available, hence site-specific environmental and social impact assessments cannot be conducted. Further, the potential PPP Projects is likely to cover a wider and extensive area of the country, and undertaken in a variety of ecological, social and political contexts.

## **6. Policy and Regulatory Framework on Involuntary Land Acquisition and Resettlement**

All activities supported as part of the feasibility studies under the proposed project will be consistent with Sri Lanka's applicable laws, regulations and notifications that are relevant in the context of the resettlement efforts. It is the responsibility of the NAPPP and the line ministry or line agency for the PPP project to ensure that project activities are consistent with the legal/regulatory framework of Sri Lanka and aligned with the World Bank policies and guidelines. This section discusses the applicable national policy and regulatory framework, World Bank safeguards applicable to these projects, gaps in legislation, regulation, policies and planning principles. This framework addresses the gaps to ensure conformity to the WB safeguard policies while adhering to the national policies.

### **6.1 National Legal and Regulatory Framework on Land Acquisition**

The current Sri Lankan laws governing matters relating to land, such as land acquisition, recovery of state lands, claiming rights of acquisitive prescription, declaration of reservations, compensation for property losses, and compensation for improvements in Sri Lanka are contained in a number of laws, regulations, and policies, including those in the section below.

#### **6.1.1 Land Acquisition Act No. 9 of 1950**

Land acquisition for public purposes is guided by the provisions and procedures outlined in the Land Acquisition Act No. 9 of 1950 (LAA). The LAA provides a framework for facilitating land acquisition within the country, guarantees that no person is deprived of land except under the provisions of the LAA, and entitles Project Affected Persons (PAPs) to a hearing before acquisition. The LAA discourages unnecessary acquisition and requires that the land should be used for the purpose for which it is acquired. The LAA provides for compensation for lands and other fixed assets built and grown on them (structures, trees, orchards, and crops). It also provides for compensation for loss of income for those able to prove their income losses by documentary proof up to a maximum of average net profit for the three years immediately preceding the publication of section 7 notice under the LAA. Usually, the land acquisition is time consuming and takes anywhere between a few months to about 2-3 years to complete the process (Annex II for Process of Acquiring Land for Public Purposes).

A major cause for delay in land acquisition arises with respect to the compensation procedure with attendant legal proceedings. There is also provision under section 38A of the LAA to acquire lands under an urgency clause. The law discourages unnecessary acquisition, as lands acquired for one purpose cannot be used for a different purpose, and lands that remain unused are required to be returned to the original owners. Several progressive provisions have been introduced in the LA Regulations of 2008, such as the provision of compensation for affected land at market rates, reconstruction cost of structure without depreciations, valuation for whole plot of land for determining proportional unit cost for the affected land parcel, business losses, and relocation assistance.

One of the challenges relating to the LAA is that the onus to prove ownership or interest in, demonstrate clear title to, gather all information and submit a compensation claim in respect of, land to be acquired, is on the affected persons. Often displaced persons are not aware of their rights or time frames to be observed under the LAA, or they are aware but are ill-equipped to deal with the procedures required and are also not experienced in dealing with various officials and documentation. To counter this, the concerned line Ministry/Agency will assist displaced persons in making their claims under the LAA as part of the consultation and participation process, which has been discussed in the chapter related to implementation arrangements. The Community Development Officers (CDOs) and the Civil Society Organisations (CSO) will play a facilitative role in assisting the APs in accessing their entitlements. Displaced persons may face serious delays in the land acquisition process as such, in order to speed up the process; the concerned line Ministry/Agency will seek the advice of a Land Officer to provide coordination support.

The provisions of the LAA together with the compensation listed in the LAR 2008 largely meet the requirements of the OP 4.12 with regard to paying compensation. However, the LAA does not address all aspects of losses due to involuntary resettlement, especially that of, for example, squatters or others without legal title to the lands they live or work on, as per the OP. In particular, the law is indifferent to the landowner's present socio-economic conditions or the long-term adverse impacts on incomes and livelihood that the acquisition may cause on the affected people.

For the purpose of the determination of compensation, the market value of a land is generally 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 the notice in the gazette. Strips of land on canal reservations were earlier assessed as narrow "separate entities" realizing a low market value. For marshy lands and encroached lands, the encumbered value was computed realizing a low market assessment. The situation changed with the LAR 2008, which provide that, the unit value of the land shall be calculated by taking into consideration the whole plot of land and not the narrow strip required for the project.

The Ministry of Lands and Parliamentary Reforms is responsible for undertaking land acquisition. The Valuation Department is responsible for valuation. The law stipulates compensation only for the affected persons who are in possession of valid titles and such titles registered in the respective land registries. It does not recognise the rights of the non-title holders, such as squatters, who do not possess legal title to the lands they live on or are make a living from. Therefore, there is no provision to mitigate the adverse impacts they suffer under the LAA. However, the Entitlement Matrix (EM) provided in the RPF prepared under the Project offers compensation and Resettlement and Rehabilitation (R&R) assistance to the affected non-title holders.

The LAA provides for compensation for lands and other fixed assets built and grown on them (structures, trees and orchards and crops). And for loss of income for those who could prove their income losses by documentary proof up to a maximum of average net profit for the three years immediately preceding the publication of section 7 notice under LAA. The Land Acquisition Regulations (LAR) of 2008 has introduced provisions for loss of income and other impacts which can be compensated on furnishing of other evidence in lieu of documentary evidence in proof of payment of income tax by

the AP. The 2008 regulations however do not cover people who cannot produce evidence to claim compensation for loss of income.

### 6.1.2 Land Acquisition Regulations 2008

The Land Acquisition Regulations 2008 (LAR 2008), created under the Section 63(2)(f) of the LAA, came into effect on 17 March 2009. Several progressive provisions were introduced in the LAR 2008, including the provision of statutory payments of compensation for affected land at market rates, reconstruction cost of structure without depreciations, valuation for whole plot of land for determining proportional unit cost for the affected land parcel, business losses, relocation assistance. The LAR 2008 provisions for loss of income and other impacts which can be compensated on furnishing of other evidence in lieu of documentary evidence in proof of payment of income tax by the PAP. However, the LAR 2008 does not cover people who cannot produce evidence to claim compensation for loss of income.

The LAR 2008 provides for payment of compensation beyond 'market value' by incorporating compensation for injurious affection and severance (equivalent to the full cost of damage based on the market value of land acquired), and disturbances (based on the 'value to owner' of the property affected as per the written claims submitted by the PAP), permitting for reconstruction cost calculation without depreciation, and valuation for the whole plot of land for determining proportional unit cost for the affected land parcel, business losses, relocation assistance. It also provides for the PAPs to be entitled for a hearing before land is acquired. However, the compensation due to affected parties is to be exclusively determined by the Valuation Department. The regulations stipulate minimum time periods for specific tasks, elements, and the procedures for land acquisition.

### 6.1.3 National Involuntary Resettlement Policy 2001

The National Involuntary Resettlement Policy (NIRP) 2001 was approved by the Cabinet of Ministers to address the shortcomings of the LAA and treat PAPs in a fair and equitable manner. It called for a protective framework for the people who are displaced due to development projects to ensure their rights are respected and they are not impoverished or do not suffer unduly as a result of public or private project implementation. Through the NIRP, displaced persons are assured of a living standard comparable to that at the time of displacement. The main principles or features of the NIRP are:

- **Minimization and mitigation of negative impacts.** Steps are to be taken to avoid involuntary resettlement by reviewing alternatives to the project;
- **Guarantee adequate compensation to the affected persons in a timely manner.** Compensation is based on full replacement value including transaction costs, and is calculated to include loss of land, structures, other assets, and income. Compensation is not limited to the persons with documentary evidence of their interest in land. The policy provides for the authorities to re-establish livelihoods and income of the PAPs; and
- **Inclusion of the PAPs in the relocation and resettlement process.** The policy provides for resettlement action plans of varying levels of details depending on the number of people being displaced, to be published and to be made publicly available. RAPs are prepared for any project

requiring displacement of 20 or more persons. If PAPs are less than 20, a RAP with less details are prepared. Further, it provides for the PAPs to be fully involved in the selection of sites of relocation. Through this process the PAPs are made stakeholders of the entire process.

The NIRP ensures that (i) PAPs are adequately compensated, relocated, and rehabilitated; (ii) delays in project implementation and cost overruns are reduced; and (iii) better community relations are restored. It also establishes a framework for project planning and implementation to meet international best practices in involuntary resettlement. The responsibility for reviewing and approving RAPs is vested with the Ministry of Lands and Parliamentary Reforms.

The NIRP is yet to be adopted into the legislation. Implementing agencies are not obliged to apply the principles enshrined in the NIRP. Therefore, PAPs are unable to rely on the NIRP principles, as a matter of right, in case their land is being acquired. Full compliance requires the government to amend the existing laws. However, the NIRP is official and workable, and under conditions of political will, is capable of offering durable solutions and a way out of ethical and practical dilemmas in land acquisition and involuntary resettlement.

#### **6.1.4 Land (Restrictions on Alienation) Act, No. 38 of 2014**

Under this Act, the transfer of title of any land situated in Sri Lanka is prohibited to: (a) to a foreigner; or (b) to a company incorporated in Sri Lanka under the Companies Act where any foreign shareholding in such company, either direct or indirect, is fifty per cent or above; or (c) to a foreign company, unless exempted as provided in Act. The exemptions for transfer to a foreign entity, as provided in Section 3 of the Act, include: transfer to a Diplomatic Mission of another State, International, Multilateral or Bilateral Organization; condominium parcel situated on or above the fourth floor of a building; any land the title of which is transferred to a foreign investor in consequent to a decision of the Cabinet of Ministers taken prior to January 1, 2013; any land where the title is transferred to a next of kin (who is a foreigner); land the title of which is transferred to a dual citizen of Sri Lanka, bank licensed under the Banking Act, in which any foreign shareholding is fifty per cent or above, finance leasing institution.

#### **6.1.5 National Policy for the Payment of Compensation**

In November 2008, the Cabinet of Ministers approved a national policy to establish a uniform system of compensation payment. It superseded all other ad hoc and special compensation packages that existed as at the Cabinet approval date.

#### **6.1.6 Land Acquisition Regulations 2013**

The Land Acquisition Regulations 2013 (LAR 2013) provides for a comprehensive compensation package that goes beyond that prescribed in LAR 2008, including ex gratia and non-statutory payments of compensation through the LARC and Super LARC systems, to aggrieved parties who are dissatisfied with the statutory payments and/or who are excluded from statutory payments under the LAR 2008. However, the payment of compensation under the LAR 2013 is permitted only for development projects that are designated as 'specified projects' by the Ministry of Lands. Since this Project has not been

recognised as a 'specified project' the LAR 2013 may not apply, unless specific approval is provided to the Project.

#### **6.1.7 State Lands Act No. 13 of 1949**

This Act provides for the grant and disposition of state lands in Sri Lanka; for the management and control of such lands and the foreshore; for the regulation of the use of the water of lakes and public streams; and for other matters incidental to or connected with the matters aforesaid. This Act comprises of 14 parts. Section 51 stipulates that title to state reservations cannot be acquired by possession or usage. Section 53 exempts state from liability to pay compensation for improvements effected on reservations. It states that no person shall be entitled to any compensation from the state in respect of any improvements effected at any time after the commencement of this Ordinance on any State land reservation; nor shall any claim for any such compensation be at any time entertained by any court. Section 54 provides for summary ejectment of offenders in unlawful possession of state reservations.

Section 103 of the State Lands Act provides that no person can by possession or user of land acquire any prescriptive title against the Crown if such land is (a) after the commencement of the ordinance declared to be the property of the crown under the Land Settlement Ordinance, or (b) after such date acquired by the Crown under the LAA, or (c) after such date resumed by the crown under the Land Redemption Ordinance and has at any time prior to or after the declaration, acquisition or redemption been land marked with boundary marks by or under the authority of the Surveyor General.

#### **6.1.8 State Lands (Recovery of Possession) Act No. 7 of 1979**

The provisions for the recovery of possession of State lands from persons in unauthorized possession or occupation thereof are contained in the State Lands (Recovery of Possession) Act No. 7 of 1979. Further Section 10 stipulates that no appeal is maintainable against an order of eviction by a Magistrate. Section 13 provides for reasonable compensation for the damage sustained by reason of his having been compelled to deliver up possession of such land. While provisions under this Act will apply for the PPP Projects, especially in relation to the payment of compensation, under no circumstances will there be forced eviction under the Project, irrespective of the status of land ownership.

#### **6.1.9 Land Development Ordinance No. 19 of 1935**

This Ordinance deals with the systematic development and alienation of Crown Land of Ceylon and comprises 12 chapters. Chapter 7 of the Land Development Ordinance (LDO) sets out the procedure for cancellation of a state land given on a permit or grant for non-compliance of the conditions of permit. Section 106 gives notice to permit holder where there has been a breach of the condition of permit. If a person failed to appear before the inquiring officer, provision has been made under Section 109 of the said Ordinance to cancel the permit. Section 110 lays down the procedure where permit holder appears and shows cause for the failure to develop the land as per provision of the permit given to him. Section 112 prescribes the order of Government Agent to be served on the permit holder and to be posted on land. Section 113 provides for an appeal to the Land Commissioner against the order of the Government Agent.

The procedure for ejectment (eviction) of a person in occupation of a state land given on a grant is spelt out in Chapter 9 of the LDO. Section 168 of the LDO stipulates the offences in regard to state land. It says that if any person without the permission of the Government Agent clears or breaks up for cultivation any state land or erects any building or structure on any state land, fells any trees standing on such land or otherwise encroaches on such land is guilty of an offence and subject to fine and imprisonment. Thus, the rights of a mala fide possessor are not recognised for compensation for improvement under the laws of Sri Lanka. Notwithstanding the above provisions relating to reservations on state lands and recovery of state lands, no person affected by the Project will be ejected from his/her residence or business irrespective of his/her status without, if eligible, being provided with appropriate RR&R assistance as spelt out in the EM provided in this RPF.

#### **6.1.10 Prescription Ordinance No. 22 of 1971**

This is an Ordinance to confirm rights on people through a legal process who had unencumbered possession of private lands for over 10 years. However, under Section 15 of the Prescription Ordinance, prescription does not run against the State. Prescription Ordinance No 22 of 1971 made express provision with respect to the means by which a person may acquire the ownership of a block of land through the peaceable and uninterrupted possession of it for a period of ten years. Section 3 of the Ordinance provides as follows: "Proof of the undisturbed and uninterrupted possession by a defendant in any action, or by those under whom he claims, of lands or immovable property, by a title adverse to or independent of that of the claimant or plaintiff for ten years previous to the bringing of such action, shall entitle the defendant to a decree in his favour with costs."

#### **6.1.11 Law of Compensation for Improvements**

A person who enjoys possession can be either bona fide or mala fide. A mala fide possessor is one who knows that the land is not his property and that his possession is unlawful. The rights and remedies of a mala fide possessor in respect of improvements differ from that of a bona fide possessor. The general rule is that a mala fide possessor is not entitled to compensation for useful improvements. Thus, Sri Lanka's laws such as the Land Development Ordinance do not recognise the right to compensation for improvements done by a mala fide possessor or occupier of a state reservation. Notwithstanding these legal provisions, the Entitlement Matrix provides for extending appropriate R&R assistance to the eligible residential and commercial non-title holders, who may be legally classified as mala fide possessors of state land. This means, the affected mala fide possessors of state land, that are affected by the Project shall not be evicted under law without being provided with R&R benefits as per this RPF.

#### **6.1.12 Temple and Devalagam Act**

This Act deals with lands donated to the temples and Devalas (Places of religious significance) by rulers under a deed of dedication, sometimes by 'Sannasas' (Order) for the maintenance of such institutions. "Rights of the custodian of temples and devalas for the receipt of compensation in the event of land acquisition for public purposes are spelt out in this Act in addition to the other provisions.



## 6.2 World Bank Social Safeguards Policies

The RPF seeks to ensure that a due diligence process is in place to avoid exacerbating adverse social impacts and to guarantee unfailing treatment of social issues across all interventions. All projects funded by the WB must comply with the Bank's social safeguards. Specifically, to eliminate or reduce the adverse effects of developmental projects, the WB has two social safeguard policies:

- OP/BP 4.10: Indigenous Peoples
- OP/BP 4.12: Involuntary Resettlement

In the context of this project, the World Bank's OP/BP 4.10 does not apply since there is no evidence indicating there are indigenous groups in Sri Lanka that would fall into the characteristics of: (a) self-identification as members of a distinct indigenous cultural group and recognition of this identity by others; (b) collective attachment to geographically distinct habitats or ancestral territories in the project area and to the natural resources in these habitats and territories; (c) customary cultural, economic, social, or political institutions that are separate from those of the dominant society and culture; and (d) an indigenous language, often different from the official language of the country or region. OP/BP 4.12 on Involuntary Resettlement is however applicable to the Project and will be used to guide land acquisition and related resettlement or compensation issues associated with the project.

### Involuntary Resettlement Policy (OP/BP 4.12)

Involuntary resettlement covers situations where there are risks and impacts associated with loss of land, other assets, livelihood, or standard of living. The World Bank operational policy on Involuntary Resettlement (OP 4.12) seeks to: (a) avoid where feasible or minimize involuntary resettlement, exploring all viable alternative project designs; (b) if not feasible, carry out resettlement activities as sustainable development programmes that provide sufficient resources to enable displaced persons to share in project benefits; (c) ensure that the displaced persons are informed about their options and rights pertaining to resettlement; (d) meaningfully consult the displaced persons and provide them with opportunities to participate in the planning and implementation of resettlement programmes; (e) assist the displaced persons in their efforts to improve their standards of living or at least to restore them to pre-displacement levels or to levels prevailing prior to the beginning of project implementation, whichever is higher.

