

# Resettlement Planning Document

---

Resettlement Plan  
Implementation Progress Update  
Project Number: 26522  
October 2008

## Sri Lanka: Southern Transport Development Project

Prepared by Road Development Authority, Ministry of Highways and Road Development

The resettlement plan update is a document of the borrower. The views expressed herein do not necessarily represent those of ADB's Board of Directors, Management, or staff, and may be preliminary in nature.

**SOUTHERN TRANSPORT DEVELOPMENT PROJECT**

**Implementation Progress Update of the  
Resettlement Implementation Plan (RIP)**

*As at 31 October 2008*

## **Implementation Progress Update of the Resettlement Implementation Plan (RIP) for the Southern Transport Development Project (L1711)**

**The first highway project in Sri Lanka, Colombo-Matara highway project, was designed from 1998 to 2000. During the project design stage, National Involuntary Resettlement Policy for Sri Lanka was developed with technical assistance from the Asian Development Bank (ADB) and approved by the Cabinet in May 2001. In line with these new policies and ADB policies on involuntary resettlement Road Development Authority (RDA) under the Ministry of Highways prepared a comprehensive Resettlement Implementation Plan (RIP) for the project from August 2000 to September 2002. It was approved by the Government and ADB in October 2002.**

**This note describes implementation progress of the RIP with emphasis on whether the project has achieved its resettlement outputs in terms of payment of adequate cash compensation for lost properties and resettlement of displaced households with better infrastructure facilities, and income restoration support. It highlights the factors which contributed to the successful resettlement activities as well as the challenges faced in achieving the expected outcomes.**

**The project has led to a successful implementation of RIP with a major focus on cash payment of replacement cost of the houses and other structures (without deduction for depreciation) and market values for lands through a newly established Land Acquisition and Resettlement Committees (LARC) system. Throughout the project there were ADB and government grievance redress mechanisms available including courts, Grievance Redress Committees, and accountability of the Asian Development Bank (ADB) system for the affected people to address their concerns and grievances contributing to the positive outcome.**

### **1. The Southern Transport Development Project**

The Southern Transport Development Project was approved on 25 November 1999 and declared effective on 30 October 2002 with the ADB' approval of the RIP. The loan closing date was extended from 31 December 2006 to 31 December 2010 with a supplementary loan approved on 6 March 2008. The highway traverses through four districts of Colombo, Kalutara, Galle and Matara in the Western Province and Southern Province respectively. It consists of a 128 km highway, funded by Japan Bank for International Cooperation (JBIC), from Kottawa in the Western Province to Krundugaha Hatakma in Galle district and ADB provides funds for road construction from Kurundugaha Hatakma to Matara and the access road to the Galle city. In accordance with the loan agreement and ADB safeguard policies, a resettlement implementation (RIP) was approved in October 2002. The matrix of entitlements included in the RIP was translated into Sinhala, local language and each affected person was given a copy. Divisional Secretary Offices in the project area received a copy of the RIP translated into Sinhala. The Sinhala version was disclosed on the ADB web site in May 2004 and RDA's web site in June 2004. The entitlement certificate was also distributed to each AP after full payment of compensation and entitlements.

The RIP is a detailed plan for land acquisition, the number of identified affected people/households based on the land survey and inventory of losses, entitlements for lost assets, the extent of resettlement, rehabilitation support, and income and livelihood restoration activities and institutional arrangements. In addition, a detailed resettlement investment budget with the implementation schedule was also included in the RIP. Implementation of the RIP in terms of land acquisition, compensation, and resettlement is almost complete but there are remaining activities related to additional land acquisition and compensation, issuance of title deeds, implementation of the income restoration program, and external monitoring of resettlement impacts and mitigation measures.

### **2. Objectives of RIP update**

This note describes implementation progress of the RIP with emphasis on whether the project has achieved its resettlement outputs in terms of payment of adequate cash compensation for lost properties, resettlement, and income restoration support. It highlights the factors which contributed to the successful resettlement activities as well as the challenges faced in achieving the expected outcomes. A number of progress reports,

resettlement audits and other documents were prepared to assess progress of RIP implementation and compliance with social safeguards during project implementation<sup>1</sup>.

