

MINISTRY OF MEGAPOLIS AND WESTERN DEVELOPMENT

RESETTLEMENT POLICY FRAMEWORK FOR COLOMBO URBAN REGENERATION PROJECT

COLOMBO URBAN REGENERATION PROJECT

RESETTLEMENT POLICY FRAMEWORK

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List of acronyms

AIB	Asian Infrastructure Investment Bank
CBO	Community Based Organization
CSO	Civil Society Organization
CMC	Condominium Management Committee
DDG	Deputy Director General
DS	Divisional Secretary
ERM	External Resettlement Monitor
GN	<i>Grama Niladhari</i>
GOSL	Government of Sri Lanka
GRC	Grievance Redress Committee
GRM	Grievance Redress Mechanism
IGP	Independent Grievance Panel
LAA	Land Acquisition Act
LDO	Land Development Ordinance
LO	Land Officer
M&E	Monitoring & Evaluation
MIS	Management Information System
MLD	Ministry of Land and Land Development
MMWD	Ministry of Megapolis and Western Development
NGOs	Non-Government Organizations
NIRP	National Involuntary Resettlement Policy
PD	Project Director
PMU	Project Management Unit
RAP	Resettlement Action Plan
SIA	Social Impact Assessment
SMO	Social Marketing Officer
UDA	Urban Development Authority

EXECUTIVE SUMMARY

Project description: The overall program aims to move 50,000 lower and lower-middle income households living in underserved areas into high-rise apartments. The AIB Project will include three components. Component 1 (US\$220M) will finance the construction of housing for approximately 4,500 families. Six sub-projects are at an advanced stage of preparation and will provide 4,074 housing units. The additional sub-projects will be identified during Project preparation or once the project is in implementation. Component 2 (US\$50M) will support the redevelopment of the areas made available by the housing program, including the provision of public amenities in these areas. Ten potential areas have been identified, from which a majority of the people have already moved, and it is envisaged that the Project will also finance the redevelopment of some of the areas vacated when households move into the housing to be provided under Component 1. Component 3 (US\$10M) will finance additional technical support and project management.

Social impacts: As the UDA has decided to develop the new housing units on available public land, the issues that remain to be addressed are mainly related to the resettlement and rehabilitation (R&R) of the occupants of the sites identified for construction and the occupants of the underserved settlements that will be resettled once the new housing complexes are completed. Key social risks and impacts associated with the proposed investments include the resettlement of households living in underserved settlements, loss of potential income sources, dislocation of social and ethnic groups, and possible issues resulting from unfamiliarity with high-rise living.

Legal framework: All activities under the proposed Project will be consistent with the laws, regulations and notifications that are relevant to the resettlement efforts. It is the responsibility of the PMU to ensure that Project activities are consistent with the legal/regulatory framework of Sri Lanka. Additionally, the Project activities will also be aligned with AIB's Environmental and Social Policy (ESP) and Environmental and Social Standards (ESS).

Eligibility criteria, entitlements and definitions: This framework, in addition to setting out the principles and guidelines, elaborates on the key steps to be taken in involuntary resettlement planning and execution. For example, the cut-off date for eligibility for entitlements for titleholders is the date of notification under the Land Acquisition Act (LAA) and the date of resettlement impact survey for non-titleholders. Persons who encroach on the area after the cut-off date are not entitled to claim compensation or any other form of resettlement assistance. Similarly, the Entitlement Matrix explains the category and type of loss and the eligible category for entitlements. As the LAA does not address all types of losses, the relevant involuntary resettlement policies (GoSL's NIRP and AIB's ESP and ESS) have been applied to address such issues. All losses as a result of implementation of the Project will be compensated.

Consultation and stakeholder engagement: Stakeholder consultation is an important part of Project preparation and implementation. Consultations will ensure active participation and will reduce the potential for conflicts and minimize the risk of Project delays. Stakeholder consultations will also enable the Project to better design the R&R and livelihood restoration programs as a comprehensive development program to suit the needs and priorities of the affected households, thereby maximizing the economic and social benefits of GoSL investments.

Pre- and post-resettlement programs: As the relocated families are from underserved settlements, they may not have an understanding of high-rise living. They will enjoy certain

rights by being an owner of a housing unit, but they will also share common utilities and services with their neighbors. When sharing common facilities, these residents have obligations to each other to ensure cordial relationships. Thus, to promote peaceful co-existence, the UDA (with the help of hired consultants, CSOs) will undertake programs of information, education and communication (IEC) campaigns.

Income restoration and improvements to their livelihoods are crucial to enable the relocated families to recover from the stress and economic difficulties of relocation and to re-establish their lives. As a result, the entitlement matrix provides for income restoration measures that will be implemented as part of the post resettlement strategy. RAPs will accordingly provide opportunities for increasing the income levels and living standards of the affected people. Government and external agencies can be hired to provide the necessary skill training.

Grievance redress mechanism (GRM): A multi-stage GRM will be established with the field-based Land and/or Social Marketing Officer working as the first point of contact. If the grievance cannot be resolved through Tier 1 to the satisfaction of the aggrieved party or if the issue is outside the authority of the Land and/or Social Marketing Officer, an aggrieved party may submit a complaint to the Grievance Redress Committee (GRC) on the Tier 2 Complaint Form. The GRC will take a decision in consultation with the aggrieved party concerned within 15 days. If the GRC's decision too is not acceptable to the aggrieved party, he or she can appeal to the Independent Grievance Panel (IGP). The IGP will comprise of representatives from the Ministry of Land and Land Development, Ministry of Women Affairs, Department of Valuation, a lawyer, a retired senior Government officer and a representative of a recognized Civil Society Organization. If the decision given by the Chair - Additional Secretary (Urban Development), Ministry of Megapolis & Western Development - is not acceptable to the aggrieved party concerned, he or she can have recourse to Courts of Law.

Monitoring and evaluation: Monitoring is a continuous process during project implementation. It will determine the Project's actual progress, its likelihood of success, any difficulties arising, and facilitate adjustments to implementation of the Project implementation as soon as possible. It consists of internal and external monitoring. Similarly, evaluation will be carried out under the Project in the form of an assessment at a specified time on the impact of relocation and whether the objectives have been achieved. An independent, evaluation specialist (individual or firm) will be hired to assess all resettlement activities at mid-term and at Project completion.

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1. Background

The Colombo Urban Regeneration Project / URP (hereinafter, the “Project”) will support implementation of the second phase of an urban regeneration program that is being implemented by the Urban Development Authority (UDA), which comes under the Government of Sri Lanka’s (GOSL) Ministry of Megapolis and Western Development (MMWD). The Project will include investments in infrastructure and associated improvements in systems and policies. The total cost of the Project is estimated at US\$280M, comprising a loan from the Asian Infrastructure Investment Bank (AIIB) of US\$200M and GOSL counterpart funding of US\$80M.

The overall program aims to move 50,000 lower and lower-middle income households living in underserved areas into high-rise apartments. The AIIB Project will include three components. Component 1 (US\$220M) will finance the construction of housing for approximately 4,500 families. Six sub-projects are at an advanced stage of preparation and will provide 4,074 housing units. The additional sub-projects will be identified during Project preparation or once the project is in implementation. Component 2 (US\$50M) will support the redevelopment of the areas made available by the housing program, including the provision of public amenities in these areas. Ten potential areas have been identified, from which a majority of the people have already moved, and it is envisaged that the Project will also finance the redevelopment of some of the areas vacated when households move into the housing to be provided under Component 1.

Component 3 (US\$10M) will finance additional technical support and project management, including systems to improve the sustainability and quality of apartment building maintenance, and support to strengthen the capacity of the UDA to manage environmental issues. It will also support the review and improvement of the current public programs and policies for low- and middle-income housing.

2. Analysis of alternatives

The GoSL has established the Colombo Urban Regeneration Project with the aim of resolving issues of poor urban housing and services, leading to an efficient use of urban land. The program is designed to resettle low and lower-middle-income households, currently living in identified underserved settlements provided by GoSL or occupied by squatting, into new high-rise apartment buildings. The land released is intended to be used for public purposes such as urban infrastructure or parks as well as for higher-value redevelopment.