In situations where there are risks and impacts associated with the aforementioned losses, the Bank requires that the borrower prepares a Resettlement Plan or a Resettlement Policy Framework (RPF). The RPF, for projects of this nature where the sub-projects that have not been fully prepared could potentially have a negative effect on people's assets and livelihoods. Since some of the 65 potential PPP projects are likely to involve land acquisition and involuntary resettlement, a decision has been taken to adopt a framework approach for the management of social impacts under this Project.

Accordingly, this RPF, sets out principles for safeguards management; procedures to screen and assess social impacts and prepare Resettlement Action Plan (RAP) or Abbreviated Resettlement Action Plan (A-RAP) to mitigate the same; lays down entitlements with eligibility criteria for providing compensation

and resettlement benefits; implementation arrangements necessary to implement the action plans to mitigate impacts; and a monitoring framework to be utilized by the PPP proponents and the PPP Unit.

The required measures to address the impacts resulting from involuntary taking of land including: ensuring that the affected persons are informed about their options and rights pertaining to resettlement; consulted on and provided with technically and economically feasible resettlement alternatives and provided compensation at full replacement cost. Where the impacts include physical relocation, the RPF includes measures to ensure that the displaced persons are provided moving allowances and provided with residential housing.

As per the OP 4.12, in cases where impacts on the entire displaced population are minor, or fewer than 200 people are displaced, an abbreviated resettlement plan (A-RAP) may be agreed with the borrower. Impacts are considered “minor” if the affected people are not physically displaced and less than 10 per cent of their productive assets are lost. In other instances, a full Resettlement Action Plan (RAP) will have to be prepared.

### **6.3 Gap Analysis of National and World Bank Safeguard Requirements**

To summarise, Sri Lanka has a complex legal system to manage land acquisition and regulate land use. It has an advanced system for valuation of properties, both in specialised and non-specialised categories involving different methods as mentioned earlier in this chapter. The existing legal provisions come close to meeting the WB’s safeguard requirements in respect of land acquisition and involuntary resettlement. Specifically, the GOSL’s NIRP and the LAR of 2008 and 2013 seek to address gaps thus bringing the process closer to the Bank’s safeguards policies. However, unless the PPP operations supported under the Project for feasibility studies are accorded ‘specialized status’ under LAR 2013, provisions contained in the LAR 2013 may not apply in the context of this project. Further, the NIRP while being largely consistent with OP 4.12, is nevertheless a statement of policy intention without specific rules and prescriptions to guide safeguards implementation.

In this context, this RPF provides an Entitlement Matrix and specific guidelines to address risks associated with involuntary resettlement in compliance with the Bank OP 4.12. Whereas the LAA will remain the main legal procedure for acquiring any private land required for the Project, the APs and households will receive eligible compensation and resettlement benefits as per the EM given in this RPF irrespective of their title or occupancy status prior to losing shelter, business, assets, and incomes due to this Project.

As per the LAA, the Ministry of Land is responsible for undertaking land acquisition, through the acquisition officers appointed by the Minister of Lands and published in the Government Gazette for information of the public. All Divisional Secretaries are ex-officio Acquisition Officers, whereas the Valuation Department is responsible for valuation. The law stipulates compensation only for the affected persons who are in possession of valid titles and such titles registered in the respective Land Registries. It does not recognise the rights of those, such as squatters, who do not possess legal title to the lands they live in or make a living from. There is thus no provision to mitigate the adverse impacts

they suffer under the LAA. However, the Entitlement Matrix (EM) provided in this RPF offers compensation and Resettlement and Rehabilitation (R&R) assistance to the affected squatters as well.

The LAA provides for compensation for lands, other fixed assets built and grown on them (structures, trees and orchards and crops), and for the loss of income for those who can prove their income losses by documentary evidence up to a maximum of average net profit for the three years immediately preceding the publication of Section 7 Notice under LAA. The LAR 2008 has introduced provisions for loss of income and other impacts that can be compensated on furnishing of other evidence in lieu of documentary evidence in proof of payment of income tax by the Affected Persons. The 2008 regulations however do not cover people who cannot produce evidence to claim compensation for loss of income. In addition to offering compensation and R&R assistance to people who experience loss of income, regardless of their ability to provide evidence or not (as provided in the EM), the RPF also includes measures for restoring livelihoods of the affected persons.

Table 6 below presents gaps between national regulations and World Bank’s policy requirements, and measures that will be taken to address these gaps.

**Table 6: Gaps between National Regulations and World Bank’s Safeguards Policy Requirements**

<b>World Bank’s OP/BP 4.12</b>	<b>National Laws/Policies</b>	<b>Measures to bridge the gap</b>
<b>Involuntary resettlement should be avoided wherever possible and minimized by exploring project and design alternatives</b>	LAA: Discourages unnecessary acquisition and requires that the land should be used for the purpose for which it is acquired  NIRP: Involuntary resettlement should be avoided or reduced as much as possible by reviewing alternatives to the project as well as alternatives within the project.	No difference between OP 4.12 and NIRP on this principle
<b>Early screening to identify social impacts and risks; Survey/ census of displaced persons to determine scope of resettlement planning</b>	LAA: No stipulation for the identification of affected people through initial baseline survey.  NIRP: comprehensive Resettlement Action Plan is required if 20 or more families are affected. If less than 20 families, are affected, the policy still applies but a plan can be prepared to a lesser level of detail.	As part of the feasibility studies, early identification of potential impacts will be carried out through social screening, and SIA will be conducted to assess precise impacts to assess physical and economic displacement as well as other types of permanent and temporary impacts
<b>Carry out free, prior and informed consultation</b>	LAA: Consultation with affected population is not required  NIRP: Affected persons should be fully involved in selection of relocation sites, livelihood compensation and development options at the earliest opportunity; resettlement should be planned and implemented with full participation of provincial and local authorities; to assist those affected to be economically and socially	While preparing the safeguards instruments, i.e., RAPs, as part of the feasibility studies, consultations will be carried out with the PAPs  The safeguards instruments prepared will also include specific actions/plans for consultations at all stages of the project cycle of the PPP projects.

World Bank's OP/BP 4.12	National Laws/Policies	Measures to bridge the gap
	integrated into host communities, participatory measures should be designed and implemented	
<b>Public disclosure requirements</b>	LAA: Statutorily imposes all communication to be public announced through legal notifications in print media, and through GN Officers; No stipulation regarding disclosure of RAP NIRP: If the project is subject to an IEE or EIA, the report should be available for the information for public comments; no stipulation regarding disclosure of RAP	This RPF and the PPP Project-specific RAPs will be disclosed in-country and available at a place accessible to displaced persons and local NGOs, in a form, manner, and language that are understandable to them. In addition, the RPF and the individual RAPs will also be published in World Bank's external website after it has been reviewed and cleared by the Bank.
<b>Establishment of Grievance Redress Mechanism to receive and facilitate resolution of complaints and grievances</b>	LAA: Provisions for formal appeals in the country's legal system NIRP: To make all affected people aware of processes available for redress of grievances that are easily accessible and immediately responsive	The safeguards instruments prepared as part of the feasibility studies will include mechanisms for grievance redressal to be established at the local level where project will be implemented and also at the Project level to address grievances that are escalated to higher levels. Information about GRM will be widely disseminated, and a system for tracking complaints will be established.
<b>Improve or at least restore the livelihoods of all displaced persons in real terms relative to pre-project levels</b>	NIRP: The livelihoods of the displaced persons should be reestablished and the standard of living improved...no impoverishment of people shall result as a consequence of compulsory land acquisition for development purposes by the State LAR 2008: Transition period considered, and provides expenses for finding alternative accommodation and other payments for disturbances	No difference between OP 4.12 and NIRP on this principle. The RPF includes guidance for ensuring that the livelihoods of affected persons is improved or at least restored
<b>Eligibility of non-titleholders to resettlement assistance and compensation for losses of non-land assets</b>	LAA: Only titleholders and tenants protected under the Rent Act 1972 are eligible for compensation NIRP: Affected people who do not have documented title to land should receive fair and just treatment	The NIRP broadly concurs with WB on the issue, though less explicitly. The process for verification of impacts and establishing the eligibility of different categories of APs (including non-titled APs) is outlined in the RPF. The EM provides for compensation to all affected persons whether physically or economically displaced irrespective of their legal status. The date of the census survey and the notification of Section 2 of the LAA will be considered as the cutoff date and affected persons listed on the cut-off-date will be eligible for assistance regardless of their ownership
<b>Preparation of resettlement plan focusing on displaced persons' entitlements, income</b>	NIRP: The Project Executing Agencies (PEAs) will be responsible for complying with all the requirements for planning and implementing resettlement according to the NIRP; PEAs that	NIRP and WB policy do not differ on this though NIRP mentions these under different headings. The RPF for the Project is

World Bank's OP/BP 4.12	National Laws/Policies	Measures to bridge the gap
<b>and livelihood restoration strategy, institutional arrangements, monitoring and reporting framework, budget and timebound implementation schedule</b>	have significant resettlement in their projects will establish Resettlement Units with adequately trained staff; a system of internal monitoring should be established by PEAs to monitor implementation of Resettlement Action Plans, including budget, schedule and delivery of entitlements, consultation, grievances and benefits; a further system of external monitoring and evaluation by an independent party should be established to assess the overall outcome of resettlement activities	prepared in accordance with WB's OP 4.12 which provides clear guidelines on the structure/outline of RAP/A-RAP
<b>Payment of compensation at replacement cost, and provide other resettlement entitlements before physical or economic displacement.</b>	NIRP: Replacement land should be an option for compensation in the case of loss of land; in the absence of replacement land, cash compensation should be an option for all APs; 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 LAR 2008: Provides for valuation at replacement cost	NIRP does not mention that compensation and entitlements are to be paid or provided before physical or economic displacement. The RPF provides for a census survey and an inventory of income and livelihood losses; it also provides for compensation as per the EM for both physically and economically affected persons, prior to displacement. The RPF and EM requires compensation for the loss of land and other assets, including for any improvements on the land, will be at full replacement cost.
<b>Implement measures to minimize and mitigate adverse economic and social impacts, particularly upon poor and vulnerable groups.</b>	NIRP: Resettlement should be planned as a development activity for the affected people; Vulnerable groups should be identified and given appropriate assistance to substantially improve their living standards; Gender equality and equity should be ensured and adhered to.	No difference between OP 4.12 and NIRP on this principle. Measures are included in the RPF for minimizing impacts as well as targeted approaches for maximizing participation and benefits for women, poor and vulnerable groups
<b>Monitor and assess resettlement outcomes, their impacts on the standards of living of displaced persons and whether objectives are achieved by taking into account baseline conditions and results of resettlement monitoring.</b>	NIRP: Provisions related to internal monitoring and external monitoring and evaluation; monitoring and evaluation reports should be reviewed by PEA, CEA and Ministry of Land Development (MLD) and action taken to make improvements where indicated; Affected persons and other stakeholders should be consulted in monitoring and evaluation.	RPF includes guidance on monitoring provisions to be included in the PPP project specific safeguards instruments.

## 6.4 Guiding Principles for Resettlement/Land Acquisition under PPP Projects

Based on the above analysis, the following resettlement/land acquisition and impact mitigation principles derived from national regulations on land acquisition, World Bank's OP/BP 4.12 on Involuntary Resettlement, and NIRP, will be adopted by the PPP projects:

1. Screen the potential PPP projects selected for feasibility studies early on to identify past, present, and future involuntary resettlement impacts and risks (Annex I for Sample Social Screening Checklist). Accordingly, the scope of resettlement planning will be determined through a survey and/or census of affected persons, including a gender analysis, specifically related to resettlement impacts and risks. Measures to avoid and minimize involuntary resettlement impacts will include:
  - Exploring alternative alignments or locations which have less impacts;
  - Ensuring that appropriate technology is used to reduce land requirements; and
  - Modify the designs, cross sections, and geometrics of components to ensure that involuntary resettlement is avoided or minimized.
2. Carry out meaningful consultations with affected persons, host communities, and concerned non-government organizations. All persons to be potentially displaced will be informed of their entitlements and resettlement options. Further, measures will be included in the safeguards instruments prepared for each PPP project feasibility study to ensure their participation in planning, implementation, and monitoring and evaluation of resettlement programs. Special attention will be paid to the needs of vulnerable groups, especially those below the poverty line, the landless, the elderly, women and children, and those without legal title to land, and ensure their participation in consultations. Further, measures for supporting the social and cultural institutions of displaced persons and their host population, will also be included in the safeguards instruments prepared.
3. Develop plans and activities to improve, or at least restore, the livelihoods of all displaced persons through the following measures: (i) where possible, land-based resettlement strategies when affected livelihoods are land-based, or cash compensation at replacement cost for land when the loss of land does not undermine livelihoods; (ii) replacement of assets, with access to assets of equal or higher value; (iii) compensation at full replacement cost for assets that cannot be restored; and (iv) additional livelihood restoration strategies for project affected persons and families. All the compensation (to be provided in lump-sum), resettlement entitlements, allowances, and other forms of assistance will be paid/provided prior to site possession, hand over for civil works, physical or economic displacement and prior to the start of any civil works.
4. Provide physically and economically displaced persons with 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.

5. Identify and mitigate vulnerability, in terms of socio-economic characteristics of the APs or households through targeted inclusion, capacity building and income assistance interventions. Women will be given equal access to resources and services and provided with opportunities that would empower them to equally participate and be equally represented in the development process;
6. Ensure that affected persons without titles to land or any recognizable legal rights are eligible for resettlement assistance and compensation for loss of non-land based assets.
7. Prepare a Resettlement Action Plan (or an abbreviated resettlement action plan) elaborating on the entitlements of the affected persons, the income restoration strategy, institutional arrangement, monitoring and reporting framework, budget and time-bound implementation schedule.
8. Disclose the RAP/A-RAP, including documentation of the consultation process in an accessible place and form and language understandable to the affected person and other stakeholders during the preparation of the PPP projects. Disclose the final plan and its updates to the affected person and other stakeholders in a similar manner.
9. Establish a grievance redress mechanism to receive and facilitate resolution of the concerns of affected persons. Monitor and assess resettlement outcomes, their impacts on the standard of living of the affected persons, and whether the objectives of the RAP/A-RAP have been achieved by taking into account the baseline conditions and the results of the implementation of the action plans.
10. Conceive and implement the RAP/A-RAP as part of the PPP project/intervention, and include the full costs of resettlement in the presentation of the project's costs and benefits.

The steps that the concerned line Ministry/Agency will have to follow for acquiring land is provided in Annex II and Annex III.

## **7. Resettlement Planning and Safeguards Management**

This chapter provides strategies and principles for: identifying project-affected individuals, families, communities; assessing potential social impacts of PPP projects; and measures for avoiding, minimizing and managing any adverse impacts, while preparing the feasibility study for each PPP Project. The RPF is meant to enable the project implementing agencies to adequately incorporate social safeguard considerations in the planning, execution and operation or management of different activities under the PPP projects.

### **7.1 Key Steps in Resettlement Planning**

The key steps in resettlement planning are: social screening, SIA, inventory and valuation, determining eligibility and entitlements, consultation and disclosure of findings, preparation of resettlement instruments (abbreviated or full resettlement action plan), consultation and finalisation of the RAPs, development of resettlement sites, disclosure of the final RAP (impacts, entitlements, implementation agencies and schedule, list of eligible APs, grievance redress mechanisms (GRMs), initiation of the land acquisition process; disbursement of compensation and the RR&R entitlements, relocation planning and actual relocation, resolution of grievances if any, site clearance, site handover to contractor for civil works; post resettlement support measures, monitoring and evaluation. The process starts with assessment and categorization of impacts discussed below.

#### **7.1.1 Social Screening and Categorization of Resettlement and Other Social Impacts**

The respective line Ministry or line agency will carry out the screening of subprojects for assessing their potential involuntary resettlement impacts using the Sample Social Screening Checklist given in Annex I. This will be done either with its own social specialists and other relevant staff or, if there are no such skills, with the help of external consultants. The social screening report will be prepared by the respective line Ministry or line agency's social specialist, which shall be reviewed by the Deputy Project Manager (Safeguards) or equivalent, and submitted to the NAPPP for clearance. The Deputy Director (Social Safeguard) or equivalent at the NAPPP will finally endorse the social screening and safeguard categorisation of the proposed sub-project.

For any PPP projects that cause significant resettlement impacts (Category A), a full-scale SIA/census survey will be carried out and a comprehensive RAP will be prepared and implemented. However, abbreviated RAPs will be prepared for sub-projects affecting less than 200 persons based on the screening report and SIA, and/or if the project does not lead to any physical displacement. If a sub-project has no adverse impact, social screening report (SSR) or a due diligence report (DDR) will be submitted confirming the same and also stating reasons for the same (Sample SSR is in Annex IV).

SSR, Social DDRs, abbreviated and full RAPs will be shared with the PPP Unit and the relevant Ministry/government agencies for review and clearance prior to site possession, physical or economic displacement and the start of any civil works. A sample template for preparing Abbreviated RAP (A-



RAP) and full RAP are provided in Annex VI and Annex V respectively for reference. Both full and abbreviated RAPs shall ensure that compensation, rehabilitation, and relocation arrangements are planned and budgeted, meeting the agreed resettlement policy requirements. Once finalised, the RAP will be approved by PPP Unit and the relevant Ministry/government agency. Table 7 summarises safeguards documentation requirements.