### 3. Progress of land acquisition

Land and other assets were acquired within the framework of the Land Acquisition Act of 1956 and its amendments. The provisions in this act do not meet standards of ADB involuntary resettlement policy and therefore, new policies and procedures were introduced in the RIP. The NIRP of Sri Lanka also identified some inadequacies of the procedures adopted in land acquisition in terms of significant delays in taking over possession of lands and associated problems such as submission of legal documents to prove land ownership, and a number of steps involved in land acquisition. There were no legal provisions to pay replacement costs for lands and structures and resettlement of the affected people. The time taken for land acquisition of lands under the LA act was estimated to be about 72 weeks and it was recommended in the RIP to apply Section 38 A to expedite land acquisition reducing the time required from 72 weeks to 54 weeks. All the lands in the project area were acquired under section 38 A with the approval of the Cabinet. Table 1 shows the extent of land acquired in the RIP and actual area of land acquired for the project.

**Table 1: Planned and actual extents of land acquired**

Estimated extents of land acquisition in the RIP (in hectares)		Land acquisition as of 31 May 2008 (in hectares)
Paddy land	299.9	272.5
High lands	651.3	734.2
Other lands	148.8	70.3
<b>Total</b>	<b>1100</b>	1077

Source: RIP (Table 2 in Chapter 2 and MIS data base, PMU)

In the RIP it was estimated that “the entire quantum of 1100 ha” will be acquired by 22 Divisional Secretaries in the project area (Chapter 8.2.1). In the resettlement budget 951.2 hectares (excluding government owned lands and other lands not entitled for compensation) in 8547 lots were identified for acquisition. The project was designed to minimize resettlement impacts and with additional land acquisition of acquire about 39 hectares during construction the extent of land acquired was less than the estimates in 2002. A total of 1326 houses against the estimated number of 1315 houses in the RIP and 101 commercial establishments (151 in the RIP) were affected.

The removal of 29 houses was necessary during road construction because of technical reasons such as rock blasting, earth slips, water logging, and safety of the people living closer to the right of way (RoW). The Ministry of Highways issued the Circular No. MH/W/1/93 dated 8 September 2006 to expedite additional land acquisition reducing the time of land acquisition and payment under the method of land purchasing. This was an option for the APs to sell their lands which are less than 15 perches to the government through negotiations at the Super LARC meeting. The APs who do not wish to follow the new procedure of purchasing has the option to request the RDA to acquire their lands and to pay compensation under the normal procedures in the Land Acquisition Act (see Addendum to the RIP on the web site for details).

#### 3.1 Delays in land acquisition

Although RDA commenced land acquisition activities from August 2000 and expected to complete land acquisition for the first 50% of the highway by 30 November 2002 and balance 50% by 28 February 2003 in ADB section, there were significant delays in land acquisition as shown in Table 2.

<sup>1</sup> These included: 1) Addendum to the RIP in June 2007 (available on the RDA website); 2) monthly progress reports on land acquisition and resettlement and two resettlement audit reports prepared by Management Consultants in 2005 and 2006; 3) two progress reports on resettlement progress prepared by the International consultants in April and August 2003; 4) Phase 3 and 4 reports of external monitoring agency, CEPA in June 2007 and April 2008, 5) Aide Memoirs prepared by ADB review missions after RIP implementation to date; 5) CRP reports in 2005, 2006 and 2007 (ADB website); and course of actions update for CRP recommendations prepared by Sri Lanka Resident Mission (SLRM), ADB and Report on the land acquisition process and payment of compensation in the contested sections in Akmeemana Divisional Secretary area in ADB section in August 2006.

**Table 2: Planned and actual dates of land acquisition**

Land acquisition	Planned (RIP) in ADB section	Actual completion of land acquisition in ADB section	Planned (RIP) in JBIC section	Actual completion of land acquisition in JBIC section
First 50% land acquisition	30 November 2002	April 2003	30 June 2003	November 2006
Balance 50% land acquisition	28 February 2003	November 2006	30 March 2003	
Commencement of civil work	December 2002	29 April 2003	April 2003	September 2005 and March 2006

On 2 December 2002, ADB approved the award of the civil work contract to Kumagai Gumi company in ADB section. This was subject to the loan agreement condition that RDA shall have acquired no less than 50% of the length of the right of way in ADB section (ADB priority section). ADB approved the notice to proceed on 29 April 2003 to commence construction activities on the first 50% of the length of the highway.