The GoSL and AIIB do not endorse informal settlement, however, they recognize that significant populations already inhabit both urban and rural land without title or recognized land rights. Given this situation, the AIIB requires GoSL to ensure that all displaced persons, including those without title or any recognizable legal rights to land, are eligible for, and receive, resettlement assistance and compensation for loss of non-

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land assets, in accordance with cut-off dates established in the resettlement plan, and that they are included in the resettlement consultation process.

The URP is consistent with GoSL's housing policy of ensuring affordable access to adequate housing for everyone and with the Megapolis Master Plan, which envisages the relocation of households from underserved settlements into new housing schemes with adequate standards. This would lead to the optimization of a thus far neglected national asset - urban land - for higher economic returns and sound urban planning, as well as an important step in transforming Colombo into a futuristic city with a clean environment and a model for national development. The program is also consistent with AIIB's Environmental and Social Policy/Standards (ESP/ESS) that provides guidance on avoiding or minimising the need for resettlement and states 'where avoidance of Involuntary Resettlement is not feasible, to enhance, or at least restore, the livelihoods of all displaced persons in real terms relative to pre-Project levels'. The URP aims to enhance social benefits, especially for low-income communities, through the provision of new housing units with adequate urban infrastructure and services. In addition, economic benefits are expected through the implementation of its land redevelopment program, improving the efficiency of the city's land use and attracting more private or foreign investments to Colombo.

A major part of the Project intervention would be the construction of new housing units on already cleared (and resettled) lands belonging to the State. Three of the six identified locations, altogether, have a total of 96 houses yet to be resettled. No private land is to be acquired. The six identified locations for the construction of new housing units are Apple Watta, Colombage Mw, Obesekarapura, Madampitiya 318 Watta, Stadiumgama and Ferguson and the communities to be resettled in these units are to be from underserved settlements from within a 3 Km radius.

Table 1. Details of Project sites, number and locations for resettlement

Number	Name of the Land	No of Housing Units	Extent (Aprox)	Land ownership	Are there any relocation to be apply	Proposed land to be liberated (tentatively)
1	Apple Watta Land	700	4A 0 R3P	State Land, But action has been taken to vest to UDA	08 No of families need to be relocated	Apple Watta
2	Colombage MW,	624	2A	UDA	No	PurwaramaJanapada Land
3	Ferguson Rd Land	750	3A	UDA	No	361 watta, 75+95 watta,33 Watta,381 watta, 391 watta at Nagalagam Weediya, Part of KibulaelaWatta.
4	Stadiumgama Land	1000	4A	UDA	No	RB Garden, Balance part of Summitpura at Mattakkuliya
5	Obesekarapura (Arunodaya Mw Land)land	300	1A 1R 22.7P	State Land, But action has been taken to vest to UDA	38 families need to be relocated. However they are already agreed to resettle in other a project of URP	Obesekarapura,Arunodaya Mawatha,surrounding settlement
6	Madmapitiya Rd Land	700	3A	UDA	50 No of families need to be relocated	361 watta, 75+95 watta,33 Watta,381 watta, 391 watta at Nagalagam Weediya, part of Summitpura at Mattakkuliya

With the objective of improving the living conditions of Colombo city's low-income communities taking centre-stage, it can be assumed that the cleanliness and the liveability of the city will be improved. However, the resettlement of the above underserved settlements in the new housing units may give rise to possible negative social impacts, some of which would be temporary and others permanent. To mitigate such impacts, the Project will follow appropriate measures to ensure safeguards compliance in line with GoSL's legal framework and AIIB's ESP/ESS.

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The Project follows a programmatic approach in its design and implementation. That is, six sub-projects are at an advanced stage of preparation and will provide 4,074 housing units. The additional sub-projects will be identified at a later stage. Accordingly, the Project will follow a two-pronged approach in its safeguard planning. Initially, resettlement action plans (RAPs) will be prepared for all sub-projects whose conceptual designs are complete. For the subsequent schemes, the RAPs will be developed in line with this resettlement policy framework (RPF) when the engineering designs are complete.

3. Description of the affected population and potential social impacts

Most of the urban poor live in slum and shanty settlements termed underserved settlements. There are currently 1500 or so such settlements within the municipal limits of Colombo within which lives approximately 50% of Colombo's population. Underserved settlements comprise areas within the city of Colombo that have a concentration of residential units built on State or private land that is not owned by the residents. While these residential areas have the common features of having a very high population density and congested housing, it is the chronic absence of services and infrastructure available to the residents that gives rise to the name.

In terms of livelihood patterns, foreign employment, self-employment and enterprise, and low level formal sector employment are the dominant forms of livelihoods of people of higher wellbeing, while semi-skilled wage labour is the most common form of livelihood among the poorer households. Unless situations of bad debt and bad money management occur, foreign employment is considered the dominant form of income generation for improving the economic condition of households, since it translates into increased savings, enterprise development and the ability to improve housing conditions. Maintaining a portfolio of income which includes stable low paying employment together with less stable but higher earning income forms, such as enterprise, is a strategy used by the households that maintain higher income levels. On the other hand, the lack of stable income sources caused by seasonality issues, weak networks, the excess supply of semi-skilled labour, along with poor levels of health and substance addiction (which often inhibits the stability of employment) constrain the poor from moving out of poverty.

A distinct feature of the better-off households is the tendency for women to choose to stay at home because of an adequate household income, while women from poorer households engage in more labour-intensive forms of livelihood, such as domestic work and unskilled manual labour on construction sites.

The central location of settlements is a key positive feature, as residents are well placed to access a wide range of services and facilities such as health services, educational and transport facilities, as well as having good access to wage labour and other sources of employment, self-employment and enterprise. In contrast, the constrained space within the settlements, reflected by the size of housing units and lack of public space, is considered the critical negative feature of underserved settlements. At the community

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level, the lack of space inhibits recreational activities and movement, and exacerbates the spread of disease, while at the household level lack of space constraints social occasions (i.e. funerals, weddings) and undertaking of home-based income-generation, and limits privacy.

The weakness in the availability of services and infrastructure is the defining variable for underserved settlements. While economic dimensions form the core of poverty, access to services and infrastructure does not always correspond to the income levels of the households. In terms of receiving specific services the availability of domestic water sources, drainage of waste and surface water, toilets, electricity and roads can be identified as necessities for residents. The dependence on public services is often higher amongst poorer settlements and the acute shortage that is created leads to inappropriate and often illegal constructions. This is seen most often in the construction of private toilets.

Potential social impacts on the Project affected households

As the UDA has decided to develop the new housing units on available public land, the issues that remain to be addressed are mainly related to the resettlement and rehabilitation of the occupants of the three (out of the six) sites identified for construction and the occupants of the underserved settlements that will be resettled once the new housing complexes are completed.

As mentioned in the preceding section, the centralized location of the underserved settlements is the most important factor determining household income. The loss of this central location could affect these sources of income.

Another distinctive feature of the residents in these underserved settlements is that they share common identities and social relationships and live as one community group with shared customs, obligations, religious beliefs and other elements. Dislocation of social and ethnic groups as a result of the proposed relocation could be perceived as a potential risk to social and economic networks.

In some underserved settlements, common standpipes and community sanitation facilities have been provided. The residents do not pay any rates or taxes to the Local or Municipal Authority or they would be minimal. However, once they are relocated in formal housing, these households will be subjected to pay for all these services. Water, electricity, maintenance and payment of rates will be mandatory.

Due to current economic constraints, it is usual to observe both the husband and wife engage in livelihood activities. Women are mostly engaged in housework in nearby neighbourhoods. It is doubtful whether these opportunities will be available in the new neighbourhood and this may impact household income.

The most significant positive impact of this proposed relocation is that the residents who currently live in marginal lands, identified as squatters or illegal occupants, will become house owners in multi-storey condominiums. They can no longer be treated as

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underserved settlers. This is expected to bring significant positive changes to their lifestyles. They will not only be residentially stable but also be motivated to contribute productively to the economy. One of the earlier drawbacks that they had as illegal occupants, that their status was not recognized by the banking system, would be resolved. With ownership of a new housing unit / apartment, the banks would be encouraged to extend loan facilities.

4. Legal framework

All activities under the proposed Project must be consistent with the laws, regulations and notifications that are relevant to the resettlement efforts. It is the responsibility of the PMU to ensure that Project activities are consistent with the legal/regulatory framework of Sri Lanka. Additionally, the Project activities must be aligned with AIIB's ESP and ESS. This section discusses the applicable national policy and regulatory framework and the AIIB standards applicable to the Project. This framework addresses the gaps to ensure conformity to AIIB's ESP/ESS while adhering to the national policies.