**Table 7: Type of Social Safeguard Documents Required for the Project**

Coverage of Negative Social Impacts	Type of Documents Required
<p><i>For PPP projects with minor impacts, including:</i></p> <ul style="list-style-type: none"> <li>- Affect (displacement of) less than 200 individuals;</li> <li>- Do not lead to any physical displacement; and</li> <li>- Affected persons lose less than 10% of their productive (income-generating) assets</li> </ul>	<p>SSR, SIA, and Abbreviated RAP (Outline of an Abbreviated Resettlement Action Plan is provided in Annex VI).</p>
<p><i>For PPP projects with significant impacts, including:</i></p> <ul style="list-style-type: none"> <li>- Affect (displacement of) more than 200 individuals;</li> <li>- Cause physical displacement; and</li> <li>- Lead to affected persons losing more than 10% of their productive</li> </ul>	<p>SSR, SIA, census survey, RAP with R&amp;R assistance and income restoration measures (Outline of the Resettlement Action Plan is shown in Annex V). The Social survey questionnaire is given at Annex VII</p>

**7.1.2 Social Impact Assessment**

If the Social Screening indicates that the project is Category A or B, the respective line Ministry or line agency will carry out the SIA including 100% census survey of affected households (Sample Questionnaire for Census Survey is included in Annex VII). The line Ministry or line agency can do this with their own staff or through consultants depending on the expertise needed, nature, type, urgency and scale of the assignment. For large works, external consultants may be hired (Annex IX includes a Sample ToR for conducting SIA and resettlement planning). The SIA will provide information on the losses and damages suffered by individuals or families, and communities, impacts on women and vulnerable communities, etc.

Following finalisation of the construction designs, the detail measurement survey (DMS) of the affected land and/or non-land assets and census survey of the affected households will be carried out to record the actual impacts and prepare the inventory of losses. The information will also include a profile of the affected households including demographic and socio-economic details including landownership, usage and productivity and income, scope and nature of involuntary resettlement impacts, including impacts on vulnerable communities. Additional information, if relevant, will be gathered through primary and secondary stakeholder consultations (Focus Group Discussions – formal or informal) with the affected people, and vulnerable community groups, community leaders, registered civil societies, NGOs and Community Based Organisations (CBOs). These discussions will focus on the positive and negative impacts; measures to enhance positive impacts and reduce or mitigate negative impacts. As part of the land acquisition process, a replacement cost assessment (or asset valuation) will also be carried out, which will form the basis for determining the compensation for the affected land and assets.

### **7.1.3 Preparation of a Project-Specific Abbreviated or Full Resettlement Action Plan (A/RAP)**

Once the decision is made on the PPP investments for the feasibility studies and the location of a given PPP project, the respective line Ministry or line agency will start the RAP processes, including the preparation of the RAP. The outline of site-specific RAP is presented in Annex - IV. Following consultations with the affected persons, the RAP or the A-ARAP prepared by the relevant line Ministry/Agency will be submitted to the PPP Unit for review and clearance.

## **7.2 Eligibility, Entitlements and the Entitlement Matrix**

The entitlements, compensation and eligibility, including preparation of the EM, is based on the provisions in the LAA of 1950 and LAR of 2008 together with the principles of the NIRP and the relevant WB policies. The EM considers the unit of loss to determine the unit of entitlement. The RPF provides additional guidelines for integrating social inclusion, accountability and gender considerations in planning and implementing resettlement activities depending on the rights of APs.

### **7.2.1 Entitlement Matrix (EM)**

The EM for this Project is developed based on the analysis of potential impacts based on the analysis of the short list of 13 transactions currently being considered for feasibility studies. In this regard, the impacts and losses as well as the provisions for compensation and R&R benefits for various categories of losses and impacts, are generic in nature. For each PPP Project, a separate Entitlement Framework will be worked out considering analysis of impacts and the nature of the losses that the PAPs may have to incur due to project activities.

Table 8 of this RPF presents the general EM that will be used to prepare project-specific RAP during implementation. The EM is governed by applicable Sri Lankan laws, regulations and the NIRP, and is in compliance with the WB's safeguard policies. The EM offers compensation for loss of land and structure, structure loss at replacement cost, compensation including to non-title holders (squatters or encroachers) for structure loss, priority to avail shops on long-term lease for displaced shopkeepers, assistance for informal business owners, assistance for temporary loss of incomes, additional benefits for vulnerable displaced households, re-establishment of community facilities, and mitigation measures for temporary impacts.

**Table 8: Entitlement Matrix (EM) for PPP Projects**

No.	Type of Loss	Application	Definition of Entitled Person	Compensation Policy
1.	Loss of private land	Private land	Legal titleholder(s) Tenants/leaseholders	<p><i>For titleholders:</i> Compensation at replacement cost or land-for-land where feasible, according to PAPs' choice;<sup>11</sup> In addition, fees, taxes, and other charges related to replacement land;</p> <p><i>For tenants/leaseholders:</i> Assistance towards temporary accommodation for up to three months or rental assistance as per prevalent rate in the form of grant to cover up to three month rentals, whichever is higher; Refund for rental deposit or unexpired lease from owners' total compensation package upon submission of documentary evidence;</p> <p><i>For both:</i> Relocation assistance (cost of shifting<sup>12</sup> and livelihood restoration assistance); Additional compensation for vulnerable households (item 9).</p>
2.	Loss of private land	Private land	Non-title holder(s) (informal settlers)	<p>Compensation for lost assets and other improvements made to land at full replacement cost;</p> <p>Relocation assistance (cost of shifting<sup>13</sup> and livelihood restoration assistance);</p> <p>Additional compensation for vulnerable households.</p>
3.	Loss of structures and shelters (e.g., dwelling areas/houses, kiosks, offices, staff quarters, store, garage, etc.) and other fixed assets (compound walls, tube wells, pumps shed, store etc.)	Structures on government-owned land; Structures on private land	Legal titleholders Informal settlers Non-title holders	<p>Replacement of affected structure/shelter with similar/improved facilities;</p> <p>Provision of alternative space/ facilities for similar use as at present, during period of demolition/reconstruction;</p> <p>If reconstruction is not possible due to insufficient/unavailability of land to build:</p> <ul style="list-style-type: none"> <li>- New structure in the relocation area, or</li> <li>- Replacement value of structure;</li> </ul> <p>Where actual loss of structure is partial and the remaining portion is not viable for use, compensation for whole structure, otherwise, compensation only for affected structure;</p> <p>Free transport facility or shifting assistance of Rs. 8,000 (one-time payment) to the new location;</p> <p>Right to salvage material from existing structure</p> <p><i>For tenants and non-titleholders:</i> Compensation for structures erected by tenants/squatters and encroachers to be paid directly to these them</p>
4.	Loss of livelihood	Livelihood	Legal titleholder(s); licensed vendor, Tenant/leaseholder(s);	<p>Assistance for lost income for three months at net average adjusted profit of the three years immediately preceding the publication of Section 2 of the LAA on production of</p>

<sup>11</sup> Including option for compensation for non-viable residual portions.

<sup>12</sup> To be provided to APs relocating to a new AP-determined site, equivalent to a day's hire of a truck, including shifting within a 50-km radius (estimated to be LKR 8,000).

<sup>13</sup> To be provided to APs relocating to a new AP-determined site, equivalent to a day's hire of a truck, including shifting within a 50-km radius (estimated to be LKR 8,000).

No.	Type of Loss	Application	Definition of Entitled Person	Compensation Policy
			Non-title holder(s); Hawkers, vendors, employees of commercial structure, wage labourers	tax declaration documents; Assistance for lost income at LKR 15,000 for three months after the publication of Section 2 of the LAA if books of accounts or tax declaration cannot be produced; Additional compensation for vulnerable households; Consideration for project employment; Development assistance, such as land development, credit facilities, training; Transitional allowance based on three months' minimum wage rates
5.	Temporary disruption livelihood	Livelihood loss	Legal titleholders, licensed vendors Tenants, leaseholders; and Persons with non-recognisable claims (non- licensed hawkers, vendors, employees of shops, wage labour, etc.)	Compensation for lost income at replacement cost or a transitional allowance for the period of disruption whichever is greater <sup>14</sup>
6.	Damage caused to government or private property during construction	Partial or total damage to permanent structures and assets <sup>15</sup>	Legal titleholders, Tenants, leaseholders; and Persons with non-recognisable claims (informal settlers)	Replacement cost of restoring to original or better condition; <sup>16</sup> Alternative sources of water made available during the construction period (if temporary disruption in water supply service); Immediate replacement and restoration of connection (if damage to connections during pipe replacement/rehabilitation)
7.	Temporary loss of structures in the area of impact	Temporary or semi-permanent structures or stalls and other assets	Legal titleholders, licensed vendors Tenants, leaseholders; and Persons with non-recognisable claims (informal settlers, non-	Replacement cost of the structure and other assets (or part of the structure and other assets, if remainder is viable); Shifting assistance from and back to the location; Right to salvage materials from structure and other assets; Additional compensation for vulnerable households

<sup>14</sup> All businesses identified in the project-impacted areas (sections ready for construction) on the cut-off date will be entitled to compensation for lost income based on the tax record, or, in its absence, comparable rates from registered businesses of the same type with tax records, or for shops not qualifying under these categories (hawkers, vendors, etc.), the option of using the actual income based on survey followed by a verification of the income data based on comparable incomes in the project area.

<sup>15</sup> These could include tube wells, storage tanks, walls, fences, sheds, trees, any improvements made to land, etc.

<sup>16</sup> The replacement cost of structures and other immovable properties will be determined on the basis of market cost of materials to build a replacement structure with an area or quality similar or better than those of the affected structure, or to repair a partially affected structure, plus the cost of transporting building materials to the construction site plus any labour and contractor's fee. All costs to be current for the period of actual replacement.

No.	Type of Loss	Application	Definition of Entitled Person	Compensation Policy
			licensed hawkers, vendors etc.)	
8.	Loss or temporary impacts on common resources, structures and facilities	Common resources and structures including service roads, inner roads, places of worship, playgrounds, footpaths/trails, culverts, water points/connections, toilets, etc.	Local community, including non-titleholders using and dependent on land/common resources and facilities	Restoration or replacement of access to lost facilities in areas identified in consultation with affected communities and relevant authorities; Provision of temporary services during construction work to avoid inconveniences
9.	Temporary acquisition and/or impacts of civil works	Temporary adverse impacts of civil works (e.g., loss of access, damage to property or land, safety hazards, impact on mobility)	Legal titleholder; licensed vendor, Tenant/leaseholder; Non-titled; Hawkers, vendors, employees of commercial structure, wage labourers; Local communities	Public notice at the site informing the people about: work schedule, likely temporary impacts, signage; contact details of the officer in charge and GRM; Cash compensation for any assets affected (e.g., boundary wall demolished, trees removed); Necessary traffic management measures for facilitating mobility; Special measures to provide access for continuing trade/business
9.	Impacts on vulnerable PAPs <sup>17</sup>	All impacts	Vulnerable PAPs	In case of income losses, vulnerable households provided with additional 25% compensation over and above actual loss or minimum wage rate, whichever is higher; Vulnerable households given priority in project construction employment (unskilled labour)
10.	Any other loss not identified		Legal titleholders, Tenants, leaseholders; and Persons with non-recognisable claims (informal settlers, hawkers, vendors, employees of commercial establishments, wage labour, etc.)	Unanticipated involuntary impacts will be documented and mitigated based on principles in WB's OP/BP 4.12 and OP/BP 4.01.

Details on the entitlements, compensation, livelihood restoration strategies, and other procedures that will be adopted under the project, are described below.

<sup>17</sup> Vulnerable APs consist of women-headed households, the very poor (those below the poverty line), the disabled, the elderly, landless families, and informal waste workers (including scavengers, waste pickers, and informal waste recyclers) whose livelihoods are dependent on informal waste-picking activities and scavenging.

### **7.2.2 Unit of Entitlement**

For the purposes of this RPF, the unit of entitlement can be an individual, household, family, or a community. However, even in the cases where the household is the unit of entitlement, for R&R benefits, in case of providing compensation for the loss of land and structure, the titleholder-who may be an individual, a household, or a group of individuals, become the unit of entitlement. If more than one person has legal or customary rights to a property or resource recognised under law, the compensation will be shared by all of them.

### **7.2.3 Cut-off Date**

All eligible PAPs will be informed about the project and the RAP process, and a cut-off date will be established as part of determining PAPs eligibility. Under this Project, the cut-off date for eligibility of entitlements is either the start date of the census survey of the affected population or the date of Section 2 notification under the Land Acquisition Act No. 9 of 1950. The cut-off date will be publicly announced and there will be continuous public dissemination of information on the area delineated to prevent further population influx. Persons who encroach on the area after the cut-off-date will not be entitled to claim compensation or any other form of resettlement assistance. Likewise, fixed assets such as built structures or planted trees after the cut-off date will not be covered and compensated.

### **7.2.4 Eligibility Criteria**

Any person or household, or community that suffers loss of access to land, shelter, structures, business, income, sources of livelihood because of the project impacts will be eligible for receiving compensation and/or R&R assistance to offset such loss and enable restoration of living conditions to a state better or equal to the pre-project situation. The eligibility will be determined on the basis of impact survey carried out while preparing the RAP and approved by NAPP. In the case of titleholders, title deeds or other legal documents admissible and recognised under law will also be used as valid ownership documents.

### **7.2.5 Compensation at Replacement Cost**

Sri Lanka has an advanced system for valuation of properties, and there are state and registered private valuation officers. But the replacement cost for acquired assets will be determined by the Valuation Department. While the LAA permits assessment of damages to land and structures at the market rate, the LAR 2008 provides detailed guidelines for determining compensation at replacement cost which is close to the World Bank guidelines.<sup>18</sup> More specifically, the 'replacement cost' includes compensation of statutory and non-statutory payments and *ex gratia* payments including: current market value without depreciation, any other injuries affectation, severances, interest accrued, transitional and restoration costs, disturbances cost, and any other applicable payments.

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<sup>18</sup> According to OP 4.12, "Replacement cost" is 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 should not be taken into Account.

### **7.2.6 Acquisition of Non-Viable Remainder Plots**

It is possible that after acquisition of the land parcel required for the project, the remainder plot is not viable. As per the existing development regulations, the balance portion, i.e. less than average land holding in the locality and will be compensated as per the LAA. The concerned line Ministry/Agency responsible for the PPP Projects, have no authority to acquire lands if the owner desired to hand over the balance portion which is not economical to use. The affected person will make a request to Divisional Secretariat to acquire the balance portion under the rules on severance/injury.

### **7.2.7 Improvements of Land with Limited User Rights**

For the purpose of some development works, land may not be required to be acquired. In such situations, an agreement will be reached after a process of consultation between the land owner and the Project to allow for development of the land while keeping possession of land ownership intact but limiting the user rights. For example, a sub-project in an area prone to landslide may require an additional extent of land for rehabilitation or protection with soil conservation to sustain the project. In such cases, the National Building Research Organization (NBRO), after consultation with the owner, would reach an agreement or Memorandum of Understanding (MOU) to use the land parcel only for soil nailing purposes that would provide additional protection to the land plot though the owner will incur obligations to use such land for certain purposes only and with guidance from the NBRO.

### **7.2.8 Compensation for Structures**

If only part of the structure is acquired, the floor area to be considered for payment will be calculated up to the structural support points. If after acquiring the affected portion, the remainder portion becomes structurally unsustainable, compensation will be paid as per the LAA for the entire structure. For damages of the government property, no cash compensation will be paid but the Project will take on the responsibility for rebuilding and restoring damaged structures.

### **7.2.9 RR&R Benefits for the Non-title Holders:**

Non-title residential squatter or encroached households residing in the sub project areas prior to the cut-off date and verified to be in the displaced category during social impact survey, will be provided with assistance as per the LAA 1950 and LAR 2008. Commercial non-title holders on State lands will receive compensation for their affected structures at replacement value and rehabilitation assistance to continue their livelihood. The non-title holders however shall not receive any compensation for land.

## **7.3 Development of Resettlement Sites and Livelihood Restoration Strategy**

Under the PPP projects, all measures will be taken to avoid resettlements, and acquisition of land which is a source of livelihood, will be discouraged. If there are situations where resettlement becomes unavoidable, the project will seek all possible measures to minimise the negative impacts by planning

compensation package for all physical structures, lands and livelihoods affected by the project intervention as well as rehabilitation assistance to continue the livelihood of PAPs.

In case of large number of PAPs which exceed more than 200, of which majority needs resettlement, the concerned line Ministry/Agency of the PPP Project will consider developing a resettlement site. Such sites will be developed with due care and consideration given to the site selection and the host communities. The following site selection criteria will be adopted for resettlement sites:

- Close proximity to the affected areas and located within the Divisional Secretary division;
- Possesses good potential for infrastructure development;
- Minimum loss to other assets; and
- Host community's acceptance.

A post-resettlement support strategy will be prepared prior to the actual relocation of the affected households and will be implemented with the help of CSOs. This strategy will involve training and providing extensive support to help the affected households re-establish their lives in the resettlement sites after relocation. In case of fewer numbers of PAPs not exceeding 10 households, they will be encouraged to self-relocate. Self-relocation will be assisted and guided by the project to ensure systematic and gradual resettlement of affected households to new locations. In cases of PAPs with commercial activities attached to houses, such PAPs will be provided with additional livelihood restoration facilities to continue their livelihood once they have relocated in the new houses.

Efforts will be made in selecting the relocation sites which will be finalised in consultation with the PAPs. Necessary utility facilities and buildings will be provided in the proposed sites, and the existing social and cultural institutions of re-settlers and any host communities will be preserved and re-settlers' preferences with respect to relocating in pre-existing communities and groups, will be honoured. In such instances, the host community will also be considered as affected and will be consulted before the implementation of the resettlement programme. Annex VIII includes a sample questionnaire for determining relocation assistance.