The project has a long history of objections to the change in road alignment and subsequent land acquisition raised by different groups and APs. These objections through court cases and land surveys have resulted in delays in land acquisition in some road sections. A group of 49 affected people (two appeal court cases, 1330/2002 and 1447/2202) appealed to the Appeal Court in July and August 2002. Two applications were dismissed on 30 May 2003. Forty two APs then appealed to the Supreme Court against the decision of the Court of Appeal in 2003 (cases of 59 and 60/2003) and other APs after Appeal Court judgment obliged to allow survey works and land acquisition. About 260 lots were acquired and paid compensation during 2004.

The Supreme Court judgment was given on 20 January 2004. After this judgment RDA through the Ministry of Highways instructed the Survey Department to complete the survey works for land acquisition. The affected people claimed that the project affected them as a result of change in road alignment without their consultation and conducting of social and environmental studies for the change in alignment. Also, some affected people including many of those who initiated the court actions, referred to above, requested ADB's inspection mechanism to stop land acquisition.

Two requests for inspection of the project were denied under ADB's Inspection Policy (1995) by the Board's Inspection Committee in 2002. Allegations of ADB's non-compliance with its operational policies and procedures were unfounded but recommended to bring about a mediated resolution of the objectors' concerns. In response, ADB engaged a local non-government organization (NGO) to undertake a mediation program with the 32 people opposed the project. Only 8 people accepted mediation and 24 remain opposed. After the Supreme Court judgment in January 2004 a group of APs called the Joint Organization of Affected Communities (JOAC) filed a complaint with ADB's Office of Special Project Facilitator (OSPF). It determined eligibility for inspection. OSPF submitted its report in September 2004 and concluded its consultation without any agreement with the APs. Then Compliance Review Panel (CRP) met in December 2004 and determined that the request was eligible and ADB Board recommended a compliance review. The CRP submitted its first report to ADB Board in May 2005.

At the end of December 2004 86 lots in the Akmeemana DS area and 4 lots in the Bandaragama DS area were not surveyed for land acquisition (about 10 hectares) due to the continued resistance. RDA and SLRM prepared a report on the land acquisition process and payment of compensation in the contested area from October to end of 2006. RDA published special notices in the newspaper on 14 November 2004 and 6 January 2005. The resettlement staff in consultation with the DS, Survey Department and Valuation department made special arrangements to complete survey works, property valuation, organizing LARC meetings and payment of compensation. All entitlements were paid to APs except ex-gratia payments.

#### **4. Progress of payment of cash compensation for structures and lands**

The RIP specifies that cash compensation for land and structures will be paid at replacement cost and all payments were expected to pay prior to relocation. The identified vulnerable groups in the RIP (female heads of households, disabled, elderly, and severely affected APs) were entitled to receive additional support in

resettlement and rehabilitation including land for housing, assistance to build housing, and other rehabilitation assistance as required. These entitlements for different AP groups were set out in details in Chapters 3 and 5 of the RIP (the entitlement matrix in Table 3.2 describes both the approved policies and various compensation and entitlements to all project affected groups and persons).

Through a Cabinet memorandum of October 2003 land acquisition and resettlement committees (LARC) were established (Super LARC process was also introduced later) to estimate market value of lands and replacement costs of structures, i.e. housing, commercial structures and other buildings without depreciation. The statutory compensation paid under the LA Act (section 17) was considered less than the market value of lands and replacement costs of structures and other assets acquired. The statutory compensation was paid under section 17 in the Act as legal requirements and LARC system allowed the APs to negotiate the current market value of lands and replacement costs of structures.

The project followed ADB policies in terms of payment of replacement cost of structures without reduction of depreciation and market values of lands. The valuation officers followed government approved procedures under the LA Act to determine compensation rates for land and structures. The additional payments determined at LARC meetings plus statutory compensation decided by the Valuation Department more or less reflects current replacement costs under the project. Table 3 presents the information on compensation payments under Section 17 and LARC decisions.