The current Sri Lankan laws governing matters relating to land, such as land acquisition, recovery of state lands, compensation for property losses and compensation for improvements in Sri Lanka are enshrined in a number of legislative enactments, namely but not limited to:

- A. *Land Acquisition Act No. 9 of 1950 as amended, and Land Acquisition Regulations of 2008 and 2013*
- B. *State Lands Act No. 13 of 1949*
- C. *State Lands (Recovery of Possession) Act No. 7 of 1979*
- D. *Land Development Ordinance No. 19 of 1935*
- E. *Prescription Ordinance No. 22 of 1971*
- F. *Law of Compensation for Improvements*
- G. *Land Commissioner General's Circular- 2014/02*
- H. *National Environment Act No. 47 of 1980*
- I. *Road Development Authority Act No. 73 of 1981*
- J. *Urban Development Authority Law No. 41 of 1978*
- K. *Municipal Councils Ordinance No. 29 of 1947*
- L. *Urban Development Projects (Special Provisions) Act No. 2 of 1980*
- M. *National Involuntary Resettlement Policy*
- N. *Temple and Devalagam Act*
- O. *Rent Control Act 1972 and Rent Amended Act of 2006*
- P. *Thoroughfare Ordinance*
- Q. *Crown Land Encroachment Ordinance*
- R. *Mahaweli Authority Act of 1977*
- S. *Forest Ordinance as amended and all other relevant legislations*
- T. *Tesawalamai Law*

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 (LAA) No. 9 of 1950. It has

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been amended several times thereafter, the latest being the Amendment Act No 13 of 1986. Further the LA Regulations, 2008 were passed in Parliament on March 17, 2009 and issued in Gazette on April 7, 2009. The Act provides a framework for facilitating land acquisition within the country. It also guarantees that no person is deprived of land except under the provisions of the LAA and entitles affected persons to a hearing before acquisition. Usually, land acquisition is time consuming and it may take anywhere from a few months to about 2-3 years to complete the process. A major cause of delay in the land acquisition arises with respect to the compensation procedure with its 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 must be returned to the original owners. Several progressive provisions have been introduced in the LA Regulations of 2008 relating to provision of compensation for affected land at market rates, reconstruction cost of structure without depreciation, valuation of the whole plot of land for determining proportional unit cost for the affected land parcel, business losses, relocation assistance, etc.

One of the drawbacks of the LAA is that the onus is on the affected person to prove ownership or interest in, demonstrate clear title to, gather all information and submit a compensation claim in respect of the land to be acquired. Often displaced persons are not aware of their rights or the 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 URP will need to assist displaced persons in making their claims under the LAA as part of the consultation and participation process. Civil Society Organisations (CSOs) could be contracted to play a facilitating role in assisting the affected persons in accessing their entitlements.

The provisions of LAA, together with the compensation listed in the Government Gazette No.1596/12 of 07th April 2009, largely meet the requirements of AIIB's ESP/ESS in regard to payment of compensation. However, the LAA does not address all losses due to involuntary resettlement, especially for squatters. Basically, the law is indifferent to the landowner's present socio-economic condition or the long-term adverse impact on income and livelihood that land acquisition may have on the affected people.

The law stipulates compensation only for the affected persons who are in possession of valid titles and that have such titles registered in the respective Land Registries. It does not recognize the rights of non-title holders such as squatters, who do not possess legal title to the lands they live in or make a living from. However, the entitlement matrix (EM) provided in this framework offers compensation and resettlement and rehabilitation (R&R) assistance to affected non-title holders as prescribed under ESS2 of AIIB's ESP/ESS.

The LAA provides for compensation for lands and other fixed assets built and grown on them (structures, trees and orchards and crops). It also provides for loss of income for those who can show documentary proof of their losses, providing up to a maximum of the average net profit for the three years preceding the publication of Section 07 notice. The 2008 regulations, however, do not cover people who cannot produce evidence to claim

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compensation for loss of income. As such, the EM under this framework recognizes and offers minimum livelihoods assistance for undocumented, informal businesses.

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

- Minimization and mitigation of negative impacts. Steps 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 and other assets and income. Compensation is not limited to persons with documentary evidence of their interest in land. The policy provides for the authorities to re-establish livelihoods of the displaced persons;
- Inclusion of the affected persons in the relocation and resettlement process. The policy provides for resettlement action plans (RAPs) of varying levels of details depending on the number of people being displaced, to be published and to be made publicly available. RAPs must be prepared for any project requiring displacement of 20 or more persons. If the number of displaced is less than 20 persons, a RAP with less details is prepared. Further, it provides for the affected people to be fully involved in the selection of relocation sites. Through this process, the affected communities are made stakeholders of the entire process.

The Policy thus ensures that (i) project affected persons are adequately compensated, relocated and rehabilitated; (ii) delays in project implementation and cost overruns are reduced; and (iii) better community relations are restored. It aims at ensuring that people affected by development projects are treated in a fair and equitable manner, and ensuring that they are not impoverished in the process. The NIRP also provides a framework for project planning and implementation that would meet international best practices in involuntary resettlement. The responsibility for reviewing and approving RAPs is vested with the Ministry of Land and Land Development.

The NIRP, however, has yet to be adopted into legislation. Implementing agencies are not obliged to apply the principles enshrined in the NIRP. As a result, affected persons are unable to rely on the NIRP principles as a matter of right. Full compliance requires Government to amend the existing laws. Regardless, the NIRP is official and workable, and under conditions of political will, can offer durable solutions to the ethical and practical dilemmas posed by land acquisition and involuntary resettlement.

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AIIB's ESS2 on Involuntary Resettlement: ESS2 aims to avoid Involuntary Resettlement wherever possible; to minimize Involuntary Resettlement by exploring Project alternatives; where avoidance of Involuntary Resettlement is not feasible, to enhance, or at least restore, the livelihoods of all displaced persons in real terms relative to pre-Project levels; to improve the overall socio-economic status of the displaced poor and other vulnerable groups; and to conceive and implement resettlement activities as sustainable development programs, providing sufficient resources to enable the persons displaced by the Project to share in Project benefits.

ESS 2 applies if the Project's screening process reveals that the Project would involve Involuntary Resettlement (including Involuntary Resettlement of the recent past or foreseeable future that is directly linked to the Project). Involuntary Resettlement covers physical displacement (relocation, loss of residential land or loss of shelter) and economic displacement (loss of land or access to land and natural resources; loss of assets or access to assets, income sources or means of livelihood) as a result of: (a) involuntary acquisition of land; or (b) involuntary restrictions on land use or on access to legally designated parks and protected areas. It covers such displacement whether such losses and involuntary restrictions are full or partial, permanent or temporary.

This Project will not require any major acquisition of private land, but involves the recovery of possession of State lands. Component 1 may adversely affect the assets of people occupying living in underserved settlements. In these circumstances, AIIB's ESP, including ESS, would become applicable.

AIIB's ESS2 states that a RPF should be prepared if (a) the Project is likely to involve Involuntary Resettlement but consists of a program or series of activities whose details are not yet identified at the time the Project is approved by the Bank, or (b) in exceptional circumstances, duly justified by the Client, the Bank determines that the environmental and social assessment of identified Project activities involving Involuntary Resettlement may be conducted using a phased approach under paragraph 50 of the ESP.

Related activities: All non-AIIB funded activities that in the judgment of the AIIB are (i) directly and significantly related to the AIIB-assisted Project; (ii) necessary to achieve its objectives as set forth in the Project documents; and (iii) carried out, or planned to be carried out, contemporaneously with the Project, are subject to the applicability of this RPF. To this end, screening will be carried out during the preparation of the RAP for each sub-project and where relevant, mitigation measures will be subsequently developed and integrated in each RAP.

5. Institutional framework and procedures for land acquisition and resettlement

Procedures for the acquisition of privately owned land

As mentioned above, most of the land required under the Project is State-owned land that do not fall under the acquisition process prescribed by the LAA. Nevertheless, as the full range of investments is yet to be identified, and will only be identified during Project

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implementation, this framework describes the procedures to be adopted in the event that additional, privately-held land is required.