#### **7.4 Approval Process of Resettlement Plans in Sri Lanka**

The approval process of resettlement plans is briefly discussed with reference to the approvals at project level as well as approvals required at national level (Annex III provides process to be followed by the concerned Line Ministry/Agency for acquisition of land). At project level, RAPs and A-RAPs will be prepared by the respective line Ministry or line agency staff or through hired Consultants. Once finalised, the RAP/A-RAP will be approved by the PPP Unit and disclosed with the translation of EM and executive summary in local languages (Tamil and Sinhala).

At national level, Sri Lanka also has a system for review and approval of RAPs. The National Environment Act (NEA) specifies that all prescribed projects must receive approval from the respective line Ministry or line agency, prior to the implementation, which in most of the cases is the project proponent like the UDA, irrigation departments etc. Accordingly, prescribed projects involving resettlement too, must obtain approval in terms of Part 4 'C' of the NEA. The respective line Ministry or line agency will be



responsible for ensuring that the prescribed project obtains approval following the procedure described in Part IVC of the NEA (Amendment) No. 56 of 1988.

## 8. Gender Development and Inclusion

Sri Lanka exhibits high gender gaps in labor force participation with only 35 percent of females ages 15 and above involved in the labor force as compared to 74 percent of males in the same age category<sup>19</sup>. Women predominate in the expected sectors of health and education while men dominate all the remaining sectors of the economy. Despite their high levels of achievements in tertiary education (about 60% of graduates from tertiary education are female), only one fourth of women manage to break the ‘glass ceiling’ and reach seniority in the public sector.

The public sector is a preferred sector for both women and men as much as 60 percent of employment in the private sector is concentrated in the informal sector, which is outside the ambit of labor legislation<sup>20</sup>. It is also of note that women earn between 30 to 36 percent less than what men do in the private sector, which might be due to lower labour market experience, or workplace discrimination. Interestingly, the gender pay gap is not observed in the public sector, which could act as another incentive for women to seek public sector employment.

While there is no official national statistics available to assess the extent of Gender-Based Violence (GBV) in Sri Lanka, various surveys<sup>21</sup> indicate high GBV prevalence in the country. Lack of awareness of legislation, namely the amendments to the Penal Code and the Prevention of Domestic Violence Act, the acceptance of violence by many women, and unequal gender–power relations in families and society all contribute to the high prevalence of the GBV. There is lack of adequate support services for female survivors of GBV, such as, crisis shelters and legal support and counseling<sup>22</sup>.

Since the GoSL espouses PPP as a cornerstone strategy to enable inclusive growth, promoting women’s employment and entrepreneurship emerges as an integral part of the successful implementation of PPP. To this end, the project envisages undertaking activities, as follows:

- (a) PPP Policy will include the principle of Gender Equality: it will articulate the need to integrate gender considerations in a PPP project cycle to promote women’s labor force participation as well as access to infrastructure and services that PPP projects are expected to deliver.
- (b) Feasibility Studies will include gender analysis for every PPP project: being a critical phase in ensuring sound gender outcomes in a PPP transaction, Feasibility Studies will undertake robust gender analysis based on which gender targets, thresholds and weighting will be established.
- (c) Capacity building of the PPP Unit on gender: the PPP Unit will include a gender specialist to ensure that gender is reflected in all stages of a PPP project cycle. He/she will conduct gender-

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<sup>19</sup> <https://data.worldbank.org/topic/gender>

<sup>20</sup> “Factors Affecting Women’s Labor Force Participating in Sri Lanka” International Labor Organization 2016

<sup>21</sup> UNDP, UNFPA, UN Women and UNV, “Why do some men use violence against women and how can we prevent it”? 2013

<sup>22</sup> Asian Development Bank (ADB) ‘Country Gender Assessment; Sri Lanka, An Update’, 2015

awareness orientation for bidders and the government agencies involved in the PPP process.

- (d) Training and capacity building activities will benefit women: the project will ensure that the training and capacity building activities for the Government staff at central and provincial level will benefit civil servants that are both women and men. Also, the project will train and certify female staff of the NAPPP with PPP certification. This is important in light of the above-reported challenges that women face to go up the career ladder on the same footing with men.

Besides the broader project context, gender is also a key issue in social safeguard management in view of the differential vulnerabilities of affected men and women. In view of their higher vulnerability levels, specific measures are proposed to enable the affected women – especially the poor and vulnerable – to cope with the R&R process. The process of gender and socially inclusive social management and resettlement planning includes the gender and inclusion analysis, project specific gender considerations, and a gender and inclusion strategy and action plan. These measures adopted under the social safeguards framework will complement the overall gender and inclusion strategy prepared for the overall Project as well as each PPP project.

Based on the gender and inclusion analysis, the Project will be able to develop a better understanding of differences in gender roles, activities, needs, and opportunities for the concerned PPP projects; and support in the development of a monitoring framework to ensure disaggregation of quantitative data by gender, vulnerability and inequalities. Applied to PPP projects, the process for gender and inclusion will among others include:

- Identification of gender-based differences in access to resources to predict how different members of households, groups, and societies will participate in and be affected by planned development interventions in the various PPP projects;
- Specific measures to achieve the goals of effectiveness, efficiency, equity, and empowerment through designing policy reform and supportive programme strategies;
- Training packages to sensitise development staff on gender issues and training strategies for beneficiaries;
- Measures to enhance participation of women and vulnerable groups in the overall institutional and implementation framework of the PPP project and the PPP unit.

In the context of this RPF, the social management and resettlement instruments prepared for the individual PPP Projects will include a strong section on gender and social inclusion statement. Some of the gender considerations that will be addressed in the safeguards instruments (e.g., RAP) include: (a) provision of title of the alternative house in the name of the woman only (if the original house was in the name of the woman only) or in the joint names of both partners (if the original house was in the name of the man only and both parties are willing or if the original house was in the name of both parties) and in the name of the woman and the children, in case the other partner is dead; (b) special attention to women headed households in the relocation and post resettlement process with targeted livelihood assistance; (c) gender sensitive provision of civic infrastructure including sanitation, transport furniture, and facilities for women in recreational places created as a part of the project; and (d) actively encouraging women and ensuring their equal participation in management of resettlement buildings, if

relevant. The objective of this gender strategy is to ensure equity in the resettlement process enabling women and their families to re-establish their shelter and livelihoods in a sustainable manner.

Other gender-related risks arising from labor influx, and measures for addressing them are included in Section 9 of this RPF.

## **9. Managing the Risks of Adverse Impacts from Labour Influx**

PPP projects will often involve construction of civil works for which the required labour force and associated goods and services cannot be fully supplied locally for a number of reasons, among them worker unavailability and lack of technical skills and capacity. The labour force (total or partial) needs to be brought in from outside the project area. In many cases, this influx is compounded by an influx of other people (“followers”) who follow the incoming workforce with the aim of selling them goods and services, or in pursuit of job or business opportunities.

### **9.1 Potential Adverse Impacts Due to Labour Influx**

The PPP Projects are likely to involve civil works for which the required labour force and associated goods and services cannot be fully supplied locally for a number of reasons, including worker unavailability and a lack of technical skills and capacity. In such cases, the labour force (total or partial) will be brought in from outside the project area, which is further compounded by an influx of other people (‘followers’) who follow the incoming workforce with the aim of selling them goods and services, or in pursuit of job or business opportunities.

#### **9.1.1 Potential adverse impacts due to labour influx**

On the one hand, an appropriately managed labour influx can provide potential benefits for the community, including economic opportunities through employment and/or training by the project, contributions to the local economy by selling goods and services, the provision of local infrastructure (such as access roads, power, or water connection) which is developed for the project and which serves the community beyond the project duration. However, the rapid migration to and settlement of workers and ‘followers’ in the project area can affect project areas negatively in terms of:

- Risks of social conflict, especially between the local community and the construction workers, and also between different groups within the labour force;
- An increased risk of illicit behaviour and crime through the influx of workers and service providers into communities and the resultant perception of insecurity by the local community;
- Discontent amongst the local community on the engagement of outsiders in the project, especially in terms of job opportunities and crowding out of locals;
- An increased burden on and competition for public service provision, such as water, electricity, medical services, transport, education, and social services;
- Local inflation of prices, with the increase in demand for goods and services due to labour influx, and increased pressure on accommodations and rents, which may lead to price hikes and crowding out of local residents;
- An increased risk of communicable diseases and burden on local health services, including sexually transmitted diseases;

- Gender-based violence, particularly in the form of inappropriate behaviour, such as sexual harassment of women and girls, exploitative sexual relations, and illicit sexual relations with minors from the local community;
- Child labour and school dropout, especially following the increased opportunities for the host community to sell goods and services to the incoming workers;
- Risks of exploitation of labourers, especially in the form of hiring underage labourers, low and unequal wage payments, forced labour, and discrimination on basis of the basis of caste, religion, or ethnicity;

The potential for these risks is more likely in project sites that are in isolated areas and/or in areas where the scope of construction work is large and the possibilities for hiring local labourers is limited, thus requiring labourers and workers to be brought in from outside. To address the above-mentioned impacts from labour influx on local communities, the Project will:

- Reduce labour influx by tapping into the local workforce, to the extent possible;
- Assess and manage labour influx risks based on appropriate instruments; and
- Incorporate social and environmental mitigation measures into the civil works contract.

### 9.1.2 Assessment and management of risks and impacts

To address the risks and adverse impacts on communities from the project induced labour influx, the following steps will be adopted:

- Administer the Social Screening Checklist prepared for this RPF to identify and assess the type and significance of potential social impacts on local communities that may be generated by labour influx;
- As part of the SIA, carry out an assessment of the location of the project, contextual factors of the location, and the legal and policy framework of the GoSL, if the screening suggests potential impacts;
- Incorporate the recommendations of the Global Gender-Based Violence (GBV) Task Force to assess SEA risks and to define mitigation measures<sup>23</sup>;
- Include relevant commitments made in the social and environmental documents, such as ESMP, SIMP, and EMP, in the civil works bidding documents and subsequent contracts (Contractor responsibilities are outlined in **Box 1** below).
- Develop specific measures to mitigate the risks associated with the social and environmental impacts from labour influx into the ESMP/SIMP in consultation with affected communities;
- Establish a GRM for workers and host community which among others will integrate protocols established by the GBV Task Force;

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<sup>23</sup> Report of the Global Gender-Based Violence Task Force (2017): Working together to prevent sexual exploitation and abuse: recommendations for World Bank investment projects (<http://documents.worldbank.org/curated/en/482251502095751999/Working-together-to-prevent-sexual-exploitation-and-abuse-recommendations-for-World-Bank-investment-projects>)

- Monitor and supervise regularly, including on GBV-related issues, in coordination with other government agencies and civil society organisations; and
- Prepare periodic reports for submission to the PPP Unit and or the relevant Ministry/government agencies on implementation and the results of the ESMP, SIMP, EMP, and other relevant plans, as well as the GRM resolutions relating to labour and GBV-related issues.

Further, mitigation measures will be driven by consultations with stakeholders and in alignment with the World Bank’s Guidelines on ‘Managing the Risks of Adverse Impacts on Communities from Temporary Project Induced Labour Influx’. It will be the contractor’s obligation to prepare and submit a plan that outlines code of conduct for workers, worker camp management plan and measures to address GBV. These will be part of the tender package and construction contract as elaborated in Box 1.

### **Box 1. Contractors’ Responsibilities**

The Environment and Social Management Plan (ESMP) and/or the Social Impact Mitigation Plan (SIMP) is developed during project preparation, and based on the findings of the screening report and SIA of the PPP Projects, will contain general mitigation measures. These mitigation measures will be part of the tender package and construction contract.

Prior to starting construction, the Contractor will be required to prepare and submit its own ESMP/SIMP to the supervision engineer (who is the GoSL’s representative) for acceptance. The Contractor’s ESMP/SIMP will provide a detailed explanation of how the Contractor will comply with the Project’s safeguards documents, including the RAP and EMP and demonstrate that sufficient funds are budgeted for that purpose. The Contractor’s ESMP/SIMP will include management plans for: (i) work activities; (ii) traffic management; (iii) occupational health and safety; (iv) environmental management; (v) social management; (vi) labour influx and worker camp management plan; (vii) code of conduct for workers, including measures to address GBV; and (viii) chance-finds, where relevant.

The respective line Ministry/agency and the NAPP will verify and ensure the consistency of the Contractor’s ESMP/SIMP and the plan prepared under each PPP project. If issues emerge during implementation for which the Contractor’s ESMP/SIMP does not contain appropriate mitigation measures, the Contractor will be required to update their ESMP/SIMP to include such mitigation measures and, if necessary, the civil works contract will be amended.

Civil works for the PPP Projects will not commence until the Contractor prepares an appropriate ESMP/SIMP, which properly identifies and proposes risk mitigation measures, and it is approved by the PPP unit.

During implementation, the Contractor will implement civil works in accordance with its ESMP/SIMP, including all works conducted by sub-contractors under the Contractor’s control. The Contractor will also be required to train workers on the roles and responsibilities under these plans, policies, and standards.

The Contractor will submit regular reports to the respective line Ministry/Agency and the NAPP, and proactively address any issues that arise.

## 10. Consultation, Participation and Grievance Redress Mechanism

Consultation with the affected parties will be carried at the beginning of a participatory process for designing and implementing projects. Providing accurate information about the project to people from the planning stage prevents misconception and builds trust between the affected population and the project and enhances transparency. Consultation has several objectives which include: sharing information, listening to feedback, engaging in decision making discussions, and involving people in participation in the implementation process.

Consultations enable the project team to hold joint discussions with the affected people, share ideas about planning and implementation and benefit from local knowledge and take more informed decisions. Consultation can be in different forms, such as organising public meetings, holding focus group discussions or carrying out household surveys or even having direct one to one consultations. Further requirements of subproject, inventory survey and assets' verification can be performed as part of consultation process.

During the preparation of this RPF, consultations were carried out with the initial stakeholders identified by the NAPP on 20 February 2018. Comments and suggestions received have been incorporated while finalizing the RPF. The NAPP and the Bank disclosed the RPF and also the accompanying EAMF on 24 April 2018 in the MoF website and in the Bank's Infoshop. All social safeguards instruments prepared under the Project will involve consultations with the project affected persons and other stakeholders as described below. Subsequently, the instruments will be cleared by the World Bank and disclosed to the public.

Further, the NAPPP will be involved in consultations on establishing screening criteria as well as the development of the pipeline of PPP projects. These consultations will be carried out with other Government Agencies and Ministries as well as the private sector. In addition, the project is supporting the development of a communication strategy. The project includes a beneficiary feedback indicator – *Consultations carried out on the screening criteria and the PPP Pipeline with the Government and the private sector and other stakeholders.*

### 10.1 Project-level Consultation Strategy

An effective communication strategy will reach out to various stakeholders to help address some of the concerns or misconceptions that prevail over PPPs. The community or stakeholder engagement strategy will be developed by stakeholder mapping and needs assessment and would focus on full transparency through periodic release of information on the status of projects (Table 9). This would allow the NAPPP to deal with issues proactively and broad base the PPP programme for increased sustainability.

Stakeholder mapping will be undertaken taking the relative power dimension of various actors and players into account. Some stakeholders may oppose the project interventions while still others would support the project. Some others will be interested in the project while others may be less enthusiastic. Approach to stakeholder identification and analysis is summarised below.



**Table 9: Identification of Stakeholders**

Broad Category	Sub Category	Types of Individuals
<i>Those who affect the project</i>	Those involved in project delivery	NAPP, line Ministry/Agency for the PPP projects, Developer/designer, Client, Owner, Investor, Professional consultants, National political authorities, Government Ministries, Departments at Central, District and Divisional levels, National Statutory Bodies
	Those who determine the context	Provincial Political Authorities, Provincial councils, departments and administrative authorities, Provincial level statutory bodies, Local government authorities
<i>Those who are affected by the project</i>	Directly affected, Potentially affected directly or indirectly depending on the context	Users of Infrastructure / Facilities/ Spaces, Communities in the project area and surroundings, Community groups and associations, including Service Groups, General public, specific socio-demographic groups (e.g., ethnic minorities, women, youth, elderly, children, etc.)
<i>Those Who may be Interested</i>		Environmental and Social Campaigning organizations; National non-government organisations, international non-government organisations, business community organisations/federations, academics and researchers, media, potential clients and users of future projects

A carefully planned consultation and participation process needs to be formed with the stakeholders thereafter, agreeing on an information dissemination strategy. Furthermore, a platform will be created in order to engage the public and various interest groups to inform the approach to be adopted for the PPPs and address sensitive issues.

## 10.2 Consultations and Participation Relating to Resettlement Planning

Consultation is mandatory for the resettlement planning, including drawing up plans for mitigation of impacts including resettlement of APs. Based on this RPF, PPP-specific RAP will be prepared following a series of consultations held with stakeholders including other GOSL Ministries, agencies and departments involved in the implementation of projects. Consultations will be prompted by the recognition of the unique social, cultural and institutional context of each project. As mentioned in Table 9 above, PPP projects may have multiple stakeholders who have diverse and sometimes conflicting interests. Any stakeholder consultation will therefore adopt the principles of transparency, participation, equity, consultation, social learning, local knowledge incorporation, integration and collaboration.

Under this project, the line Ministry or line agency (with support from the NAPP) will ensure stakeholder consultation and engagement throughout the project cycle. APs will be fully informed of their rights and responsibilities from the very beginning of the process to achieve transparency and understanding between the APs and the project implementers. Consultation and participation will be

ensured at the different stages of the project and the specific activities undertaken are presented in Table 10.