**Table 3: Compensation payments under Section 17 and LARC payments**

Category	Units	Section 17 (in Rs. millions)	LARC payments (in Rs. millions)	Total (in Rs. millions)
Paddy	272.5 (hectares)	125.55	63.78	189.33
Other lands	804.5 (hectares)	896.83	508.59	1405.42
Houses	815019 (square feet)	1174.22	1000.3	2174.52
Commercial structures	65565 (square feet)	127.27	125.95	253.22
<b>Total</b>		<b>2323.87</b>	<b>1698.62</b>	<b>4022.49</b>

Source: PMU, RDA

The estimated cost of payment for lands and structures in the RIP in 2002 was Rs. 2219 million and total payments increased to about \$4022 million by about 81% against the estimated cost in the RIP . Table 4 compares the rates and prices estimated in 2002 and actual payments for construction costs of new structures and market values of lands. APs are given the opportunity for negotiations for current market values and replacements costs at LARC and Super LARC meetings.

**Table 4: Estimated unit cost of payment of compensation**

Category	Unit cost in 2002 (Rs.)	Unit cost in 2008 (Rs.)	% increase
Paddy land	450,000	694,000	54%
Other lands	1,200,000	1,746,000	46%
Houses	1000	2668	167%
Commercial structures	4000	3862	-4%

Source: Chapter 7.3 in the RIP and MIS, RDA

The above average values per one hectare of land and per house reflect that LARC and Super LARC meetings paid higher values for lands and houses but commercial structures were paid less than the estimated cost in 2002.

## 5. Entitlements in the RIP

APs were entitled to receive the following entitlements in cash according to the RIP.

**Table 5: Cash compensation entitled for lost assets and displacement support for different categories of APs identified in the RIP**

Category as identified in the RIP	Entitlements
<b>A. Owners of agricultural lands</b> 1.1 Agricultural land owners, regularized encroachers of private and agricultural lands (1.4.1) and regularized encroachers of crown land (1.6)	1. Full replacement cost and crops at market value
<b>B. Registered <i>ande farmers</i> of agricultural land</b> 1.2 Registered <i>ande farmers</i> /sharecroppers of agricultural land	1. Cash compensation at replacement and crops at market value 2. Livelihood restoration grant of Rs.15,000 for severely affected people
<b>C. Tenants of agricultural lands</b> 1.3 Tenants of agricultural lands	1. Compensation for crops at market value 2. Future income loss to the maximum of Rs.15,000
<b>D. Encroachers of agricultural lands</b> 1.4.2 Encroachers of private lands and encroachers of crown agricultural land (1.5)	1. Lost crops at market value 2. Future production loss for 3 years to the maximum of Rs.15,000
<b>E. Owners of homesteads and houses</b> 3.1 Title holders of homestead and houses	1. Replacement cost without depreciation 2. A shifting allowance of Rs.1500 3. Ex-gratia payment 25% of structure value 4. A Livelihood restoration grant of Rs.15,000 for permanently affected
<b>F. Owners of commercial land and structures</b> 3.2 Title holders of commercial establishments (registered and informal business)	1. Replacement cost without depreciation 2. Shifting allowance of Rs.1500 3. Ex-gratia payment 25% of structure value 4. Livelihood restoration grant of Rs.15,000 for permanently affected 5. Los of income for 3 years for registered business and Rs.15,000 lump sum for informal business 6. temporary accommodation allowance until the resettlement site is ready 7. An additional shifting allowance from temporary to the resettlement site
<b>G. Tenants</b> 3.3 Tenants of houses or commercial premises	1. Rent for 12 months 2. A shifting allowance of Rs.1,500
<b>H. Informal dwellers/squatters</b> 3.4 Encroachers (informal dweller) of residential/commercial lands and houses/commercial structures	1. Replacement cost for structures without depreciation 2. A shifting allowance of Rs.1,500 3. A relocation allowance of Rs.10,000 4. 4. A Livelihood restoration grant of Rs.15,000 for permanently affected
<b>I. Vulnerable groups</b> 5.1 Vulnerable groups/severely affected people	1. Livelihood restoration grant of Rs.15,000
<b>K. Wage laborers</b> 5.2 Wage laborers due to land acquisition	1. Employment allowance of Rs.15,000

RDA introduced additional payments outside the RIP for the AP categories identified during RIP implementation such as co-owners of a house/commercial structure, sub families. The incentive payment of Rs.100, 000/ for self relocation, payment of house rent for each sub family, resettlement allowance and cost of water, electricity and telephone connections are some examples of additional compensation payments. Vulnerable households were provided with skills training and assistance to develop home gardens. Table 6 shows types of cash payment paid during RIP implementation.