Displaced persons often face serious delays in the land acquisition process due to inquiries that can go on for several days, and the fact that they are conducted by Divisional Secretaries who often do not have experience or are unable to interpret legal documents or decide complicated ownership issues. To speed up the process, the URP PMU will have a separate division to provide coordination and support. The main elements and the procedure involved in the Land Acquisition Act are outlined in Table 2.

Table 2. Procedures for the acquisition of privately owned land and agencies involved

Section	Aspect	Activity	Responsibility	Minimum period for tasks (weeks)
Section 2	Notice	Secretary of the Lands Ministry issues Section 2 notice to the Divisional Secretary specifying the area in which a land is required for a public purpose, and that notice permits authorized personnel to undertake investigations to determine whether the land is suitable for the public purpose.	Secretary, Lands Ministry	03 Weeks
Section 4 (1)	Publication of Notice		Ministry of Lands	06 weeks
Sections 4 (2) and 4 (4)	Opportunity for Objections	Notice affords an opportunity for the owner / occupiers to make written objections to the intended acquisition.	Secretary, Line Ministry	12 weeks
Section 5	Declaration published in Government Gazette	Where Minister decides that a land should be acquired, he shall make a declaration by way of a gazette.	Minister of Lands	05 weeks

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Section 7	Notice to Persons interested	Describes the land and the intention to acquire it and directs any persons with any interest in the land to appear before him on a specified date, time and place and make their claims for such interest and compensation.	Acquiring Officer (Divisional Secretary)	06 weeks
Section 9	Inquiry into claims for compensation	Inquiries into the respective interests of the claimants, ascertains the market value of the land, the claims for compensation and any other relevant matters provided for in the LAA. Following the inquiry, the acquiring officer makes a decision on the claims.	Acquiring Officer	08 weeks
Section 10 (1)	Reference to Court	Refers the claims with disputes to the District Court or the Primary Court for determination.	District Court / Primary Court	Indefinite
Sections 10 (3) 10 (4) 10 (5)	Reference to Court	Determines the persons who are entitled for compensation, the total amount of compensation for the acquisition and the apportionment of such amount between several persons with interest in the land.	District Court / Primary Court	Indefinite
Section 17	Award of acquiring officer	After enquiry, the acquiring officer determines the persons who are entitled to	Acquiring Officer	05 weeks

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		compensation, the total amount of compensation for the acquisition and the apportionment of such amount between several persons with interest in the land.		
Section 22	Right of Appeal	If parties disagree, an appeal lies to the Board of Review.	APs / Board of Review	Indefinite
Section 28	Appeal to Supreme Court	Review to the Court of Appeal on questions of law. Legal provisions applicable to the assessment of compensation are included in Part VI of the LAA. After an award is made and compensation paid, the Minister publishes an order under Section 38 of the LAA directing the acquiring officer to take possession of the land.	Supreme Court	Indefinite
Section 29	Payment of Compensation	The Acquiring Officer tenders to each person, the amount of compensation allowed to him by that award.	Acquiring officer	04 weeks
Section 38A	Notice	A notice under Section 38A is gazetted. This is a vesting order. The Implementation Agency requests the Land Minister to take over the land.	Minister of Lands	06 weeks
Section 44 (1)	Vesting of Land	After taking possession of the land, the Divisional Secretary hands over to the respective	Divisional Secretary	03 weeks

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		Government Institutions and issues Section 44 (1) Vesting order.		
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The normal land acquisition process, from the initial request to acquire land up to the taking over possession and registration of vesting certificates, is a long one. The URP PMU will need to closely follow up with the concerned authorities to see that the task is completed within the minimum time required. To facilitate the affected persons to restore their livelihoods within a shortest possible time, the payment of compensation and allowances must be affected in a lump sum prior to site possession and hand over for civil work.

Procedures for repossession of Government-owned lands

Section 103 of the State Lands Act No. 13 of 1949 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 Resumption Ordinance and has at any time prior to or after the declaration, acquisition or resumption been land marked with boundary marks by or under the authority of the Surveyor General.

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 ejection 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.

Chapter VII of the Land Development Ordinance (LDO) No. 19 of 1935 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. Section 109 makes provision for order cancelling permit if permit holder fails to appear. Section 110 lays down the procedure where permit holder appears and shows cause. Section 112 prescribes the order of Government Agent to be served on the permit holder and to be posted on land. S.113 provides for an appeal to the Land Commissioner.

The procedure for eviction of a person in occupation of a grant for the holding of a State land is spelt out in Chapter IX of the Land Development Ordinance. Section 168 of the LDO stipulates the offences regarding occupation of 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

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and imprisonment. Thus, the rights of a mala fide possessor are not recognized for compensation for improvement under the laws of Sri Lanka.

Notwithstanding the above provisions relating to occupation of State lands and recovery of State lands, no person affected by the project shall be evicted from his/her residence or business irrespective of his/her status without, if eligible, being provided with appropriate compensation and resettlement and rehabilitation (R&R) assistance as spelt out in the entitlement matrix provided in this framework.

Further, section 15 of the Prescription Ordinance enacts “nothing herein contained shall affect the rights of the crown (State)”. Thus, prescription does not run against the State. Prescription Ordinance No 22 of 1971 made express provision with respect to how 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 immoveable 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.”

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. Most of the residents within the underserved settlements are accordingly mala fide possessors. 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 Lankan laws such as the Land Development Ordinance do not recognize the right to compensation for improvements done by a mala fide possessor or occupier of a State land.

Notwithstanding these legal provisions, the entitlement matrix under this framework provides for extending appropriate resettlement and rehabilitation (R&R) assistance to the eligible residential and commercial squatters, who may be legally classified as mala fide possessors of State land.

Regulatory role of relevant agencies

Urban Development Authority: The principal activity of the UDA is to promote and regulate integrated planning and physical development, having regard to the amenities and services provided to the community, and to prepare development plans for such development areas. Further, it formulates and implements urban land use policies and development of environmental standards and implementation of such schemes. Part V of the Urban Development Authority Law No 41 of 1978 lays down the provisions relating to acquisition of immoveable property.

Section 15 stipulates that where the Minister certifies that any land vested in a local authority is required by the UDA, the Minister may by Order published in the Gazette vest such land in the UDA. Where land is declared as a development area, that land is deemed

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to be required for a public purpose and may be acquired under the Land Acquisition Act by the Government. Lands declared for a development area is paid the market value for the purpose of determining the amount of compensation (section 16 (2)).

Urban Development Projects (Special Provisions) Act No 2 of 1980 provides for the declaration of lands urgently required for carrying out urban development projects. The President may by Order published in the Gazette declare that an area of land is required for implementing an urgent urban development (section 2). Section 3 restricts the remedies available to an aggrieved party by such acquisition such as injunctions, enjoining order or a stay order to restrain the acquisition of such land. Under section 7 of the Act, the Government can take possession of such land in respect of which an Order has been made under section 2 under the provisions of the State Lands (Recovery of Possession) Act No 7 of 1979 without waiting for its acquisition under the Land Acquisition Act. This act enables the UDA to take speedy possession of privately owned plots of land required for urban development projects and the affected persons are denied the legal rights in a court of law to restrain the acquisition procedure.

Notwithstanding the above powers of the UDA under the legal provisions cited above, no household or person affected by the project will be evicted or disturbed in any manner without receiving compensation and/or resettlement and rehabilitation (R&R) benefits as set out in the entitlement matrix provided in this framework.

6. Eligibility criteria, entitlements and definitions

The URP is currently adopting UDA Board of Management approved selection criteria for deciding eligibility families. As such, the following section introduces the eligibility criteria currently adopted by the UDA and proposes a set of recommended entitlements and criteria for the Project.

Current eligibility criteria under the Project

Non-titled, squatter households occupying lands that have to be released for future development under the Project and households living in UDA sponsored transit camps or that are receiving rent allowance because of earlier land acquisition will become eligible for a new housing unit under the Project, subject to their willingness to bear the cost of management and maintenance costs. Commercial non-titled squatters on State land will receive compensation for their affected structure/s and the opportunity to obtain an alternative shop available at the new housing complex or any other shopping scheme on a long-term lease basis, subject to their willingness to bear the cost of lease premium and maintenance and management charges. Non-title holders shall not receive any compensation for the land that has been acquired.

The current cut-off date for eligibility, applied by UDA, was identified as the 2009 voter registry for the given address. If, for some reason, the beneficiary had not been registered in the 2009 voter registry, a registration in the 2008 or 2010 voter registry would be considered. In addition, the beneficiary should have been included in the preliminary survey / census conducted by the UDA in 2009.