**Table 10: Consultation Activities for Various Stages in Project Cycle**

<b>Project Stage</b>	<b>Consultation Activities</b>
<b><i>Project identification stage</i></b>	<ul style="list-style-type: none"> <li>- Identify project stakeholders (primary and secondary);</li> <li>- Involve stakeholders in the consultation process;</li> <li>- Organise information material and plans for dissemination</li> <li>- Organise and document public meetings; and</li> <li>- Identify needs for a social preparation programme if Involuntary Resettlement impacts are going to be generated.</li> </ul>
<b><i>Project Planning and Designing Stage</i></b>	<ul style="list-style-type: none"> <li>- Convene and record meetings with potential displaced persons and/or potential host population;</li> <li>- Consultations with APs on relocation alternatives and income restoration options;</li> <li>- Involve APs in assessing project impacts;</li> <li>- Institutionalise a participatory framework for compensation, income restoration and resettlement;</li> <li>- Obtain inputs from potential displaced persons, hosts, CBOs on selection and development of resettlement sites;</li> <li>- Establish Grievance Redress Committee (GRC) procedures, representatives of APs;</li> <li>- Involve potential displaced persons to Review Participatory Mechanisms given in the Resettlement Plan.</li> </ul>
<b><i>Implementation Stage</i></b>	<ul style="list-style-type: none"> <li>- Organise participation of the potential displaced persons in implementation of the Resettlement Plan;</li> <li>- Involve CBOs and other suitable institutions in resettlement efforts;</li> <li>- Support from CBOs and Stakeholders/Private Sector in livelihood and income restoration efforts;</li> <li>- Involve APs in decision-making committees;</li> <li>- Ensure that GRC procedure is functional; and</li> <li>- Involve APs in monitoring and evaluation.</li> </ul>

In order to achieve the goals of ensuring free, prior and informed consultation, information relating to the project will be made accessible and understandable and where necessary, information will be translated into the preferred languages of the affected population. Separate and targeted consultations will be held with women and vulnerable groups.

A sound information, education and communication (IEC) campaign will be adopted to disseminate information to the public through such communication tools as public and social media, public notice boards, newspapers, leaflets, flyers and door to door visits. The IEC campaign and the materials developed will focus on disseminating the following:

- Brief account of the Project;
- Potential impacts which can be expected during the implementation of the PPP project;
- Compensation policy and entitlements;
- Outline of livelihood restoration measures;
- Consultation and participation of APs and communities including the host;
- Implementation Schedule with name and designation of key officers in charge; and
- Persons to be contacted for further information with contact details.

These activities relating to consultation and participation aim at obtaining stakeholder cooperation and community engagement throughout the project cycle where both primary and secondary stakeholders have opportunities to meaningfully contribute to the development process.

### **10.3 Grievance Redress Mechanisms**

Grievances are any complaints or suggestions about the way a project is being implemented. They may take the form of specific complaints for damages or injury, concerns about routine project activities, or perceived incidents or impacts. Identifying and responding to grievances supports the development of positive relationships between projects and affected groups and communities, and other stakeholders. Besides the World Bank and IFC requirements for grievance mechanisms, the LAA 2008 also has provisions for the establishment of grievance redress mechanism.

#### Project-Related Grievance Redress Mechanism

Grievance Redress Mechanisms (GRMs) are institutions, instruments, methods and processes by which a resolution to a grievance is sought and provided. Establishment of grievance mechanism will be one of the key requirements in every PPP project. Grievance mechanisms provide a formal avenue for affected groups or stakeholders to engage with the project implementers or owners on issues of concern or unaddressed impacts. In order to be effective, it is important that these mechanisms are able to address the concerns promptly using an understandable and transparent process that is culturally appropriate and readily acceptable to all segments of affected communities, at no cost and without retribution. Under this project, grievance redress committees will be established at the two levels:

- (1) **Local Grievance Redress Committee:** Grievance Redress Committees will be formed by the relevant line Ministry or line agency implementing the PPP Projects in each Divisional Secretariat where the PPP project will be implemented. Members of these GRCs will include Provincial Director of the relevant line Ministry or line agency; Chairman of the Pradeshiya Sabha; representative from the Divisional Secretary; Member of a local community organisation; and a representative of the concerned AP or stakeholder.
- (2) **Project-level Grievance Redress Committee:** At the second tier, a Project level Grievances will be established for addressing concerns/complaints that are escalated to the Project level. Members of the Project-level GRM will comprise among others, representative from the concerned line Ministry/agency at the level of Additional Secretary; Safeguards Specialist of the

concerned line Ministry/Agency; representative from the Developer, representative of civil society; and a representative of AP. A representative from the NAPP may also be engaged as a committee member, if relevant.

The following procedure, as shown in Table 11, will be adopted while seeking redress for the complaint.

**Table 11: Grievance Redress Process**

Process	Description	Time frame	Other information
Identification of grievance	Face to face; phone; letter, e-mail; recorded during public/community interaction; others	1 Day	Email address; hotline number
Grievance assessed and logged	Significance assessed and grievance recorded or logged (i.e. in a log book)	4-7 Days	Significance criteria: Level 1 –one off event; Level 2 – complaint is widespread or repeated; Level 3- any complaint (one off or repeated) that indicates breach of law or policy or this ESAMF/RPF provisions
Grievance is acknowledged	Acknowledgement of grievance through appropriate medium	7-14 Days	
Development of response	Grievance assigned to appropriate party for resolution	4-7 Days	
	Response development with input from management/ relevant stakeholders	7-14 Days	
Response signed off	Redress action approved at appropriate levels	4-7 Days	Project staff at concerned line Ministry/Agency to sign off
Implementation and communication of response	Redress action implemented and update of progress on resolution communicated to complainant	10-14 Days	
Complaints Response	Redress action recorded in grievance log book Confirm with complainant that grievance can be closed or determine what follow up is necessary	4-7 Days	
Close grievance	Record final sign off of grievance If grievance cannot be closed, return to step 2 or refer to sector minister or recommend third-party arbitration or resort to court of law.	4-7 Days	Final sign off by NAPP

All APs will be informed about the GRM mechanisms, including how to register grievances or complaints, including specific concerns about compensation and relocation as well as dispute regarding livelihood restoration measures. The APs can opt to have recourse to any of these committees. The line Ministry or line agency (with support from the NAPP) will conduct workshops for the members of the GRCs to enrich them with knowledge on the project; organization of the GRC, its objectives, conducting

the deliberations and arriving at balanced resolutions. The IEC materials/campaign will also include information on the GRM so that vulnerable groups are properly informed about the GRC.

A nodal officer will be appointed/nominated by the line Ministry/Agency implementing the PPP project who will be responsible for receiving, sorting, filing, and tracking the complaints. The intake of grievances/complaints will be through multiple channels, including electronic messages, telephone hotlines, SMS, personal deliver/walk-in, social media accounts.

## **11. Implementation Arrangements, Reporting, and Budget**

### **11.1 Implementation Arrangements**

#### **11.1.1 Overall implementation arrangement in the NAPPP**

The implementing agency of the project will be the Ministry of Finance and Mass Media (MOFMM). In order to carry out the implementation, a department (referred to as the National Agency for Public-Private Partnerships - NAPPP) has been established within MOFMM. Once the NAPPP is legally constituted, it will assume the role of the Implementing Agency for the project independent of the MoFMM.

The NAPPP is currently being managed by the Board of Governors and a Chairman who is also the acting CEO. The Board of Governors, which has been appointed by MoFMM, will have oversight over NAPPP and its processes and provide policy level guidance and monitor the transactions assisted by the NAPPP. It consists of representatives from the offices of the President, Prime Minister, key infrastructure Ministries and the private sector.

The NAPPP has been staffed with 11 professionals with financial and legal skills recruited from the private sector on a contract basis. It is envisaged that the required specialists for environment and social safeguards, FM and procurement will be recruited and/or be seconded from the MoFMM as necessary in a manner that the NAPPP will have a healthy mix of public and private sector skills and experience.

Being a newly established institution, the NAPPP does not have any previous experience in executing World Bank financed projects and thus, will be closely guided by the World Bank team to adhere to the requirements and policies of the World Bank with regards to safeguards, procurement and financial management (FM) during the implementation of the project. Furthermore, as part of component A.2 the organization structure of the NAPPP is being developed to ensure that in the short term the agency has the flexibility to leverage all staff in all its functions until the PPP pipeline and the competing demands for NAPPP's resources are clearly identified. The structure will eventually mature into one with specialized functions to ensure faster and more effective turnaround of transactions and requests.

The NAPPP will support the various Ministries and line agencies in project identification, preparation, evaluation, negotiation and award. The NAPPP will provide; (i) financial and legal advice in the PPP transactions and (ii) convene the PPP transactions. The NAPPP will act as the interface between the GoSL and the private sector coordinating all PPP transactions-related requirements. The authority and the process for NAPPP to carry out these functions will be provided through the GoSL's procurement guidelines for PPPs. It will carry out these functions through the engagement of consultants as well as through its own staff. In engaging consultants for the implementation of the World Bank project the NAPPP will follow the World Bank procurement guidelines. These consultants will be engaged to support the staff of NAPPP in carrying out activities supported under this project such as feasibility studies, transaction structuring support and evaluation and negotiation of proposals. However, in the procurement of the concessionaire for the development of the PPP transaction the NAPPP will follow

the GoSL's procurement guidelines for PPPs (developed under Component A.1). An Operations Manual will be prepared in order to streamline the processes to be followed in the implementation of the project.

### **11.1.2 Implementation arrangements for social safeguard management**

The NAPPP will recruit a qualified Social Safeguards Specialist to manage the project related social safeguards and other social development issues such as gender and citizen engagement. Specifically, the Social Safeguards Specialist will be responsible for ensuring the shortlisted PPP projects to be supported under the overall World Bank project, in the form of feasibility studies follows the necessary social safeguard due diligence defined earlier.

#### *Responsibilities of the Social Specialist of NAPPP*

- Provide overall policy and technical direction for safeguards management under the Project, as defined by the project environmental and social safeguards instruments.
- Ensure social safeguards due diligence is carried out for each PPP transaction by the line ministry and line agency as soon as conceptual technical design and scope have been defined, as outlined in the safeguards processes.
- Closely co-ordinate with the NAPPP and PPP partners (including the line ministry and line agency) and technical colleagues for timely preparation of Social Assessments/Management Plans for PPP transactions, as necessary (depending on screening outcome); co-ordinate with the PPP partners for hiring technical assistance, where necessary, and for review and endorsement of these safeguard documents
- Ensure consistency of safeguard documents with national regulations and World Bank policy requirements as defined in this EAMF; work with the NAPPP to obtain necessary clearances from local regulatory authorities for PPP transactions, where applicable.
- Prepare terms of references together with the line ministry or line agency to undertake requisite safeguards assessments for complex activities that will warrant EA as per the social screening conducted and obtain necessary clearances from the World Bank and/or designated project approving agencies.
- Manage the consultants hired to undertake the preparation of social safeguards instruments, including social assessments, audits of associated facilities/linked activities and other safeguards assessments, where applicable, and provide coordination support with implementation agencies and individuals
- Review draft and final social safeguards instruments for quality and ensure that the relevant line ministry or agency obtain necessary clearances as per the safeguards instruments.
- Ensure that applicable measures in the SMPs are included in the design, and conditions on compliance with SMPs are included in the bidding documents.
- Liaise closely with the procurement team of the NAPPP and PPP partners (including the line ministry and line agency) on the above.
- Develop, organize and deliver social safeguards training programs and workshops for the Implementing Agencies at the field level, contractors, field supervision staff and other implementing agency officials as needed, on safeguard requirements and their management
- Ensure adequate public consultation during the preparation of safeguards instruments

- Report to the NAPPP and the World Bank on the overall safeguards performance of the project as part of NAPPP's periodic progress reporting.
- Liaise closely, where technical guidance is required, with the Social Safeguards Specialists of the World Bank task team.
- Promote community participation in the process of planning mitigation measures for environmental/social impacts of PPP transactions.

#### *Social Safeguards Focal Points with PPP partners*

These focal points will be staff seconded by the relevant PPP partners (including the line ministry and line agency) to the project implementation cells to be established. They will be responsible for ensuring activities implemented by their respective PPP partners (including the line ministry and line agency) as per the RPF are well managed and report to the NAPPP. They will assist in providing data and the timely completion of social screening reports and instruments and will collaborate with the NAPPP Social Safeguards Specialist to ensure these assessments are completed in a timely manner. As these officers, will be based in the line agencies they will be required to facilitate good communication between contractors and NAPPP on safeguards issues.

#### *Consultants*

The NAPPP will hire social safeguards consultants to provide technical support where specialized services are required such as preparation of SAs, SMPs, and audits for short listed PPP transactions to be support under the project

## **11.2 The Roles and Responsibilities of the World Bank**

The World Bank project task team, specifically the social specialists, will provide close supervision and necessary implementation support including;

- Undertaking of prior review and provide feedback on all safeguards instruments
- Clearing of safeguard instruments
- Sharing of knowledge on technologies and best practices
- Providing training support on Bank's safeguard policies and requirements of the project.

**Training and capacity building plan.** The Social Safeguards Officer will be trained by the Social Safeguards Specialist of the World Bank on the EAMF implementation, safeguards and procedural requirements of the World Bank.



## Annex I: Sample of Social Screening Checklist

1. **Name of Sub-Project:**

2. **Location:**

3. **Nature of Project:**

4. **Size/Scale:**

5. **Project Implementing Agency:**

6. **Description of Project Surroundings:**

- Are there existing settlements in the project area? If yes, how many households/families? \_\_\_\_\_  
\_\_\_\_\_
- What is the demographics of the population (e.g., ethnicity, religion) \_\_\_\_\_  
\_\_\_\_\_
- What is the ownership pattern of people in the area (e.g., squatters, titleholders, tenants)? \_\_\_\_\_  
\_\_\_\_\_
- What are main sources of livelihoods? \_\_\_\_\_  
\_\_\_\_\_
- Are there any existing local organisations? \_\_\_\_\_  
\_\_\_\_\_
- Are there existing social infrastructures in the area (e.g., schools, health centres, hospitals, places of worships, roads, etc.) \_\_\_\_\_  
\_\_\_\_\_
- Are there any on-going development projects in the area that involves civil works? \_\_\_\_\_  
\_\_\_\_\_
- Does the area have frequent visitors from outside? \_\_\_\_\_  
\_\_\_\_\_

7. **Potential Impacts from the Sub-Project:**

Potential Impacts		Yes	No	Not Known	Details
Land-Related Impacts					
1	Will the sub project include any physical construction work?				
2	Does the sub project include upgrading or rehabilitation of existing				

Potential Impacts		Yes	No	Not Known	Details
	physical facilities?				
3	Is the sub project likely to cause partially or fully damage to, or loss of housing, shops, or other resource use?				
4	Is the site chosen for this work free from encumbrances and is in possession of the implementing agency?				
5	If any land required for the work is privately owned, will this be purchased or obtained through voluntary donation?				
6	If the Land parcel has to be acquired, is the actual plot size and ownership status known?				
7	Is land for material mobilisation or transport for the civil work available within the identified work site / Right of way?				
Livelihoods Related Impacts					
8	Are there waste workers currently operating in the site? If yes, how many, what are their backgrounds, are they registered?				
9	Were there such workers who operated in the site earlier? If yes, how many, and is there any information on their current whereabouts?				
10	Are there any non-titled people (Squatters) who are living/ or doing business who may be partially or fully affected because of the civil works?				
11	Will there be damage to agricultural lands, standing crops, trees, etc.,?				
12	Will there be any permanent or temporary loss of income and livelihoods as a result of the civil works? If so for what period?				
13	Have these people/ businesses who may suffer temporary loss of incomes or livelihoods been surveyed and identified for payment of any financial assistance?				
14	Will people permanently or temporarily lose access to facilities, services, or natural resources?				
15	Are there any vulnerable households affected?				
15	Will the affected land/structure owners likely to lose less than 10% of their land/structures area?				
16	If so, are these land/structure owners willing to voluntarily donate the required land for this sub- project?				
17	Will there be any impacts on cultural, community properties or facilities?				
18	Will there be any other temporary impacts? please describe				
19	Have measures been planned to mitigate temporary impacts including ease of access? Give details				
20	Does the urban local body have its own procedures for land acquisition?				
Impacts from Labour Influx					

Potential Impacts		Yes	No	Not Known	Details
21	How many workers will be needed for the sub-project, with what skill set, and for what period?				
22	Can the project hire workers from the local workforce?				
23	Will there be workers brought in from outside?				
24	Will a camp be required to house these incoming workers?				
25	Will the incoming workers be from a similar socio-economic, cultural, religious or demographic backgrounds?				
26	Given the characteristics of the local community, are there any adverse impacts that may be anticipated?				