**Table 6: Cash compensation paid by RDA for different categories of APs**

Category as identified in the RIP	Entitlements
<b>A. Owners of agricultural lands</b> 1.1 Agricultural land owners, regularized encroachers of private and agricultural lands (1.4.1) and regularized encroachers of crown land (1.6)	<b>2,6</b>
<b>B. Registered <i>ande farmers</i> of agricultural land</b> 1.2 Registered <i>ande farmers</i> /sharecroppers of agricultural land	<b>2,6</b>
<b>C. Tenants of agricultural lands</b> 1.3 Tenants of agricultural lands	<b>6 and 20</b>
<b>D. Encroachers of agricultural lands</b> 1.4.2 Encroachers of private lands and encroachers of crown agricultural land (1.5)	<b>6 and 20</b>
<b>E. Owners of homesteads and houses</b> 3.1 Title holders of homestead and houses	<b>1,2,3,4,5,.7.8,13,15,16,17,18 and 19</b>
<b>F. Owners of commercial land and structures</b> 3.2 Title holders of commercial establishments	<b>1,2,3,4,5,7,8,10,13,15,16,17,18 and 19</b>
<b>G. Tenants</b> 3.3 Tenants of houses or commercial premises	<b>13 and 11</b>
<b>H. Informal dwellers/squatters</b> 3.4 Encroachers (informal dweller) of residential/commercial lands and houses/commercial structures	<b>11</b>
<b>I. Vulnerable groups</b> 5.1 Vulnerable groups/severely affected people	<b>12</b>

Source: Certificate of payments issued to the APs: 1) Section 17 (house/commercial), 2) Section 17 ( agricultural/non agricultural land/homestead//commercial land), 3) Section 17 for other structures, 4) Interests for the delay in section 17 payments, 5) LARC payment for the house/commercial structure, 6) LARC payment for land and crops, 7) LARC payment for other structures, 8) resettlement allowance, 9) loss employment allowance, 10) loss of business income from informal and forma commercial activities, 11) shifting allowance, 12) resettlement allowance for encroachers, 12) vulnerable/.disabled/female heads allowance, 13) house rent, 14) self relocation incentive, 15) Ex-gratia payment (25% of section 17 value of house/commercial structure), 16) water supply, 17) electricity connection, 18) telephone connection, 19) shifting cost for house movables and 20) future income loss for 3 years to the maximum of Rs.15,000

The external monitoring agency, CEPA prepared a report containing the findings from the phase 3, intensive monitoring of 385 lots related to 337 households (138 agricultural, 45 commercial property, 151 houses and homesteads and 49 non-agricultural lands). According to these findings LARC was the key success as forum for negotiation and discussion. All APs had access to the LARC and almost all APs have had their compensation increased. Non-titleholders, APs without legal titles and the landless were paid compensation as specified in the RIP. In particular, APs who were landless were provided alternative land in resettlement sites free of charge. However, there are some variations in the payment of allowances specified in the RIP entitlement matrix. For example the 25% incentive for vacating on the stipulated date, temporary rent allowance and shifting allowances have been paid using a slightly expanded eligibility criteria than envisaged in the RIP.

During RIP implementation, “vulnerable APs” were identified it on a case by case basis, taking into account the AP’s age, gender, income level etc. Those identified as vulnerable households were assisted through an additional special allowance of Rs.15,000 and/or further cash assistance to complete construction of their new housing. The number of APs provided the special allowance was 124.

The limited documentation provided to APs on the content of entitlements and on decisions made regarding entitlements, particularly the non-issuance of an official document to the AP at the point of reaching agreement at the LARC negotiation, is a serious shortcoming in the process.