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A house with a floor area of 550square feet costs approximately LKR 7 million (calculated by taking the total construction cost divided by the number of housing units) exclusive of the cost of the land and provision of the electricity, water supply and sanitation facilities. The affected households will be given legal ownership of the house but cannot sell the property for the first ten years. To safeguard the rights of women, the house will be allotted in the name of both the spouses and in the name of the wife in the event of a death of the husband. The eligible households that received houses will have to make a contribution to the Condominium Maintenance Fund and monthly management charges as decided by the Project. The payment shall be made in favour of the UDA and this will be kept in a separate joint account to be managed by the Condominium Management Committee for the respective buildings.

The new housing complexes will have basic facilities for the resettled households, including individual water supply, toilets and electricity, shopping and community facilities such as community hall, open space for children to play, day care centres and common room for women, condominium office and primary schools. The facilities proposed are in line with the basic facilities required for healthy condominium living.

According to the UDA's Board of Management approved selection criteria (see annex 1) for the UDA approved selection criteria), only one housing unit (apartment) will be allocated for each affected household. However, for larger households, a special committee consisting of the Project Director, Director Land and Director Legal can determine the allocation of an additional housing unit taking into consideration the extent of the floor area, its structure (standard) and the extent of land occupied.

The following guidelines have been formulated to define an eligible household: (a) A housing unit should have a separate entry/exit door, kitchen, separate electricity meter and assessment number. Internal partitioning to separate an additional household will not be considered as a separate house; (b) If an additional family lives with the chief occupant, those additional families will not be considered as a separate family and the said additional family will not be eligible for a new house under the Project, except in the case of larger households where a special committee will determine the allocation of an additional housing unit considering the extent of the floor area, its structure and the extent of the land area occupied. Additionally, if a person or family occupies a house on rent or lease, the occupant will not be eligible for a new house.

If a person occupies a place that is being used only for commercial purposes, he/she could be considered for a new house upon their request as an alternative arrangement. In such an event, he/she will not be eligible for an alternative commercial unit afterwards.

In addition to the above conditions, the physical existence of the house and permanent occupation should be verified during the preliminary survey / census as well as during subsequent field inspections to prevent a new housing unit be allocated to people who can only demonstrate their ownership through documentation, without physical occupation. Moreover, persons who claim ownership of more than one house, even if

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they are located at two different settlements, will only be eligible for one housing unit under the Project.

The following method of selection will be used for the allocation of floors and housing and/or commercial units: (a) A community that has lived as one distinct group, in one particular geographical location will be housed in one or adjoining floors depending on the number of families to be resettled. The selection of which floor to be housed in is decided through a raffle draw; (b) Housing allocation for the individual families will be carried out under a separate raffle draw within the group. Mutual transfer of housing units will be accommodated within justifiable reasoning; (c) Priority will be given to families that include people with disabilities when allocating housing units on the ground floor. The elderly and sick, however, will not be considered for groundfloor units as elevators will be made available for ease of access to all floors; and (d) The allocation of areas for commercial purposes will give priority to the establishment of cooperatives/groceries (for the sale of essential goods) and service providers (such as barbers, tailors and pharmacies).

The new housing units are to be given on the basis that a portion of the total capital cost of relocation (including the cost of construction) will be recovered from the recipients of the new apartments in the following manner:

550 Sq. foot housing unit – Recover Rs1,200,000 over a period of 400 months - @Rs3000/month

For families who can prove their ownership to a property that they occupy (by means of a condominium title deed or private title deed in their name), the UDA selection criteria proposes the following: (a) a housing unit is to be allotted free of charge as compensation for their freehold/condominium ownership for the house/land; However, (b) those families who become eligible for two houses for an existing single house, only 01 house will be allotted free of charge and the additional house would come under the existing payment scheme. In case it is necessary to accommodate other requirements of the Government/Ministry/UDA, the relevant Government agency or the recipient should reimburse the cost of such relocation to the UDA at a rate decided by the UDA. The UDA will also allow affected families to value their affected structures and if its worth can be proven to exceed the cost of a housing unit offered, i.e. Rs7 million, the excess will be compensated at replacement cost.

In terms of maintenance and management, the management of the housing schemes will be carried out by a Condominium Management Corporation (CMC) formed under the provisions of the relevant Act. An upfront, one-time payment decided by the UDA (currently LKR50,000) will have to be paid to the UDA by each recipient as a contribution to the sinking fund for maintenance of housing of the CMC to be established for the management of the relevant housing scheme. The amount collected in this manner will be transferred to the bank account of the relevant CMC once it is established. The UDA policy states that the amount payable can be made in four instalments. The CMC will recover a monthly service charge from each and every household for providing common

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services such as lift operation, common lighting, janitorial services, etc, which will vary with the prevailing cost of services.

A housing unit will be handed over to a recipient upon receiving the upfront payments and signing the Rent Purchase Agreement with the UDA, discussed below. The ownership of the housing unit will be transferred only after the total payment is made by the respective householders within the 33 year period. However, householders who settle the total payment before the specified timeframe will be entitled to receive a title deed to the housing unit within 6 months from the date of full payment but subject to the following condition: The ownership of the housing unit will not be transferable to a third party within a 10 year period from the date of receiving the transfer deed. This, the selection criteria notes, is in order to retain the householder in the same premises without moving to another shanty in the Colombo City.

Recommended principles and guidelines for mitigating social impacts

In an attempt to improve on UDA’s approved selection criteria, this framework adopts the following resettlement principles based on GoSL and AIIB policy frameworks. The principles that will guide the management and mitigation of social impacts under this Project are summarised in Table 3 below.

Table 3. *Principles and Guidelines for Mitigation of Social Impacts*

Principles	Guidelines
<p>Principle 1: Minimize human displacement and resettlement wherever possible.</p>	<p>Land acquisition and involuntary resettlement will be avoided where feasible or minimized to the extent possible through the incorporation of social considerations into project design options. For example, in the case of any activities where land acquisition may be required, and land, house or assets may be affected, while selecting the sub-project, the Implementing Agency will explore design and site alternatives and opt for the design and site alternative involving minimum land and resettlement impacts. While the primary objective of the Project is to resettle people from underserved areas to improved housing, the principle should be to avoid or minimize impact on productive land and economic assets, shelter and cultural properties.</p>
<p>Principle 2: Identify all project impacts and record all losses properly.</p>	<ul style="list-style-type: none"> - As soon as the site is identified for the construction of housing units, a Social Screening will be undertaken to broadly estimate the involuntary resettlement impacts. - Based on the findings of the Social Screening, if the impacts are minimal, an abbreviated Resettlement Action Plan (ARAP) will be prepared recording impacts in detail through a Census Survey. - If the Social Screening shows substantial impacts, a full RAP will be prepared, including a Social Impact Assessment (Census Survey supplemented by a Socio-Economic Survey) that will be carried out to record all the impacts in detail.

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	<ul style="list-style-type: none"> - A detailed database of all project Affected Persons/Families will be established which will include information on the following: <ul style="list-style-type: none"> o landholdings; non-retrievable loss of buildings and structures to determine fair and reasonable levels of compensation and mitigation; o census information, detailing household composition and demography; and o Current income streams and livelihood of the families. - The asset inventories will be used to determine entitlements of individual families/persons; severely project affected persons/families; - The socio-economic census data will be used to monitor how the affected households are able to re-establish their shelter and livelihoods with the resettlement and rehabilitation benefits provided by the project. - All information will be entered into the database to facilitate planning, implementation, and monitoring and evaluation.
<p>Principle 3: Plan and implement land acquisition and resettlement activities as an integral part of the Project.</p>	<p>Land acquisition and involuntary resettlement activities will be an integral part of the project planning and implementation through the following steps:</p> <ul style="list-style-type: none"> - Land acquisition and resettlement costs will be built into the overall project budget as an upfront cost; - The design and site layout will be prepared with social screening in order to avoid/minimize LA and IR impacts; Detail Project Report (DPR) for the sub-projects will incorporate Social Screening/SIA findings and the RAP; - An organizational framework will be established ensuring coordination of the roles and responsibilities of the social development and engineering units so that the schedules for LA and R&R and the civil works are properly linked; These arrangements should ensure that payment of compensation, resettlement are completed before site clearance; - LA process and key resettlement actions must be completed prior to award of civil works.
<p>Principle 4: Inform and hold public consultations with affected people during planning and implementation.</p>	<ul style="list-style-type: none"> - Disclose and disseminate information on sub-project at feasibility stage; - Disclose and disseminate Social Screening and SIA results (LA and R&R impacts) before preparing RAP; - Disclose and disseminate entitlements, compensation and R&R assistance payment schedule; RAP Implementation Plan; and Grievance procedure during RAP preparation and implementation; - Pay special attention to the following: <ul style="list-style-type: none"> o inform people about of sub-projects and implementation schedules; o consult people on measures to restore their shelter, and livelihoods, and ensure their participation in design and implementation; and