#### Estimates of Specific Impacts

Private land required (sq. m)	
Total of households affected	
No. of individuals losing more than 10% of land area	
Government land required	
No. of houses affected	
No. of shops affected	
No. of utilities affected	
No. of workers to be brought from outside	

Decision on Categorisation:

After reviewing the answers above, it is determined that the sub-project will have:

High/substantial impacts

Moderate impacts

Low/No impact

## Annex II: Process of Acquiring Land for Public Purposes

SN	Process description	Process (including any required document or applicable section in the Land Acquisition Act)
1	The respective line Ministry identifies the land to be acquired and forwards an acquisition proposal together with the acquisition application to the Secretary, Ministry of Lands	Acquisition Application (Forms 1, 2, 3 and 4)
2	The Ministry of Lands will then grant authority to a representative from the relevant line Ministry or agency to enter the land to be acquired with the decision of the line Minister that the particular land is needed for a public purpose.	Section 2 Direction
3	The Divisional Secretary publishes a notice in the surrounding area that the particular land has been identified for acquisition for a public purpose.	Section 2 notice
4	The Superintendent of Surveys traces the land to be acquired.	Advance tracing
5	Objections are invited from the landowners and the Minister of Lands to decide whether an investigation is required.	Section 4 Direction
6	The Divisional Secretary publishes a notice inviting objections to the acquisition.	Section 4 Notice
7	Following completion of investigations on objections, recommendations are forwarded to the respective line Ministry.	Objection Inquiry
8	Following satisfactory completion of investigations, the Minister of Lands will make a declaration that the identified land is to be acquired.	Section 5 Declaration
9	The Divisional Secretary or Government Printer will publish a notice in the Gazette stating that the Minister of Land has decided that the land is to be acquired.	Section 5 Notice
10	The Superintendent of Survey will draw up a final plan of the identified land.	Final plan
11	The Divisional Secretary or Government Printer will publish a notice in the Gazette inviting investigations to the title of the land.	Section 7 Gazette Notice
12	The Divisional Secretary will conduct the investigating of title.	Section 9- Inquiry into Title
13	The Divisional Secretary will publish the notice of investigation into title in the surrounding area.	Section 15 Notice
14	The Divisional Secretary will determine the title upon completion of title investigations.	Section 10- Decision on Title
15	The Valuation Department will conduct a valuation of the identified land.	Valuation
16	Once a value has been determined, the Divisional Secretary will decide on the compensation to be awarded.	Awarding compensation for acquisition
17	The Divisional Secretary will allocate financial provisions from the Ministry of Lands or the relevant institution or line Ministry to make payments to the landowner.	Payment of compensation.
18	The Ministry of Lands will take possession of the land on behalf of the Government.	Section 38 Order
19	The Divisional Secretary will then hand over the land to the line Ministry or applicant institution.	Taking undisturbed possession
20	The Divisional Secretary or Registrar General will issue a vesting certificate to the line Ministry or institution concerned, after payment of compensation to the land owner.	Section 44 Vesting Certificate/Registration of State Ownership

## Annex III: Process to be followed by Line Ministry or Agency for Land Acquisition under PPP Projects

Actions/Steps	Description/Reasons
<b>Information disclosure</b>	All relevant information is disclosed to the project Affected Persons (APs). Information disclosure will start immediately after the issue of Section 2 Notice under the LAA (intention to acquire land from private parties) and continue until the APs are paid their due compensation.
<b>Public consultations</b>	APs are engaged in a consultation process throughout the land acquisition and payment compensation processes to ensure that (a) adequate information has reached the APs and that they are knowledgeable of the entire process; (b) their issues and grievances are heard; (c) additional information and support required by APs, particularly vulnerable APs, are provided; (d) their views and suggestions are accommodated in the processes; and (e) their issues and grievances are satisfactorily reported to the relevant agencies for remedial action.
<b>Establish Grievance Redress Mechanism</b>	Grievance Redress Committees (GRCs) at different levels as provided in the RPF are established and made operational immediately after the issue of Section 2 Notice of the LAA. All information on the roles and functions of the GRCs should be communicated to the affected persons.
<b>Liaison with APs or local authority agencies.</b>	A dedicated officer is appointed by project implementing agencies to liaise with the APs and other relevant agencies throughout the land acquisition and compensation payment processes and to be responsible for (a) information disclosure; (b) engaging the APs in a consultation process; and (c) reporting and documentation. Furthermore, it is necessary that a liaison office in close proximity to the project affected area is set up to facilitate easy access and communication for the APs to meet the liaison officer.
<b>Compensation for affected structures, livelihoods and incomes</b>	It is proposed that compensation for all affected structures, livelihoods and incomes of the affected persons is paid immediately after based on a valuation report obtained from the valuation officers.
<b>Temporary accommodation for affected titleholders</b>	It is proposed that titleholders who will lose their residential structures due to acquisition be provided with compensation to rent in suitable accommodation as stipulated in the LAR and NIRP.
<b>Secure the funds for compensation</b>	The concerned line Ministry/Agency will seek special permission from the Treasury to grant the money directly to the concerned Ministry/Agency in order to pay full compensation to the APs.
<b>Take the possession of Land</b>	The concerned line Ministry/Agency gets the consent or agreement letter signed by the APs indicating their willingness to hand over the land for development. The agreement letter should provide all the details including probable amount of compensation and entitlements of the APs.
<b>Full payment of compensation</b>	The concerned line Ministry/Agency ensures and monitors that all steps in the land acquisition process is properly conducted; ownership status is determined; and full compensation for land and structures is paid to the APs.

## Annex IV: Social Screening Report Sample

### PPP Project Description:

<b>Proposed Activity</b>	
<b>Implementing Agency:</b>	
<b>Sub Project Description</b>	<p><b>Subproject description:</b> [Describe the type of subproject, its <u>s</u>pecific objectives, identified location of the subproject (District, DS division, GND, village), extent of the land required for the subproject construction, how would this land be obtained for the subproject (e.g. acquisition, purchase, donation etc.), technical design of the subproject, timeframe for subproject completion, how the subproject would be implemented (executing agency and the implementing agency) etc. Append maps of the subproject location and the technical design].</p> <p><b>Justification of Subproject Design and Alternative Analysis:</b> [Explain why this subproject has been undertaken and what are the water related problems and issues that would be addressed by the subproject. Also, explain, If any alternative locations and/or technical designs were considered to minimise adverse social and environmental impacts of subproject]</p> <p><b>Corridor of Impact:</b> [Provide an inventory of the subproject impact area. This inventory should explain the impact area identified for the sub-projects; residential, commercial, industrial structures situated within the impact area (if any), type of cultivations, crops, trees grown in the area of impact (if any); access roads that cut-across the area of impact (if any); ownership type of the land identified for subproject construction and the impact area; natural resources within impact area (if any); and presence of indigenous populations (if any)]</p> <p><b>Community Profile:</b> [Describe the socioeconomic profile of the project impact area and provide details of its demography, livelihood patterns and sources, income and expenditure patterns of the households, household poverty levels, community access to services (water, electricity, education, health etc.), gender related issues etc.]</p> <p><b>Social Impacts:</b> [Describe the positive and negative impacts of the subproject. Would the subproject result in land acquisitions; would the subproject result in any physical and economic displacements of populations either permanently or temporarily; would the subproject lead to restrictions of people’s access to common property resources, would the subproject cause relocation (temporarily or permanently) and resettlement of people, type of subproject construction related impacts e.g. dust, noise, traffic congestion etc. Provide numbers of the affected populations and the type of population e.g. land owners, tenants, sharecroppers, encroachers, squatters etc.]</p> <p><b>Mitigation measures:</b> [Describe what the measures suggested and the actions proposed to mitigate/ avoid/minimise the adverse impacts on affected households and communities]</p>

## Annex V: Outline of Resettlement Action Plan (RAP)

The scope and level of detail of the resettlement plan vary with the magnitude and complexity of resettlement. The plan is based on up-to-date and reliable information about (a) the proposed resettlement and its impacts on the displaced persons and other adversely affected groups, and (b) the legal issues involved in resettlement. The resettlement plan covers the elements below, as relevant. When any element is not relevant to project circumstances, it should be noted in the resettlement plan.

### 1. *Description of the project.*

General description of the project and identification of the project area.

### 2. *Potential impacts.*

Identification of:

- a) the project component or activities that give rise to resettlement;
- b) the zone of impact of such component or activities;
- c) the alternatives considered to avoid or minimize resettlement; and
- d) the mechanisms established to minimize resettlement, to the extent possible, during project implementation.

### 3. *Objectives.*

The main objectives of the resettlement program and the Resettlement Action Plan.

### 4. *Socioeconomic studies.*

The findings of socioeconomic studies to be conducted in the early stages of project preparation and with the involvement of potentially displaced people, including

- a) the results of a census survey covering
  - current occupants of the affected area to establish a basis for the design of the resettlement program and to exclude subsequent inflows of people from eligibility for compensation and resettlement assistance;
  - standard characteristics of displaced households, including a description of production systems, labor, and household organization; and baseline information on livelihoods (including, as relevant, production levels and income derived from both formal and informal economic activities) and standards of living (including health status) of the displaced population;
  - the magnitude of the expected loss--total or partial--of assets, and the extent of displacement, physical or economic;
  - information on vulnerable groups or persons for whom special provisions may have to be made; and

- provisions to update information on the displaced people's livelihoods and standards of living at regular intervals so that the latest information is available at the time of their displacement.
- b) Other studies describing the following
- land tenure and transfer systems, including an inventory of common property natural resources from which people derive their livelihoods and sustenance, non-title-based usufruct systems (including fishing, grazing, or use of forest areas) governed by local recognized land allocation mechanisms, and any issues raised by different tenure systems in the project area;
  - the patterns of social interaction in the affected communities, including social networks and social support systems, and how they will be affected by the project;
  - public infrastructure and social services that will be affected; and
  - social and cultural characteristics of displaced communities, including a description of formal and informal institutions (e.g., community organizations, ritual groups, nongovernmental organizations (NGOs)) that may be relevant to the consultation strategy and to designing and implementing the resettlement activities.

#### 5. *Legal framework.*

The findings of an analysis of the legal framework, covering

- a) the scope of the power of eminent domain and the nature of compensation associated with it, in terms of both the valuation methodology and the timing of payment;
- b) the applicable legal and administrative procedures, including a description of the remedies available to displaced persons in the judicial process and the normal timeframe for such procedures, and any available alternative dispute resolution mechanisms that may be relevant to resettlement under the project;
- c) relevant law (including customary and traditional law) governing land tenure, valuation of assets and losses, compensation, and natural resource usage rights; customary personal law related to displacement; and environmental laws and social welfare legislation;
- d) laws and regulations relating to the agencies responsible for implementing resettlement activities;
- e) gaps, if any, between local laws covering eminent domain and resettlement and the Bank's resettlement policy, and the mechanisms to bridge such gaps; and
- f) any legal steps necessary to ensure the effective implementation of resettlement activities under the project, including, as appropriate, a process for recognizing claims to legal rights to land--including claims that derive from customary law and traditional usage

#### 6. *Institutional Framework.*

The findings of an analysis of the institutional framework covering

- a) the identification of agencies responsible for resettlement activities and NGOs that may have a role in project implementation;
- b) an assessment of the institutional capacity of such agencies and NGOs; and
- c) any steps that are proposed to enhance the institutional capacity of agencies and NGOs responsible for resettlement implementation.



7. *Eligibility.*

Definition of displaced persons and criteria for determining their eligibility for compensation and other resettlement assistance, including relevant cut-off dates.

8. *Valuation of and compensation for losses.*

The methodology to be used in valuing losses to determine their replacement cost; and a description of the proposed types and levels of compensation under local law and such supplementary measures as are necessary to achieve replacement cost for lost assets.

9. *Resettlement measures.*

A description of the packages of compensation and other resettlement measures that will assist each category of eligible displaced persons to achieve the objectives of the policy. In addition to being technically and economically feasible, the resettlement packages should be compatible with the cultural preferences of the displaced persons, and prepared in consultation with them.

10. *Site selection, site preparation, and relocation.*

Alternative relocation sites considered and explanation of those selected, covering

- a) institutional and technical arrangements for identifying and preparing relocation sites, whether rural or urban, for which a combination of productive potential, locational advantages, and other factors is at least comparable to the advantages of the old sites, with an estimate of the time needed to acquire and transfer land and ancillary resources;
- b) any measures necessary to prevent land speculation or influx of ineligible persons at the selected sites;
- c) procedures for physical relocation under the project, including timetables for site preparation and transfer; and
- d) legal arrangements for regularizing tenure and transferring titles to resettlers.

11. *Housing, infrastructure, and social services.*

Plans to provide (or to finance resettlers' provision of) housing, infrastructure (e.g., water supply, feeder roads), and social services (e.g., schools, health services); plans to ensure comparable services to host populations; any necessary site development, engineering, and architectural designs for these facilities.

12. *Environmental protection and management.*

A description of the boundaries of the relocation area; and an assessment of the environmental impacts of the proposed resettlement and measures to mitigate and manage these impacts (coordinated as appropriate with the environmental assessment of the main investment requiring the resettlement).

13. *Community participation.*

Involvement of resettlers and host communities,

- a) a description of the strategy for consultation with and participation of resettlers and hosts in the design and implementation of the resettlement activities;
- b) a summary of the views expressed and how these views were taken into account in preparing the resettlement plan;
- c) a review of the resettlement alternatives presented and the choices made by displaced persons regarding options available to them, including choices related to forms of compensation and resettlement assistance, to relocating as individuals families or as parts of preexisting communities or kinship groups, to sustaining existing patterns of group organization, and to retaining access to cultural property (e.g. places of worship, pilgrimage centers, cemeteries); and
- d) institutionalized arrangements by which displaced people can communicate their concerns to project authorities throughout planning and implementation, and measures to ensure that such vulnerable groups as indigenous people, ethnic minorities, the landless, and women are adequately represented.

14. *Integration with host populations.*

Measures to mitigate the impact of resettlement on any host communities, including

- a) consultations with host communities and local governments;
- b) arrangements for prompt tendering of any payment due the hosts for land or other assets provided to resettlers;
- c) arrangements for addressing any conflict that may arise between resettlers and host communities; and
- d) any measures necessary to augment services (e.g., education, water, health, and production services) in host communities to make them at least comparable to services available to resettlers.

15. *Grievance procedures.*

Affordable and accessible procedures for third-party settlement of disputes arising from resettlement; such grievance mechanisms should take into account the availability of judicial recourse and community and traditional dispute settlement mechanisms.

16. *Organizational responsibilities.*

The organizational framework for implementing resettlement, including identification of agencies responsible for delivery of resettlement measures and provision of services; arrangements to ensure appropriate coordination between agencies and jurisdictions involved in implementation; and any measures (including technical assistance) needed to strengthen the implementing agencies' capacity to design and carry out resettlement activities; provisions for the transfer to local authorities or resettlers themselves of responsibility for managing facilities and services provided under the project and for transferring other such responsibilities from the resettlement implementing agencies, when appropriate.

17. *Implementation schedule.*

An implementation schedule covering all resettlement activities from preparation through implementation, including target dates for the achievement of expected benefits to resettlers and hosts

and terminating the various forms of assistance. The schedule should indicate how the resettlement activities are linked to the implementation of the overall project.

*18. Costs and budget.*

Tables showing itemized cost estimates for all resettlement activities, including allowances for inflation, population growth, and other contingencies; timetables for expenditures; sources of funds; and arrangements for timely flow of funds, and funding for resettlement, if any, in areas outside the jurisdiction of the implementing agencies.<sup>6</sup>

*19. Monitoring and evaluation.*

Arrangements for monitoring of resettlement activities by the implementing agency, supplemented by independent monitors as considered appropriate by the PPP unit and/or the relevant Ministry/government agency, to ensure complete and objective information; performance monitoring indicators to measure inputs, outputs, and outcomes for resettlement activities; involvement of the displaced persons in the monitoring process; evaluation of the impact of resettlement for a reasonable period after all resettlement and related development activities have been completed; using the results of resettlement monitoring to guide subsequent implementation.

## **Annex VI: Outline of Abbreviated Resettlement Action Plan (A-RAP)**

An abbreviated plan will covers the following minimum elements:

### **(a) Project Description**

Identify Project location and its features.

### **(b) Census Survey of Displaced Persons and Valuation of Assets**

Potential displacement due to proposed sub-project, assets lost and people from homes or livelihood, and methodology to be used in valuing losses to determine their replacement cost.

### **(c) Legal and Regulatory Framework**

Describe key national acquisition, compensation, policies and donor policies, entitlements. Explain how national legislation and regulations on land acquisition, NIRP and WB safeguard policies will be achieved.

### **(d) Eligibility, Description of Compensation and Other Resettlement Assistance to be provided**

Describe the packages of compensation and other resettlement measures and other assistances that will assist each category of eligible displaced persons to achieve the objectives.

### **(e) Consultations with affected persons**

Discuss the consultation and participation process in the light of national laws, NIRP and WB safeguard requirements, including on issues about acceptable alternatives.

### **(f) Institutional Responsibility for Implementation and Procedures for Grievance Redress**

Identify main tasks and responsibilities in planning, negotiating, consulting, approving, coordinating, implementing, grievance redress, financing, monitoring and evaluation of the resettlement and rehabilitation.

### **(g) Arrangements for Monitoring and Implementation, and**

Specify the arrangements for M&E.

### **(h) Timetable and Budget**

An Implementation schedule will be prepared including all resettlement activities from preparation to implementation.