## 6. Resettlement sites

In the RIP relocation and options for relocation and other structure are described in Chapter 5. A total of 1315 houses were to be removed from the ROW of which 993 APs have requested alternate sites for construction of houses. A total of 58 resettlement sites were identified in both ADB and JBIC sections. The option to move to the location of their choice, self relocation was later encouraged with payment of additional amount of Rs.100,000 for self relocation. It was planned to give sufficient time for the self relocated households to find replacement and build their new houses before moving from the ROW. The APs were also to pay all eligible compensation and entitlements before relocation. The second option was to move into a resettlement site developed by the project. Resettlement sites were to be developed with water supply, access to electricity, access roads and drainage. A minimum of 20 perches of land allocated to each household. RDA has engaged agencies to develop resettlement sites and provision of basic amenities. Housing societies were also formed in each resettlement site. As of 30 August 2008 1338 households were relocated (Table 7).

**Table 7: Resettlement of Affected Persons**

<b>Number of APs requested and resettled</b>	<b>ADB (2002)</b>	<b>JBIC (2002)</b>	<b>Total</b>	<b>ADB (2008)</b>	<b>JBIC (2008)</b>	<b>Total</b>
Number of APs requested resettlement (2002) and resettled (2008) in resettlement sites	583	410	<b>993</b>	293	216	<b>509</b>
Number of households to be self relocated in 2002 and self relocated in 2008	135	187	<b>322</b>	458	371	<b>829</b>
Number of commercial buildings to be removed in 2002 and removed in 2008	79	72	151			1338

Source: RIP (Chapter 5.7) and MIS data base

The findings of phase 3 study of the external monitoring agency indicate that the process of selecting Resettlement Sites and allocating individual lots to APs has been done according to RIP and efforts were made to ensure a fair outcome. APs in resettlement sites are generally satisfied with the manner in which sites were chosen and lots allocated. The development of sites was delayed but has now been completed with the work remaining relating to complete internal roads and drains. The sites have handed over to the local authorities.

There is a significant movement towards replacing housing to pre-acquisition or most often better levels. While most displaced APs have moved into a new permanent location, some of these households are still in the process of completing their houses. APs who moved into resettlement sites have received substantial assistance in re-settling and more of them are satisfied than self-relocated with their housing conditions. The housing conditions of previous landless families have shown particular improvement. The improved housing situation has been achieved after a period of extreme hardship and deteriorated housing conditions when AP families lived in temporary accommodation. On average APs lived in temporary housing for just over one year. Households that avoided this period of hardship were those who commenced the process of re-location along with the process of land acquisition.

Many APs have succeeded in retaining an acceptable level of continuity with the social environment. They have made a conscious decision to stay in close proximity to their extended family and to maintain their social networks. Despite making resettlement decisions that allowed them to maintain their social networks, the

whole process of relocation and the change it stimulates has an impact on the social well being of APs. A major articulated loss is the loss of the traditional/ancestral village and the lifestyle that goes with it.

## 7. Issuance of title deeds

It was agreed to issue a title deed to each AP who was allocated a house plot in a resettlement site. Out of 523 house plots allocated in ADB and JBIC sections 155 title deeds have to be issued as of 30 April 2008. There are several reasons for not issuing title deeds as shown in the following table.

**Table 8: Reasons for not issuing title deeds as of 30 April 2008**

Reason	Number of title deeds to be issued	Name of resettlement sites
1. AP has not fully paid for the house plot	2	Pathiraja Watta (1) Walpitawatta (1) Citruswatta (1) Lechchamiwatta (1) Ettalahena (1) Diyagamawatta (5) Pembrokawatta (5) Hallalawatta (10)
2. Preliminary survey plans have not been prepared	16	Polgahawila –Agro (3) Divitura-Hambangala (1) Waulagalakanda (11) Kekirihena (1)
3. Delay in registering titled deeds with Land Registrar	14	Wilson Wijetunga (14)
4. delay in preparing vesting certification	21	Polgahawila-Field 24 (2) Bategodakanda (6) Halgasmulla (13)
5. Draft deeds are prepared	59	Pathiraja Watta (4) Kokarakanada (2) Walpita Watta (2) Nakudumbiya (8) Kekirihena (1) Diyagamawatta (4) New Chattlewatta (7) Lawmenwatta (10) Atakohotawatta (21)
6. valuation reports are not ready	8	Bogahahandiya (1) Kandarawatta (7)
7. AP has not removed his building	3	Kekirihena (1) Lechchamiwatta (1) Galgamukanda (1)
8. Re-survey of boundaries	9	Diyagamawatta (5) Galketiyawatta (4)
8. Demise of the AP	1	Annasigalahena (1)
Total	155	