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	<ul style="list-style-type: none"> o Inform affected families about relocation and land acquisition dates sufficiently in advance of actual implementation.
<p>Principle 5: Include gender considerations into social management and resettlement planning</p>	<p>Preparation of a gender strategy and action plan</p> <ul style="list-style-type: none"> - Adopt a gender responsive consultation strategy and gender disaggregated data during Census and socio-economic survey; - Include the following gender considerations during resettlement planning: <ul style="list-style-type: none"> • Special attention to women headed households in the relocation and post resettlement process with targeted livelihood assistance; • Gender sensitive provision of civic infrastructure including sanitation, transport, furniture, and facilities for women in recreational places created as part of the project; and • Encourage women participation in management of resettlement buildings.
<p>Principle 5: Assist the affected persons/families to restore, and ultimately to improve, their livelihoods to conditions equal or better than their earlier status.</p>	<ul style="list-style-type: none"> - The project implementing agencies will take the following steps to enable the affected families to restore and improve their livelihoods through the following provisions: <ul style="list-style-type: none"> o Provide compensation at replacement rates for all loss and damage caused to land and assets; o Offer fair, equitable and prompt compensation and R&R assistance for the loss of assets attributable to the project including to those without title to land where such asset is established provided that their eligibility for such assistance has been confirmed with the local community; o Support to re-establish lost or damaged shelter/shop any other structure through cash and/or, alternative site and/or, building at replacement cost (which will be building alternative residential housing sites with shops and basic amenities and services to resettle the affected households and commercial units; o Offer relocation assistance including transport allowance where physical relocation is required; o Support for livelihood restoration and community development; <ul style="list-style-type: none"> o Offer post-resettlement programs to ensure the long-term sustainability of the housing program
<p>Principle 6: Special support to enhance project benefits for the vulnerable households.</p>	<ul style="list-style-type: none"> - Pay special attention to adverse impacts on vulnerable households (elderly, physically disabled and female-headed households) who may be vulnerable to changes brought about by project activities or excluded from its benefits. Members of these groups are often not able to make their voice heard effectively, and therefore may need special support in accessing their entitlements and getting their grievances redressed; - The Project will assess and compensate for loss of economic activities, shelter, access to welfare benefits.

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<p>Principle 7: Grievance and monitoring procedures will be in place.</p>	<p>Establish grievance mechanism at the local and implementation agency levels and institute an Independent grievance panel comprising representatives from civil society; Independent monitoring agency (consultants) will be instituted to carry out periodic review of social due diligence with regard to land acquisition, resettlement and livelihood restoration. Monitoring will involve ongoing internal and quarterly external monitoring exercises and annual quality review exercises using quantitative and qualitative methods.</p>
<p>Principle 8: Resettlement planning will take account of the local socio-economic development context.</p>	<p>Resettlement planning will take account of:</p> <ul style="list-style-type: none"> - any current/planned development scheme in the project area, including initiatives to address poverty targeted at vulnerable households; and any current/planned NGO/funding agency initiatives in the area, and try to facilitate their continuation.
<p>Principle 9: Resettlement planning and implementation will comply with the legal and policy provisions of Sri Lanka and AIB Environmental and Social Policy (comply with the latter in case of conflict between them)</p>	<p>Resettlement planning and implementation will comply with project policies and the provisions of relevant national legislation and AIB's ESP pertaining to:</p> <ul style="list-style-type: none"> - Environmental management; - Public participation and disclosure; - Land tenure, occupation, acquisition and compensation; - Local government, development and service provision.
<p>Principle 10: Establish mechanisms to ensure sustainable self-management of the resettlement sites.</p>	<ul style="list-style-type: none"> - Adopt participatory planning of relocation process to ensure that the social networks of affected groups are not adversely affected; - Institute condominium management committees and train them in management of finances, assets and services for the resettled households; - Provide capacity building and hand holding support to the management committees of the resettled households; - Provide the basic amenities and services including day care center for children, common room for women, office for the management committee; open space, storm drainage, sanitation facilities, etc. - Where possible, re-house the people displaced due to the project in the same locality.

Recommended entitlements and eligibility criteria

Based on the above principles, this framework an EM, agreed by the UDA, that offers improvements on the current procedures adopted by the URP. It outlines possible types of losses that could result and the provisions for compensation and R&R benefits for the various categories of affected people. The EM will apply to all components entailing involuntary resettlement impacts, irrespective of the size and extent of impact. If, at any stage, additional resettlement impacts are identified, the RAPs may need to be updated by the PMU making provisions for mitigating such impacts with compensation and R&R benefits in line with this EM. The EM attempts to be exhaustive and has been prepared

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considering all possible categories of losses and impacts based on available information. A summarized list of possible losses are shown in the table below.

Table 4 Possible losses to be incurred by households and communities

Category	Types of Losses
Losses incurred by individuals/households	
Land	<ul style="list-style-type: none"> - Agricultural or horticultural land (owned or occupied) - House plot (owned or occupied) - Business premises (owned or occupied)
Structures	<ul style="list-style-type: none"> - Complete loss of House - Partial loss of housing - Other physical structures - Structures used in commercial / manufacturing activities - Displacement from rented or occupied residential units - Displacement from rented or occupied Manufacturing unit
Income and Livelihood	<ul style="list-style-type: none"> - Income from rent of housing units - Income from renting other structures - Income from wage earnings - Income from economic activities
Location	<ul style="list-style-type: none"> - Access to employment, schools, hospitals, markets - Available income/ employment opportunities - Access to informal credit within community - Access to free or subsidized services, e.g. water, electricity
Losses incurred by the community	
Community used Land	<ul style="list-style-type: none"> - Land
Community and Cultural Site	<ul style="list-style-type: none"> - Schools, health and community centers, markets, children’s parks - Shrines, other religious symbols or sites - Places of worship – church, temple, mosque - Dislocation from familiar neighborhoods - Dislocation of social / ethnic groups - Community living - NGO and other welfare support

The EM is based on applicable Sri Lankan laws, the NIRP and has been developed to comply with AIIB’s Environment and Social Policy, including the Environmental and Social Standards. The EM offers, among other things, compensation for land and structures at replacement cost (to be set off against the nominal purchase price of new housing unit), alternative housing for non-titled, squatter families in multi-storey housing complexes, shops on long-term lease for displaced shop-owners, assistance for temporary loss of incomes, additional benefits for vulnerable displaced households, re-establishment of community facilities, and mitigation measures for temporary impacts. This framework provides additional guidelines for integrating social inclusion, accountability and gender considerations while planning and implementing resettlement activities.

Eligibility criteria for the Project

Any person or household (whether titled or non-titled) or community that suffers loss of access to land, shelter, structures, business, income, sources of livelihood as a result of the Project should be eligible for receiving compensation and / or R&R assistance to offset

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such loss, enabling restoration of living conditions to a state better or equal to the pre-Project situation. Eligibility should be determined on the basis of an impact survey carried out while preparing the RAP. Whereas the eligibility list provided in the RAP will remain the basis for providing entitlements to non-titleholders, the eligibility of titleholders will be determined through the scrutiny of title deeds or other legal documents admissible and recognized under law as valid ownership documents.

The following categories are recommended as eligible to receive entitlements:

Landowner: 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 recognized under law.

Squatters: People who have occupied land and have erected structures on it for the purpose of residence / income activities without legal title/rights are not entitled to compensation for lost land. However, if displaced, they should be entitled to R&R assistance as per this EM.

Project Affected Household: All members of a Project affected household residing under one roof, using one kitchen and operating as a single economic unit, who are adversely affected by the Project.