## Annex VII: Sample Questionnaire for Census Survey

**Name of Sub Project:** .....

<b>A. Administrative Information the affected household is located</b>					
1.	DS Division				
2.	GN Division				
3.	House No:				
<b>B. Details of the Landowners/Claimants</b>					
4.	Name of the landowner/claimant				
5.	Current contact address of the landowner/claimant				
6.	National Identity Card No. (only for individuals)				
7.	Contact Telephone No/s				
8.	Email address				
<b>C. Details of the land identified for purchase/acquisition</b>					
9.	Name of the land				
10.	Lot No/s				
11.	Type of title document in possession of the landowner/claimant	11.1 Deed	11.2. Permit	11.3 Other (specify)	11.4 None
12.	Registered No. of the deed/permit/other document				
13.	If no documents are available, any reason for missing documents				

14.	Type of ownership of the land	14.1 Single		14.2 Joint		14.3 Company	
15.	Who are the joint owners of the land	15.1 Spouse	15.2 Children	15.3 Siblings	15.4 Parents	15.5 Others (specify)	
16.	How was the ownership transferred to present owners/claimants	16.1 Inherited from family		16.2 Bought by self		16.3 Other (specify)	
17.	<u>Total extent</u> of the land owned by the landowner/s in the <u>same location</u> identified for purchase/acquisition (use the relevant row)	Perches:					
		Acres:					
18.	<u>Extent of the land required for purchase/acquisition for this project</u> (use the relevant row)	Perches:					
		Acres:					
19.	Proportion (%) of the land to be purchased/acquired from the total land of the landowners/claimants in the same location						
20.	Current use of land to be purchased/acquired	19.1 Fallow	19.2 Scrubland	19.3 Highland cultivation	19.4 Plantations (Palmyrah)	19.5 Tourism/commercial	19.6 Other
21.	Dependents on the land to be purchased/acquired (write the numbers)	21.1 Owners	21.2 Tenants/Lessees	21.3 Sharecroppers		21.4 Labourers/employees	21.5 Others (specify)
22.	Current market value of the land	SLRs:					
<b>D. Details of Structures situated on the land to be purchased/acquired (if any)</b>							
23.	Type of structure	23.1 Residential	23.2 Commercial	23.3 Industrial	23.4 Religious	23.5 Other (specify)	
24.	Exact location of the structure	24.1 Inside the land to be			24.2 In the adjacent land of the owner/claimant		

		purchased/acquired			
25.	Would this structure be affected due to purchase/acquisition	25.1 Yes	25.2 No		
<b>If affected, please include the following information</b>					
26.	What is the degree of impact on the structure due to acquisition	26.1 Fully affected	26.2 Partially affected (Give the estimated proportion)	26.3 Permanently affected	26.4 Temporarily affected
27.	Condition of the structure	27.1 Fully completed	27.2 Partially completed	27.3 Temporary	
28.	Floor area of the structure (sq. feet)	28.1 Less than 450	28.2 450 - 1000	28.3 More than 1,000	
29.	Construction materials used for the structure (insert the relevant code No given in the footnote)	29.1 Type of the Wales <sup>24</sup>	29.2 Type of the Floor <sup>25</sup>	29.3 Type of the Roof <sup>26</sup>	

<sup>24</sup> (1) Bricks; (2) Wood; (3) Concrete; (4) Corrugated Iron sheet; (5) Other

<sup>25</sup> (1) Floor Tiles; (2) Cement Floor; (3) Clay Floor; (4) Other

<sup>26</sup> (1) Roof Tiles; (2) Asbestos Sheet; (3) Tin Sheet; (4) Other

30.	Age of the structure	30.1 Less than 10 years	30.2 10 – 20 years		30.3 Over 20 years
31.	Current use of the structure <sup>27</sup> (insert the relevant code No given in the footnote)				
32.	Current ownership of the structure	32.1 Titleholder	32.2 Non-titleholder (encroacher/squatter)		32.3 Others (specify)
33.	Other persons associated with the structure (enter the No. persons in the relevant column)	33.1 Owners	33.2 Tenants/Lessees	33.3 Labourers/ employees	33.4 Others (specify)
34.	Other Facilities	34.1 Power Supply <sup>28</sup>	34.2 Drinking Water Supply <sup>29</sup>	34.3 Sanitary Facilities <sup>30</sup>	34.4 Energy Source of Cooking <sup>31</sup>
35.	Current market value of the structure	SLRs:			
36.	Annual incomes received by the owner/claimant from the structures (if any)	SLRs:			
<b>E. Type of Trees &amp; Crops grown on the land to be purchased/acquired</b>					
<b>Details</b>		<b>Fruit-bearing</b>		<b>Non-fruit bearing</b>	

<sup>27</sup> (1) Residential; (2) Commercial; (3) Multiple use; (4) Abandoned; (5) Other

<sup>28</sup> (1) CEB; (2) Solar Power; (3) Generator; (4) No Electricity

<sup>29</sup> (1) Pipe into house; (2) Pipe into Yard or Plot; (3) Public Tap; (4) Protected Dug Well; (5) Unprotected Dug Well; (6) Rainwater Collection; (7) Other

<sup>30</sup> (1) Public; (2) Neighbour; (3) Owned; (4) Other

<sup>31</sup> (1) Gas Stove; (2) Kerosene Oven; (3) Electric Oven; (4) Other



37.	Type of <u>trees</u> grown on the land to be purchased/acquired								
38.	No. of trees in each type								
39.	Average age of each tree type								
40.	Estimated value of a single tree (SLRs)								
41.	Annual incomes received by the owner/claimant from the trees (if any)	SLRs:							
42.	Type of <u>crops</u> grown on the land to be purchased/acquired								
43.	Extent of the area cultivated with each crop								
44.	No. Seasons per year that each crop is cultivated								
45.	Annual yield in each crop								
46.	Annual incomes received by the owner/claimant from the crops (if any)	SLRs:							
<b>F. Other activities &amp; facilities within the land to be purchased/acquired (if any)</b>									
47.	No. Fisher Camps (Vadis)								
48.	No. Fishermen in fisher camps (Vadis)								
49.	Access roads	49.1 Yes				49.2 No			
50.	No. Wells (drinking/other)								
51.	Other activities/facilities (specify)								
<b>G. Socio-economic profile of the landowner or claimant</b>									
52.	Type of household	52.1 Male Headed				52.2 Women Headed			

53.	Composition of the household	53.1 Nuclear		53.2 Extended			
54.	Ethnicity	54.1 Tamil	54.2 Muslim	54.3 Sinhalese		54.4 Other	
<b>55. Family Details (Please use the code sheet to fill-up the columns)</b>							
No.	Name of the family member (start from the head of the family)	55.1 Status in the family	55.2 Sex	55.3 Age	55.4 Civil status	55.5 Education	55.6 Primary source of livelihood <sup>32</sup>
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							

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<sup>32</sup> If the member is a student, please indicate it

56.	No. persons with disabilities in the family (if any)				
57.	No. dependents on the landowner/claimant				
58.	Extent of <u>other land</u> owned by the landowner/claimant (outside the area for purchase/acquisition)	58.1 Irrigated		58.2 Non-irrigated	
		Perches		Perches	
		Acres		Acres	
59.	No. <u>Other assets</u> owned by the landowner/claimant (enter the number in the relevant column)	59.1 Houses	59.2 Commercial/ business units	59.3 Industrial units	59.4 Other (specify)
60.	Estimated annual income of the landowner/claimant from all sources	SLRs:			
<b>If the landowner is a Company, please obtain the following information</b>					
61.	Name of the Company				
62.	Year of Establishment				
63.	Location of the Company				
64.	Nature of Business				
65.	No. Employees				
66.	Annual Turnover/Revenue	SLRs			
<b>H. Willingness of the landowner/claimant to sell/for acquisition of the land</b>					
67.	Willingness of the landowner/claimant to <u>sell</u> the land	66.1 Willing	66.2 Not willing	66.3 Needs consent of co-owners/Board	66.4 Needs time to decide

68.	Willingness of the landowner/claimant for <u>acquisition</u> of the land	67.1 Willing	67.2 Not willing	67.3 Needs consent of co-owners/Board	67.4 Needs time to decide		
69.	How would the sale/acquisition of the land impact on the livelihoods/incomes of the owner/ claimant	68.1 No impact		68.2 Marginal impact (estimated proportion of impact)	68.3 Substantial impact (estimated proportion of impact)		
70	What kind of impacts are anticipated due to sale/acquisition	70.1 Full loss of livelihoods <sup>33</sup>	70.2 Partial loss of livelihoods	70.3 Full loss of incomes	70.4 Partial loss of incomes	70.5 Loss of property	70.6 De-valuation of remaining land
71.	If willing to sell the land, expected price per perch	SLRs:					
72.	If acquired, cash compensation expected for affected assets	72.1 Land (SLRs)	72.2 Structures (SLRs)	72.3 Trees (SLRs)	72.4 Crops (SLRs)	72.5 Livelihoods (SLRs)	72.6 Other (SLRs)
73.	Any other resettlement assistance expected	73.1 Employment in construction work	73.2 Vocational training		73.3 Assistance to re-establish affected livelihoods		

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<sup>33</sup> This can include loss of employment as well.

## **Annex VIII: Social Survey Questionnaire (Households) for Relocation Assistance**

Number of the household card:

Name of Sub project:

Name of partner 1:

National Identity card number of partner 1:

Name of partner 2:

National Identity card number of partner 2:

Address of Applicants:

Number of household members:

### **Occupation:**

A) Partner 1:

B) Partner 2:

C) Any other member of the household:

a) Original place of residence:

b) Relocated place of residence:

**Grama Niladhari Division & Number:**

a) Original place of residence:

b) Relocated place of residence

**Entitlements and Payments**

No	Entitlements	Amount (Rs)	Received Signature	Date
1	House			
2	Transportation			
3	Loss of structures & Immoveable Asset			
4	Income Assistance, if eligible			
5	Rental allowance, if eligible			
6	Any other assistance			

NB: In AP Household cards only the eligible entitlements will be entered

## **Annex IX: Terms of Reference for a carrying out Social Impact Assessment and preparing Social Safeguard Action Plans**

### **1. Description of Project Background**

Based on the nature of the PPP Project selected

### **2. Project Location and Activities**

Based on the location where selected PPP Project interventions will take place

### **3. Objective of the assignment**

The areas of intervention towards achieving the project development objectives of the PPP Project have been identified, and the basic framework, the Resettlement Policy Framework, comprising principles, procedures, principles and guidelines to identify and assess the potential social impacts and risks, prepare mitigation plans as part of sub-project preparation, institutional arrangements and processes to be followed for the PPP Projects, have been prepared. In this context, the Government of Sri Lanka intends to hire well qualified professional consultants to carry out social safeguards measures including: (a) social assessment for the Project; (b) Social Screening/Social Impact Assessment (SIA), (c) Preparation of Social Impact Mitigation Plan (SIMP) for addressing non-land related social issues and adverse impacts, and (d) If needed as per the RPF prepared under the Project, a Resettlement Action Plan or the Abbreviated Resettlement Action Plan (RAP/A-RAP).

The Social Assessment will help to understand key social issues, identify risks and impacts on populations, institutional and legal settings in which social safeguard measures will be planned and implemented. Based on the Social Assessment and technical design of the sub-project intervention, a Social Screening Report (SSR) will be prepared. The SSR will help determine the need for a detailed Social Impact Assessment (SIA) and other due diligence studies like the tracer survey, social audit, asset valuation as provided for in the SMF and the RPF prepared under the Project, and prepare SIMP and RAP/A-RAP, if deemed necessary. The study will be within the context of the GoSL's previous experience in land acquisition and involuntary resettlement management, various policies and institutions in place, and meeting the safeguard requirements of the World Bank.

### **4. Specific Objectives:**

- To carry out as a part of the Social Assessment a rapid review of social issues involved and prepare a broad-based social assessment of the project (focusing on components and likely activities), highlighting potential positive and negative impacts of the project. To review



policy and acts/ regulations of GoSL and the World Bank (OP 4.12) in order to identify applicable provisions in the proposed project and suggest ways to fill any gap between the GoSL and World Bank requirements.

- To understand roles and responsibilities, and assess capacity of the Country institutions involved in the Project to manage social development issues including safeguards, offer guidelines for capacity development to address any gaps.
- To carry out social screening for the sub-project activities to see if there could be any adverse social impacts, and, if confirmed, carry out social impact assessment and other due diligence studies (tracer survey, social audit, asset valuation, due diligence report)
- To develop a Social Impact Mitigation Plan (SIMP) for the sub-project implementation, and if required a RAP/A-RAP (fulfilling requirements of the SMF and the RPF and integrating participation and social accountability guidelines).

**5. Tasks:** The scope of services comprises, without being limited to, the following:

*Task - 1: Social Assessment.* This will include the following:

Situation Assessment: A rapid analysis of the developmental, socio-cultural and political economic context based on information available from the government, stakeholder consultations, primary and secondary sources, and media reports relevant to the project. This analysis will briefly describe the context for the selected PPP Project, including the historical context (e.g. post conflict/peace dividends) for the growth of the country/region/locality, overall institutional environment, political economic aspects, and any conflict risks.

Analysis of Key Social Impacts, Risks and Opportunities: This section will discuss the socioeconomic and cultural profile of the people likely to benefit/be adversely affected, their interests and levels of influence on project outcomes; positive/negative impacts on the poor/ marginalized groups; role of civil society, opportunities to engage with them for better outcomes; any conflict risks that may affect implementation; impacts due to labor influx, including risks of gender based violence, child labor, etc. Analysis of key social risks will include likelihood of involuntary resettlement, issues of gender equality, social inclusion, labor issues, camp management and workers' code of conduct, and social accountability. A Stakeholder Analysis will be conducted through consultations to identify and assess the role and influence various stakeholders including the impacted people.

Analysis of Legislative and Regulative Frameworks. The consultant will describe the policy context with special attention to legislations on social dimensions relevant to the Project. The consultant will also review the World Bank safeguard provisions that need to be complied with and will suggest measures to fill any gaps between the Bank and government policies.

Review of Experience in Social Management. The consultant will review the country experience in LA & R&R; vulnerable community development and social accountability in key participating institutions that will be responsible for the implementation of the PPP Project.

Institutional and Capacity Assessment. The consultant will review the existing institutional mechanisms and capacity of the involved institutions for social management including the existence of units/ focal points for addressing land acquisition, resettlement and other social dimensions; their powers, functions and effectiveness.

Analysis of Social Inclusion and Social Accountability. The Consultant will make an analysis of prevalent social accountability policies and practices promoting demand for —good governance’ (DFGG) involving downward accountability and explore opportunities for strengthening DFGG/social accountability through participation of community groups, impacted people, other stakeholders, civil society organisations (CSO) in planning, implementing and monitoring the project and the municipalities’ responsiveness and efficiency in meeting people’s needs.

#### *Task - 2 Social Impact Mitigation Plan (SIMP).*

Building on the findings and recommendations of the Social Assessment, the SIMP will include (a) findings from the social screening, socio-economic survey, stakeholder consultations, impact categories, types of losses, etc; (b) plans and mitigation measures for addressing non-land related risks; (c) measures for strengthening social inclusion and accountability; (d) specific plans and actions relating to consultations, information disclosure and grievance redressal; (e) measures for addressing impacts due to labor influx such as child labor, gender based violence, conflicts with host communities, etc; (f) planning, implementation and monitoring arrangements to address social development issues and risks; (g) budget and timeline for implementation of activities in the SIMP with clear identification of tasks for the contractor, supervision consultant, project implementing partners, Developers and the relevant line Ministry/Agency.

#### *Task -3 Social Impact Assessment and Resettlement Planning*

The Consultant will as per the SMF and the RPF undertake social screening/SIA of the sub-project, including other relevant due diligence studies (e.g., tracer survey, social audit, asset valuation, etc). Based on the findings of these reports, prepare RAP/A-RAP, as required. The RAP/A-RAP will include, at the least:

- Principles and objectives governing resettlement preparation and implementation;
- Findings from the social screening, socio-economic survey, stakeholder consultations, impact categories, types of losses;
- Estimation of impact categories and affected population, and guidelines for recording additional impacts
- Entitlements Matrix for provisioning compensation and rehabilitation assistance for losses to assist the affected people in various categories to re-establish their living conditions including shelter and livelihoods meeting the World Bank’s safeguard policy and country legal requirements.
- Principles and criteria relating to: cut-off date for compensation; define criteria and authority for determining eligibility for different impacted categories of people to receive LA and R&R benefits; valuing the affected land and assets,
- Guidelines for site selection, site preparation and relocation of displaced households; legal arrangements for regularizing tenure;
- Guidelines for post-resettlement support including housing, infrastructure and social services to the relocated people and capacity enabling them to re-establish and sustain their living conditions;

- Institutional arrangements including organisational procedures for delivery of the entitlements, including responsibilities of the government and other stakeholders including NGOs in the implementation process, linking resettlement implementation to civil works; and organisational responsibilities for planning, implementing and monitoring RAPs; sequencing activities with a flow chart outlining planning and implementation process
- Procedures for consultation, information disclosure and grievance redress mechanism;
- Process for approving, implementing and monitoring resettlement plans, with specific timeline and budget

**6. Deliverables.** The deliverables will include the following:

- Inception Report, including a work plan presenting the methodology for Social Assessment, SMF and SIA for Stage 1 activities as per the ToR. (9 copies).
- Social Assessment Report, along with a comprehensive consultation report as Annex describing all consultations held for this assignment, explaining methodology and types, key data on type of meeting, stakeholder groups met, number of participants, date, location, photographs etc.; key issues discussed.
- Social Impact Assessment Report, and if relevant, other due diligence reports from the tracer survey, social audit and asset valuation.
- Social Impact Mitigation Plan that is approved by the PPP Unit and/or line Ministry/Agency.
- Resettlement Action Plan or an Abbreviated Resettlement Action Plan (RAP/ARAP) that is approved by the concerned line Ministry/Agency.

**7. Methodology.** The methodologies to be followed by the consultant in this assignment include review of relevant documents & secondary information, interactions and consultations with stakeholders; and field visits and community interactions. Consultant will develop detailed methodology and work plan in the inception report, which will be discussed and agreed with the client. The Consultant should pay special attention to the safeguard policies and practices adopted by GoSL for externally funded projects.

**8. Duration of the service:** The time period required for this assignment is envisaged to be 4 months.

**9. Qualification of Expert:** The consultant/s should include a team leader and Social Development experts with experience in resettlement, community development, and social inclusion/accountability, with higher degree in Social Sciences. In particular:

*Team Leader:* a senior specialist, with at least ten years of experience in Social Development, He/ she should have delivered Social Assessment, SMF, RAP earlier for external donor funded projects. Experience in urban resettlement, community development shall be considered an added qualification. He/she should also have proven ability to command a team and ensure targets and deadlines are met and to ensure quality of outputs meet client expectation, and demonstrated proficiency in writing and speaking in English. He/she is expected to have experience with

the application of good-governance tools such like citizen/community score cards, participative monitoring and evaluation, grievance redress and complaint handling, conflict mediation, information, education, communication, etc.

*Social Development Specialist*, with at least 5 years’ experience in the field, working with poor urban communities, organizing surveys and managing interaction with communities and civil society. Prior experience with the application of good-governance tools such like citizen/community score cards, participative monitoring and evaluation, grievance redress and complaint handling, conflict mediation, information, education and communication is a plus.