Source: PMU, RDA, August 2008

## 8. Income restoration program (IRP)

ADB and project authorities paid early attention to design an income restoration and livelihood improvement program (IRP) as a component in the RIP during its planning stage. It identified several strategies for income restoration and livelihood improvements. About 25% of total households (1430) received less than Rs.3000 was considered as the most vulnerable group. The proposed IRP in the RIP included entrepreneurial training, skills training for at least one member of the vulnerable group and provisions of jobs in the estates and with

the contractor. The proposed IRP in October 2002 was to be implemented by RDA for 3 years from 2003. The estimated cost of Rs.60 million including a revolving fund of Rs.10 million was proposed. The staff responsible for implementation included 4 Resettlement Officers and 28 Resettlement Assistants, 4 Business Development Officers for 4 years and 50% of their salaries were to be paid from the IRP budget. However, this IRP was not implemented as planned because of high priority for land acquisition, compensation, and development of resettlement sites in order to hand over the land area cleared for road construction.

RDA introduced a community welfare program (CWP) during this interim period. It consisted of vocational training, distribution of seeds and plants for home gardens and additional assistance to the vulnerable people. Since CWP was limited in scope in terms of income restoration assistance the Ministry of Highway in consultation with RDA and ADB decided to recruit a NGO for preparing a new IRP. A NGO, Sarvodaya Economic Enterprise Development (SEEDS) Ltd was selected to study and develop income and livelihood improvement plans for the affected APs. The agreement between SEEDS and RDA was signed on 11 August 2005. The initial activity was to create awareness programs. It was estimated that 1555 households were severely affected. The total number of people included under the IRP was 1050 out of 1371 APs contacted (322 from resettlement sites and 728 self relocated). The total estimated cost was Rs.28 million. The consultants identified 3 categories of APs to be supported under the program: 1) vulnerable group (20%) women headed without male support, disabled, lost houses and property); 2) poor (39%); and 3) middle income group (41%).

The NGO implemented the IRP from September 2006. Its main objectives are to restore the incomes of 1050 APs including 266 vulnerable families and self employments for 800 APs by promoting medium and small enterprises. The strengthening of housing societies in resettlement sites will enable to improve living conditions. Other objectives are to develop home gardens and skills training for youths in APs families. During the first year consultants conducted basic awareness programs, social mobilization programs, and training. There were problems related to registration of housing societies with the relevant government agencies, selection of office bearers for housing societies, and regular conducting of meetings. Under the micro finance scheme it was expected to promote savings among the members in housing societies to get matching funds from the project. The enterprise development program was the most difficult one to get off the ground although a large number of APs during the assessment study requested their desire to start self employments with credit facilitation and entrepreneurial training. Some APs needed improved technical skills before preparing their business plans. Several programs were conducted to provide training on financial management, marketing and development of business development plans, but it was not possible to obtain credit from commercial banks. After about one year only 38 business plans were prepared and 30 obtained credit. There was some good progress in implementing home garden improvement program, compost manufacturing, and distribution of seeds and plants. The selection of youths from selected APs got delayed and there was no monitoring on the enrolment and completion of skills training courses such as IT and vocational training. In February 2008 RDA decided to terminate the contract.

From the beginning of the design and implementation of IRP PMU staff and regional resettlement staff had conflicting views on the selection of APs for 5 interventions and their level of commitment for each program. Later it was found many APs were dissatisfied with the arrangement for finding collaterals. As a result only few APs were prepared to start income generating activities with their savings and only 16 obtained loans. It was reported that NGO field staff was changed from time to time and replaced staff took a longer time to get confidence and recognition from the APs.