Vulnerable Households: Socially and economically distressed households who may suffer disproportionately due to relocation. They may include very poor, disabled, elderly and women-headed households.

Tenants: Occupants that have legally taken any land or properties, or both, on rent or lease for a specific period with registered papers recording agreed terms and conditions as permitted under the law. These tenants will be permitted to continue their rental contract at the landlord's new housing unit if mutually agreed. This will avoid unnecessary displacement of tenants and possible loss of rental income to landlords.

Non-residential Structure Owner: Legal land owners who are not in possession of their land either because they have rented or leased out their land and property affixed to it, or such land has been taken possession of by any other person. S/he will be eligible to receive compensation and allowances for loss of income from his/her affected land and structure, but no rehabilitation assistances meant for the displaced families.

Business Owner: A person who owns or conducts a business within the Project area, the operation of which will be disrupted by the construction of the Project. S/he can be a legal owner, non-titled structure owner or tenant and will receive different compensation and R&R packages as per the EM.

Community: A community who owns or utilizes building structures and / or resources within the Project area.

Cut-off dates: The cut-off date for eligibility in the case of non-titleholders/ encroachers will be the date of the resettlement / census survey. The current practice of adopting the 2009 voter registry is considered unreasonable, especially for those HHs that had moved into a site in more recent years. The cut-off date will be made public and provided in the RAP. 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. Fixed assets such as built structures or planted trees after this date should not be compensated.

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Impact Measurement and Valuation: Following the finalization of design, a detailed measurement survey 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. As part of the resettlement process, a replacement cost survey (or asset valuation) will be carried out and will form the basis for determining the compensation for the affected land and/or assets. This information will then be used for determining compensation for the land and/or assets to be acquired. All acquisitions will be compensated at replacement cost (to be set off against the nominal purchase price of new housing unit) and the affected persons will be assisted to re-establish their living standards (affected shelter and incomes) to a level equal to or better than their living condition prior to the Project.

R&R Benefits for Non-Title Holders: Non-titled, squatter households residing in the Project areas prior to the cut-off date will be re-located to a new housing unit in a housing complex of their choice, subject to their willingness to bear the cost of management and maintenance. Squatter households will be compensated for the affected structure at replacement cost and will be given the option to set this off against the nominal purchase price of the new housing unit. Similarly, commercial non-titled squatters on State lands will be given compensation at replacement cost (to be set off against the nominal purchase price of new housing unit) for their affected structure or the opportunity to obtain an alternative shop, if possible at the same housing complex or any other shopping scheme on a long-term lease basis, subject to their willingness to bear the cost of lease premium, maintenance and management charges. Non-title holders will not receive any compensation for land.

Allocation of Alternative Housing Units: The UDA will be responsible for the relocation and for the allocation of new housing units. The UDA will prepare a relocation schedule in consultation with the affected households, covering the date and time of the proposed movement, how information on the relocation will be disseminated, logistics of transportation of people and belongings, payment of transport allowances and other necessities.

Relocation should avoid breaking up communities and should ensure that the social networks linking members of the affected communities can be maintained. A Condominium Management Committee will be established for the maintenance of the condominiums with the participation of the occupants. 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 external actors, possibly including CSOs and government agencies. This strategy will involve training and support to help affected households re-establish their lives following relocation.

The following EM responds to the nature of losses incurred under this Project. The EM contemplates eligibility and payments for all possible losses and set outs the standards for compensation and R&R. As the LAA does not address all types of losses, the principles of NIRP and AIIB's ESP/ESS have been applied to address the gaps.

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Table 5. Proposed Entitlement Matrix for the Project

No.	Type of loss	Affected person	Entitlement	Details
1. Private Land without Structures				
1.1	Loss of land due to Project related activities	Legal title holders/ affected parties with land use rights recognized under the law	Compensation at replacement cost Resettlement and Rehabilitation	1.1.1 Compensation for affected land at replacement cost as per LAA 1.1.2 Three months' advance notification for harvesting crops (if any), or compensation for crop damage 1.1.3 Compensation for trees affected at market price 1.1.4 Applicable interest on compensation amount for delay in payment of compensation calculated from the date of taking over land possession 1.1.5 Compensation for the economically non-viable remainder or residual land, if the land loser is willing to surrender such land, at replacement cost
1.2	Loss of tenancy/ profitable occupancy	Registered tenants and leaseholders	Compensation for income losses	1.2.1 No compensation for the land. 1.2.2 Cash payment for six months of rental income for the affected portion of land or LKR 18000 whichever is higher as income assistance.
2. Residential Land and Structures				
2.1	Permanent and full loss of private residential structure	Owner - occupants with title or other ownership documents recognized under the law	Compensation at replacement cost Resettlement & Rehabilitation Assistance	2.1.1. Compensation for the whole plot valued as per LAA if the residual plot is not developable under law 2.1.2. Compensation for affected structure at replacement cost without deduction of any depreciation or salvageable materials 2.1.3. Opportunity to purchase a new housing unit at any of the housing complexes under the program, on payment of price determined by the

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				<p>Government, contribution to the condominium management fund and monthly maintenance charges</p> <p>2.1.4. Transportation allowance of LKR 5000</p> <p>2.1.5. In case of emergency shifting, cash allowance for alternative rental accommodation of equivalent standard for six months as determined by UDA on a case by case basis OR @ LKR 8000/month, whichever is higher</p> <p>2.1.6. Right to salvage material from the demolished structure but with the limitation of carrying these to the new housing complex, unless approved</p>
2.2	-do-	Non-resident Owner of land and structure with title	<p>Compensation at replacement cost</p> <p>Income restoration Assistance</p>	<p>2.2.1. Compensation for affected land at replacement cost as per the LAA</p> <p>2.2.2. Compensation for the structure at replacement cost without deduction of depreciation or salvageable materials</p> <p>2.2.3. Assistance for loss of rental income from the affected structure for six months calculated on the basis of average annual income from the affected structure in the previous 3 years as determined by UDA on a case by case basis OR @ LKR 8,000/month, whichever is higher</p> <p>2.2.4. Right to salvage material from the demolished structure</p>
2.3	Loss of rental accommodation	Legal Tenants/ Lease Holders	Resettlement & Rehabilitation Assistance	<p>2.3.1. Three months' advance notice for relocation</p> <p>2.3.2. An apportionment of compensation for registered lessees for the unexpired period</p>

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				<p>of lease as permissible under law</p> <p>2.3.3. Allowance for alternative rental accommodation of equivalent standard as determined by UDA OR LKR 8000/month (whichever is higher) for a maximum of six months for tenants/lessees, and for such period as required by law in case of protected tenants</p> <p>2.3.4. Transportation allowance of LKR 5000</p>
2.4	Loss of Residential Structure	Squatters	Resettlement and Rehabilitation Assistance	<p>2.4.1. Offer of a new housing unit of 550 square feet in a multi-story housing complex with basic facilities subject to beneficiary contribution to the condominium management fund and payment of monthly maintenance charges</p> <p>2.4.2. Transportation allowance of LKR 5000 for vacating the old structure</p> <p>2.4.3. Rental allowance @ LKR 8000 per month in case of emergency shifting until the offer of permanent relocation to new housing unit</p> <p>2.4.4. Right to salvage building materials but excluding asbestos (Note. Use of old materials will not be permitted at new housing complex).</p>
2.5	Partial loss of residential land and structure	Owner-Occupants of residence with title or sale deed in their favor	Compensation Rehabilitation assistance	2.5.1 Compensation for affected land and structure at replacement cost as per LAA according to the actual cost needed to repair or rebuild the structure to its original or better condition when the remaining land is sufficient to rebuild upon

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				<p>2.5.2 Rental allowance for alternative accommodation of equivalent standards OR LKR 8,000/month (whichever is higher) for six months to enable owner to rebuild the affected structure</p> <p>2.5.3 Transportation allowance of LKR 5000</p>
2.6	-do-	Non-resident Owners of Land and Structure with title	<p>Compensation</p> <p>Rehabilitation assistance</p>	<p>2.6.1 Compensation for affected land and structure at replacement cost as per LAA without depreciation according to the actual cost needed to repair or rebuild the structure to its original or better condition when remaining land is sufficient to rebuild upon</p> <p>2.6.2 Six months' rental allowance as received for the previous month OR @ LKR 8000/month to compensate for loss of rental income from the property as income assistance</p>
2.7	Loss of rental accommodation due to partial impact on structure	Tenants/lessees/ Protected tenants	Rehabilitation assistance	<p>2.7.1 Tenants/Lessees will have the option to continue to stay in the building in agreement with the owner; OR</p> <p>2.7.2 Vacate the house on receipt of rental allowance for six months @ LKR 8000 in case of emergency relocation with three months' advance notice</p> <p>2.7.3 Protected tenants will get rental allowance for accommodation of equivalent standard OR LKR 8000/month for such period as required by the Rent Act to allow restoration of the building for the tenant to return</p>