*Social Development Analyst*, with relevant degree in social science and demonstrated proficiency in writing and speaking in English

The Consultant should explain in advance, in the inception report, the team it will mobilize to deliver the above tasks, especially the Task-3, which will require census survey.

**10. Estimated input of professional time:**

The total estimated level of effort for this assignment is estimated to be 26 staff weeks (excluding the time of surveyors).

<b>Position</b>	<b>SA</b>	<b>SMF</b>	<b>SIA for Phase I</b>
Team Leader	4 weeks	6 weeks	2 weeks
Social Development Specialist	2 weeks	2 weeks	2 weeks
Social Development Analyst	4 weeks	2 weeks	2 weeks

**11. Other Information:** The consultants are advised to refer to the following World Bank policies in addition to any other resources that they may deem fit: OP 4.12 Involuntary Resettlement & OP 4.11 Physical Cultural Resources. Involuntary Resettlement Sourcebook; the consultant may refer to [www.worldbank.org/socialanalysisourcebook](http://www.worldbank.org/socialanalysisourcebook).

## Annex X: Sample Terms of Reference for Hiring External Monitoring and Review Consultants

**Objective:** National Agency for Public Private Partnerships (NAPPP) has prepared a Resettlement Policy Framework (RPF) as per the national regulations and World Bank’s operational policies (social safeguards) to identify and mitigate unavoidable involuntary resettlement impacts of [project description].

The RPF has provisions to provide the affected families with compensation and rehabilitation support by engaging consultants to assess impacts and prepare plans and External Consultants for facilitating support for community participation and income restoration, and enhance accountability in the implementation process. This ToR provides the nature and scope of tasks and deliverables to be undertaken by the prospective consultants to be engaged for this purpose with reporting arrangements and timeframe. The [line Ministry] invites Expressions of Interest (EOI) from well-established consultants with substantial experience in urban resettlement and slum issues, urban governance, and income generation to assist in the R&R process.

**Reporting Arrangements:** The consultants will work at the project level under the supervision of Project Director and Deputy Project Director (Social) of the concerned line Ministry/Agency. The respective department/units of the line Ministry/Agency will provide overall policy and training support to consultants, the actual execution will be done by the private partner and other agencies such as [name of other GOSL agencies involved] in coordination with the NAPP.

### Scope of Work

1. Strengthen people’s awareness regarding the project, their rights and entitlements;
2. Strengthen participation of APs in livelihood and income restoration activities;
3. Strengthen transparency in the LA and RR through social accountability measures such as community display boards, information dissemination, and regular consultation;
4. Strengthen women’s participation in R&R process with special focus on livelihoods;
5. Assist in identifying and enabling vulnerable families to cope with resettlement;

6. Assist in providing post resettlement support to the relocated families; and

7. The employer may assign such other assignments relevant to strengthening social inclusion and equity in the R&R process as required.

### **Specific Tasks**

Relocation Support: The consultant will assist with facilitating smooth relocation of affected people from the affected site to the resettlement sites and help them to re-establish their shelter and businesses, and monitor and document the process. It will provide women headed and vulnerable displaced families with need-based capacity building support in addition to R&R benefits.

Information, Education and Communication: The consultants will assist in IEC activities through public meetings and consultations with the AP and vulnerable groups and their organisations like CBO. The consultant will establish rapport with APs and inform them about their entitlements provisioned in the RPF and RAPs. It will raise their awareness regarding documentation and procedures to receive their rights and benefits. The consultant will organize AP beneficiaries groups and inform and consult on the program and dispel misinformation. The consultant will facilitate AP interactions with the Project personnel and local authorities. Consultant will organize monthly meetings with APs at pre-disclosed time and locations. Decisions taken in these meetings will be documented and submitted to concerned line Ministry and Agency as well as private partner and other partner agencies as part of monthly progress reports.

AP Identification and Verification: The consultant will cross verify through consultation with community groups the list of eligible vulnerable families and squatters and assist in issuing ID cards to the APs eligible. The consultant will also act as a medium for recording AP grievances and informing the concerned government institution/ private partner and other partner agencies for action.

Hand Holding Support for Livelihood/Income Restoration: The consultant will assist the APs in opening bank accounts; counsel them regarding utilization of the R&R assistance, educate them about investment options and enable them to restore their incomes. For this purpose, the consultant will advise the Project to disburse R&R package in a manner that will economically benefit them most. Consultant may form local thrift and credit groups, help APs with skill training for income generation.

Coordination and Mainstream Linkage: The consultant will coordinate with government/other mainstream institutions to strengthen socio-economic development of the resettled families and enhancing their access to welfare and income schemes.

Capacity building for Condominium Management: The consultant will provide training to their settled people at the new sites to build their capacity to manage their own affairs in a sustainable manner.

Annex XI: Sample of Social Impact Mitigation Plan

No	Adverse Social Impacts	Mitigation Measures	Location/ Place	Implementing Cost	Responsibility	Time Frame
01	Access disturbances - Temporary Impact					
	Households/Businesses/institutions will have difficulties in access during construction works	Provide sign boards for pedestrians to inform nature and duration of construction works and contact numbers for reporting any complaints.		Contractor's cost	Construction Contractor/ Relevant Line Ministry/line Agency/LA	During Construction
		Provide walkways and metal sheets where required to maintain access for people		-Do-	-Do-	-Do-
		Special care to be taken wherever the community sensitive areas are located (specified in the EMP) and accelerate the civil works in front of critical areas such as institutions, places of worship, business establishment, hospitals, and schools		-Do-	-Do-	-Do-
		Consult business and institutions regarding operating hours and factoring this into work schedules		-Do-	-Do-	-Do-
		Propose alternative access roads during construction period.		-Do-	-Do-	-Do-
		Do not damage or block the existing access road for residential areas during construction		-Do-	-Do-	-Do-
		Contractor will be instructed to use small excavating equipment as much as possible to avoid unanticipated damages.		-Do-	-Do-	-Do-
		In case of complete loss of motor access leading to loss of business over a day, financial assistance @ SLR 1000/ per day per business owner from 1 <sup>st</sup> until ease of access has been restored by the contractor.		Contractor cost	-Do-	-Do-
02	Pedestrians Safety Issues - Temporary Impact					

No	Adverse Social Impacts	Mitigation Measures	Location/ Place	Implementing Cost	Responsibility	Time Frame
	Safety issues to pedestrians, vehicles and workers during construction using heavy equipment & machinery	Contractor must comply with the provisions in Health and Safety regulations under the Factory Ordinance with regards to provisions of health and safety measures, amenities at work places.		N/A	Construction Contractor/ Relevant Line Ministry/line Agency/LA	During Construction
		Alarm warning to the pedestrian, vehicle and workers using sign boards, fence, band tape, etc.		Contractor's Cost	-Do-	-Do-
		Ensure appropriate safety equipment, tools and protective clothing are provided to workers and that safe working methods are applied.		-Do-	-Do-	-Do-
		A safety inspection checklist should be prepared taking into consideration what the workers are expected to be wearing and monitored during specific construction activities.		N/A	-Do-	During construction/ Periodic monitoring
		Ensure prevention of risks from electrocution by regular inspection and maintenance of all electric power driven machines used on the construction site. They must be kept away from permanent/ temporary pedestrian walkways.		N/A	-Do-	During Construction
		A temporary fence will be erected on near water bodies and or steep site slopes to avoid contact of public and workers with deep-water bodies and steep slopes.		Contractor's Cost	-Do-	-Do-
		Ensure basic emergency aid service is in place in the work site as well in labour camps	Sites, contractor's Vehicle yard & Labour camps	-Do-	-Do-	-Do-



No	Adverse Social Impacts	Mitigation Measures	Location/ Place	Implementing Cost	Responsibility	Time Frame
		Ensure training of basic health and safety be provided to the work force prior to commencement of construction with emphasis on all the above critical factors		-Do-	-Do-	Before starting construction
		Clear work camp sites after use and reinstate with vegetation	Labour camps	-Do-	-Do-	After construction
03	Traffic Congestion - Temporary Impacts					
	Traffic congestion would be aggravated due to construction works	Special traffic management plan and deploying additional traffic police should be put in place.		Contractor's Cost	Construction Contractor/ RDA/ Concerned government agency/ Developer/ LA	During Construction
04	Shifting of Common and Private Utilities - Permanent Impact					
	Shifting of Common and Private Utility Services	If the relocation of common utility services anticipated, prepare an inventory of utilities at proposed sites with assistance of service providers	Site	N/A	-Do-	Project Planning Stage
		Prepare relocation plans with service providers for utilities to be shifted.	-Do-	N/A	-Do-	Designing stage
		Liaise with NWS&DB, CEB, and SLT to obtain utility plans & shifting arrangement, machine operator awareness about utilities and plan rehabilitation routes and facility sites to avoid existing utilities wherever possible.	-Do-	N/A	-Do-	-Do-
		Arrange for service providers to attend to the site immediately to deal with any accidental damage to utilities.	When needed	Contractor cost	-Do-	-Do-
		Ensure the compensation for unexpected structural damages due to construction activities by Third Party Insurance Coverage		Project Cost	-Do-	Before start the construction

No	Adverse Social Impacts	Mitigation Measures	Location/ Place	Implementing Cost	Responsibility	Time Frame
		If any public or private structures are damaged (including by vibration), replace the structures or compensate owners.	-Do-	Insurance Coverage	-Do-	During construction
05	Siting of construction camps, labour camps, stock yards and managing the risk of adverse impacts on communities from temporary project induced labour influx - Temporary Impact					
	If construction camps, labour camps, stock yards, vehicle refuelling areas etc. are located near sensitive areas such as wetlands, conservation zones and places of scenic beauty or recreational value, or any water body, those areas may be adversely affected. The risks of adverse impacts on communities from temporary project induced labour influx.	Care will be taken not to disturb sensitive areas and avoid highly residential areas when selecting sites to locate construction camps, labour camps, stock yards, vehicle refuelling areas etc. and the layout of such place should be approved by the supervision consultant	Camps/Yards	N/A	Construction Contractor/ Concerned government agency/ Developer/ LA	During construction
		Accumulation of water due to blocking of drains due to construction activities should be mitigated by removal of soil and debris from the dumping yards to avoid flooding event.	Entire drains section	Contractor Cost	-Do-	-Do-
		Maintain a sound waste management system within the camps and the site and do not allow to dispose the garbage, waste water as well as sewerage water to open places/land	Camps/ Yards/ Site	-Do-	-Do-	-Do-
		Make the contractors aware of advantages in giving priority to selecting labour from project influenced areas/local communities so as to minimise need for erecting labour camps and minimise labour influx.	N/A	N/A	Developer/ Concerned government agency/ Developer/ LA	-Do-
		Introduce Worker Code of Conduct as part of employment and sanctions/penalties for non-compliance	N/A	Contractor Cost	-Do-	-Do-
		Strengthen law enforcement activities around worker camps and work sites	-Do-	-Do-	-Do-	-Do-
		Establish a grievance redress mechanism for workers and host communities	-Do-	-Do-	-Do-	-Do-

No	Adverse Social Impacts	Mitigation Measures	Location/ Place	Implementing Cost	Responsibility	Time Frame
		Frequent supervision of labours' activities, labour welfare activities, basic needs provided for labours, hygienic condition of the camps/ sites	Camps/ Yards/ Sites	N/A	Concerned government agency/ Developer/ LA	-Do-
		Avoid illegal lodging arrangements by workers of contractors	Camps/ Yards/ Sites and project impact area	N/A	-Do-	-Do-
		Avoid social conflicts or tension and prevalence of gender-based violence.	-Do-	N/A	-Do-	-Do-
		Conduct awareness programmes to labourers on hygienic status including sexually transmitted diseases	Camps/Yards	Contractor's Cost	-Do-	-Do-
		Conduct cultural sensitization programmes for workers regarding engagement with local communities	-Do-	-Do-	-Do-	-Do-
		Receive timely feedback from local/host communities	-Do-	-Do-	-Do-	-Do-
		Contractor should adopt formal recruitment procedures to avoid ad-hoc recruitment of labourers	-Do-	-Do-	-Do-	-Do-
		Mandatory and continuous awareness raising for workers to refrain from unacceptable conduct of behaviour	-Do-	-Do-	-Do-	-Do-
		Keep a complaints/ grievances box and establish a labour GRM to report their grievances	-Do-	-Do-	-Do-	-Do-
		Prepare an inventory (including names/ National ID numbers/ addresses etc.) of entire labour force employed by contractor, and share with the concerned line Agency/Ministry. This inventory shall be regularly updated.	-Do-	-Do-	-Do-	-Do-
06	Dust, Noise and Vibration - Temporary Impact					

No	Adverse Social Impacts	Mitigation Measures	Location/ Place	Implementing Cost	Responsibility	Time Frame
	Dust, Noise and Vibration during construction and night work will cause inconveniences/ disturbances to the residents	Follow guidelines stipulated in the Environmental Management Plan (EMP)	Sites	Contractor's Cost	Concerned government agency/ Developer/ LA	During construction
		Disallow worker exposure to noise level greater than 85 dBA for duration of more than 8 hours per day without hearing protection. The use of hearing protection shall be enforced actively	-Do-	-Do-	-Do-	-Do-
		Use the temporary and permanent dumping site as directed in contract document with Engineer supervision and guided by EMP	-Do-	-Do-	-Do-	-Do-
07	Parking of Contractor's vehicles along the Road - Temporary Impact					
	Parking of vehicles along the road especially in residential areas.	Contractor shall rent out suitable places for parking of vehicles used for rehabilitation works which may lead to inconvenience to communities	-Do-	-Do-	-Do-	-Do-
08	Social Mobility Issues - Temporary Impact					
	Social mobility issues (community integration sensitivities)	Safeguard Officer (Environment & Social) appointed by the contractor need to liaise with stakeholders and build up the community integration.	N/A	-Do-	-Do-	-Do-
09	Occupational Health and Safety - Temporary Impact					
	Occupational hazards which can arise from working in subproject	Develop and implement site-specific Health and Safety (H&S) plan which will include measures such as: (a) excluding public from the site; (b) ensuring all workers are provided with and use personal protective equipment (PPE); (c) H&S Training for all site personnel; (d) documented procedures to be followed for all site activities; and (e) documentation of work-related accidents;	-Do-	-Do-	-Do-	-Do-

No	Adverse Social Impacts	Mitigation Measures	Location/ Place	Implementing Cost	Responsibility	Time Frame
		Ensure that qualified first-aid can be provided at all times. Equipped first-aid stations shall be easily accessible throughout the site	-Do-	-Do-	-Do-	-Do-
		Provide medical insurance coverage for workers	-Do-	-Do-	-Do-	-Do-
		Secure all installations from unauthorized intrusion and accident risks	-Do-	-Do-	-Do-	-Do-
		Provide suppliers of potable water and clean eating place where workers are not exposed to hazardous or noxious substances	-Do-	-Do-	-Do-	-Do-
		Provide H&S training to all new workers to ensure that they are appraised of the basic site rules of work at the site, personal protection, and preventing injuring to fellow workers	-Do-	-Do-	-Do-	-Do-
		Provide visitors if visitors to the site can gain access to areas where hazardous conditions or substances may be present. Ensure also that visitor/s do not enter hazard areas unescorted	-Do-	-Do-	-Do-	-Do-
		Ensure moving equipment is outfitted with audible back-up alarms	-Do-	-Do-	-Do-	-Do-
		Mark and provide sign boards for hazardous areas such as energized electrical devices and lines, service rooms housing high voltage equipment, and areas for storage and disposal. Signage shall be in accordance with international standards and be well known to, and easily understood by workers, visitors, and the general public as appropriate	-Do-	-Do-	-Do-	-Do-
10	Lack awareness & gender base violence issues of workers - Temporary Impact					
	Absence of enough sanitary facility for female workers, child labour, wage	Provide water and sanitation facilities for employees/labourers as per IFC 2009 standards (1 toilet/15 persons) and separate facilities for men and women.	-Do-	-Do-	-Do-	-Do-

No	Adverse Social Impacts	Mitigation Measures	Location/ Place	Implementing Cost	Responsibility	Time Frame
	disparity, entitlements for leave, lack of awareness for workers, encouraging local community for works.	Equal participation of women for the work shall be encouraged and ensure wage parity during the implementation of sub projects according to GoSL's labour policy, women are given equal pay for work of equal value. (This will be included in the contractual agreements)	-Do-	-Do-	-Do-	-Do-
		Prevent employing children under 16 years of age and young persons in the age group of 16 and 18 years; Equal opportunities should be given to both males and females in work assignments and depending on the type of work, underground works can be carried out regardless of gender.	-Do-	-Do-	-Do-	-Do-
		Train employees in the storage and handling of materials which can potentially cause soil contamination and precaution should be followed during construction	-Do-	-Do-	-Do-	-Do-
		Contractor is expected to select the labour force from the local community as much as possible if the skilled people are available. Prior to recruiting the labour, the Contractor should inform the people in the surrounding area at least 5 days before the selection takes place by announcing through a public announcement system and by displaying posters in public places of the relevant villages (Any person within 3 km of the work site).	-Do-	-Do-	-Do-	-Do-
		Entitlement of Leave for workers according the Shop and Office Employees (Regulation of Employment and Remuneration) Act	-Do-	N/A	-Do-	-Do-
11	Handling complains from community - Temporary Impact					
	Pedestrians, vehicles, residential	Conduct GRC meetings once a month or when needed with community representatives from site	N/A	Contractor Cost	-Do-	-Do-

No	Adverse Social Impacts	Mitigation Measures	Location/ Place	Implementing Cost	Responsibility	Time Frame
	& commercial community and workers of construction site make complaints regarding inconveniences due to construction works.	impact area  Keep complaint registry at site office as well as at the Project office	N/A	-Do-	-Do-	-Do-