From February 2008 PMU, RDA is responsible for implementation of the IRP. It was argued that 960 APs selected by the SEEDS in 2005 were not severely affected and they are not eligible to receive income restoration assistance, particularly for starting new self income generating enterprises. The PMU staff interviewed 960 APs and checked their records of compensation payments and other financial assistance provided to increase incomes. The investigations found that there are no severely affected APs who are eligible and qualified to be supported under the IRP in ADB section but there are 22 APs qualified to be supported in JBIC section. However, other components of the IRP, namely strengthening of housing societies, home garden improvements and skills training are continuing as planned.

## 9. Institutional arrangements for RIP implementation

A resettlement program was designed and implemented by the RDA through its Project Management Unit. This unit was led by the Project Director who has the overall responsibility for RIP implementation. It was linked to Land Acquisition and Resettlement Division, head office in Colombo and 4 resettlement unit offices (regional level) at Banadaragama and Matugama in the JBIC section and Kurundugaha Hatakma and Pinnaduwa in the ADB section. Each unit is staffed with one Resettlement Officer (RO) and 6-8 Resettlement Assistants. The RIP also recommended for recruitment of 10 Community Resettlement Workers and Women Support Officers. The Divisional Secretaries are responsible for land acquisition and payment of compensation under the LA Act. The 128 km long STDP has 22 Divisional Secretariats and more importantly, a LARC was established for each DS area. The acquisition of 1100 hectares and payment of compensation under section 17 of the act and LARC payments were made by each DS. The representatives from the Survey Department and Valuation Department in LARC meetings played a key role in implementing the RIP. In the RIP it was also recommended to establish Community Consultative Groups (CCGs) consisting of Grama Niladharies, Viharadipatis and community leaders.

## 10. Monitoring and evaluation

Resettlement was crucial to ensuring the successful implementation of the RIP. Several methods were used for monitoring of resettlement activities including: 1) establishing standard monthly reporting system of progress; 2) regular project coordinating meetings at project and local levels; 3) resettlement audits and progress report of consultants; 4) external monitoring activities; 5) carrying out regular field inspections and 6) maintaining the rapport with APs through locally established societies such as housing societies and GRCs. The loan agreement requires that RDA engage an independent external monitor acceptable to ADB to monitor implementation of the RIP (Para. 14 of Schedule 6). In compliance with this RDA contracted a local consulting firm to do external monitoring in 2001. The external monitoring consultants, CEPA was recruited in March 2006. It prepared phase 3 final report in June 2007 with a sample of 337 households (345 lots). This report presents the findings of the external monitoring in relation to verification of outputs and processes of the RIP, impacts of resettlement on living standards. The findings show that some aspects of the RIP have been implemented as designed while others have been changed, improved. The following indicators were used to monitor effectiveness of resettlement.

- The LARC process is a key innovation in the RIP which has been implemented as designed with a large degree of success. It was a forum for negotiation and all APs had access to the LARC. Almost all APs have had their compensation increased.
- APs without documented title to their lands and the landless have been recognized for compensation as specified in the RIP and these APs have benefited from the process. In particular, displaced who were landless benefited from being provided alternative land in resettlement sites free of charge (figures). Some displaced were provided non monetary assistance as specified in the RIP such as assistance to find replacement land.
- APs who lost only agricultural lands received only cash compensation and none of the non monetary assistance specified in the RIP.
- There are some variations in the payment of allowances specified in the RIP entitlement matrix. For example the 25% incentive for vacating on stipulated date, temporary rent allowance and shifting allowances have been paid using with different eligibility criteria. Resettlement allowance has not been paid to some eligible. Livelihood related allowances were not paid consistently to APs losing agricultural land and commercial property. Most of the APs losing agricultural land have not been paid livelihood related allowances. It is necessary to understand eligibility criteria used by the projects as a deviation.
- PMU has also deviated from the RIP definition of “vulnerability” and identified them by case by case taking into the AP’s age gender income level etc. Those who were identified as vulnerable received additional assistance to complete house construction. There is no systematic documentation of special assistance to vulnerable households. Cases studies will help to understand this issue of identification.
- The process of selecting resettlement sites and allocating individual lots to APs has been according to RIP. APs in resettlement sites are generally satisfied with the manner in which sites have chosen and lots allocated. However some sites have are located in close proximity to the RoW.
- Common property such as community infrastructure such as roads and canals have not been identified as specified in the RIP