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				2.7.4 Transportation allowance of LKR 5000 in case the tenant/lessee is required to relocate
2.8	Partial loss of residential structure	Squatters living in structures without title	Resettlement and Rehabilitation assistance	2.8.1 Compensation for only for the affected structure at replacement value according to the actual loss to repair or rebuild the structure to original or better condition when remaining part is sufficient for rebuilding 2.8.2 Transportation allowance of LKR 5000 2.8.3 Rental allowance @ LKR 8000/month for six months to allow the affected family to relocate elsewhere and rebuild the affected structure 2.8.4 Provision of alternative housing unit in lieu of 2.8.1 at par with fully affected squatters (2.5.1) if the remaining structure is not sufficient to accommodate the family
3. Commercial land and Structures				
3.1	Permanent and full loss of commercial property	Owner-Operator of registered business with title or sale deed in his/her favor	Compensation at replacement value Resettlement and Rehabilitation assistance	3.1.1 Compensation for the affected land at replacement cost as per LAA (for whole plot if the residual plot is not developable under law, i.e. less than 2 perches) 3.1.2 Compensation for affected structure at replacement cost without deduction of any depreciation or salvageable materials 3.1.3 Offer an alternative space / shop on long-term lease at the new housing complex or

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				<p>any other public shopping scheme in the metro Colombo area, on payment of lease premium, contribution to the condominium management fund and monthly maintenance charges</p> <p>3.1.4 Transportation allowance of LKR 5000</p> <p>3.1.5 In case of emergency shifting, cash allowance for alternative rental accommodation of equivalent standard for six months as determined by UDA on a case by case basis OR @LKR 10,000/month (whichever is higher)</p> <p>3.1.6 Right to salvage material (except asbestos) from the demolished structure but with a limitation of carrying these to the new housing complex, unless explicitly approved</p> <p>3.1.7 Cash assistance to enable re-establishment of business calculated as net income for six months on the basis of average net annual incomes for preceding three years as recorded in income/sales tax returns filed, OR a lump sum livelihood assistance of LKR 18,000, whichever is higher</p>
3.2	-do-	Non-resident property owners with title	Compensation at replacement value	<p>3.2.1. Compensation for affected land at replacement cost as per the LAA</p> <p>3.2.2. Compensation for the structure at replacement cost without deduction of depreciation or salvageable materials</p> <p>3.2.3. Assistance for loss of rental income</p>

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				from the affected structure for six months calculated on the basis of average annual income from the affected structure in the previous 3 years as determined by UDA on a case by case basis OR @ LKR 8,000/month, whichever is higher 3.2.4. Right to salvage material from the demolished structure
3.3	Loss of rental accommodation	Legal Tenants/ Lease Holders running business	Compensation Resettlement and Rehabilitation Assistance	3.3.1 Rental allowance of equivalent accommodation as determined by UDA, OR LKR 8,000/month for six months 3.3.2 Rental allowance as above for a period not exceeding six months in case of protected tenants, or as per the applicable law 3.3.3 Apportionment of compensation for protected tenants and lessees if and as permitted under applicable laws 3.3.4 Cash assistance to enable re-establishment of business in case of relocation calculated as net income for six months on the basis of average net annual incomes for preceding three years as recorded in income tax returns filed OR a lump sum livelihood assistance of LKR 18,000, whichever is higher.

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3.4	Loss of commercial structure	Squatters/ operators of business without title	Resettlement and Rehabilitation Assistance	<p>3.4.1 Compensation for affected structure at replacement cost without deduction of any depreciation or salvageable materials (to be set off against the nominal purchase price of new housing unit if value over LKR 5m)</p> <p>3.4.2 Offer an alternative space / shop on long term lease at the new housing complex or any other public shopping scheme in the metro Colombo area, on payment of lease premium, contribution to the condominium management fund and monthly maintenance charges.</p> <p>3.4.3 Transportation allowance of LKR 5000.</p> <p>3.4.4 Rental allowance LKR 8,000/month for alternative accommodation in case of emergency shifting until the offer of leased shop at resettlement site.</p> <p>3.4.5 Right to salvage material (except asbestos) from the demolished structure but with the limitation that these cannot be taken to the new housing complex, unless approved</p> <p>3.4.6 Cash assistance to enable re-establishment of business calculated as net income for six months on the basis of average net annual incomes for preceding three years as recorded in income/sales tax returns filed, OR a lump sum livelihood assistance of LKR</p>
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				18,000, whichever is higher
3.5	Partial Loss of Commercial Property	Owner - Occupants of residence with title or sale deed in their favor	Compensation Rehabilitation assistance	SAME as benefits offered under 2.5.1 to 2.5.3 AND 3.1.7
3.6	-do-	Non-resident owner of property	Compensation	SAME as benefits offered under 2.6.1 to 2.6.2
3.7	Loss of rental accommodation due to partial impact on structure	Registered Tenants/Lesseees	Resettlement and Rehabilitation Assistance	SAME as benefits offered under 2.7.1 to 2.7.4 AND 3.1.7
3.8	Partial loss of commercial structure	Squatters operating business in structure without title deeds	Resettlement and Rehabilitation Assistance	SAME as benefits offered under 2.8.1 to 2.8.3 AND 3.1.3 if doing business in the remaining portion is no longer commercially viable AND 3.1.7
3.9	Loss of Commercial Kiosks	Vendors operating kiosks with or without permission	Resettlement and Rehabilitation Assistance	3.9.1 Fixed kiosks/sheds will get structure compensation without depreciation and onetime income assistance of LKR 5000 OR a mobile vending cart as replacement 3.9.2 Mobile/Movable vendors will get one month's prior notice to relocate nearby for continuing their business
4. Loss of Livelihood				
4.1	Loss of Livelihood due to relocation	Vulnerable and women headed families losing income due to relocation Vulnerable, self-employed persons	Rehabilitation Assistance	4.1.1 Training and skill development support for vulnerable families, including women headed households, for livelihood strengthening 4.1.2 Vulnerable families eligible for Government welfare assistance will be supported with Samurdhi program or

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				<p>old age pension scheme</p> <p>4.1.3 Housekeeping assignments at the new housing complex and employment in civil works under the Project</p> <p>4.1.4 Offer and alternative space / shop at the new housing complex on long term lease on payment of premium and maintenance charges as applicable</p> <p>4.1.5 Continuation of any welfare assistance given by State to the vulnerable families after relocation</p> <p>4.1.6 Cash assistance to enable re-establishment of income calculated as net income for six months on the basis of average net annual incomes for preceding three years as recorded in income/ sales tax returns filed, OR a lump sum livelihood assistance of LKR 18,000, whichever is higher.</p>
5. Temporary Impacts				
5.	<p>Temporary Adverse Impacts of Civil Works (such as loss of access, damage to property or land, safety hazards, impact of mobility)</p>	Households/ Businesses	Mitigation Measures	<p>5.1.1 Public notice at the site informing the people about: work schedule, likely temporary impacts, signage, safety advice and mitigation measures, contact details of officer in charge and grievance redress mechanism</p> <p>5.1.2 Necessary traffic management measures for facilitating mobility</p> <p>5.1.3 Special measures to provide access for continuing trade/business</p> <p>5.1.4 In case of loss of access to business for over a week, financial assistance @ LKR 1000 per day until ease of</p>

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				<p>access has been restored by the contractor and certified by the engineer</p> <p>5.1.5 The contractor shall bear the compensation cost of any impact on structure or land due to negligent movement of machinery during construction or establishment of construction plant, as per standard contract provision</p> <p>5.1.6 All temporary use of lands outside proposed site to be through written approval of the landowner and contractor. Location of construction camps will be set up by contractors in consultation with the UDA</p> <p>5.1.7 Necessary Health and Safety measures to be undertaken as a part of Environment Management Plans including measures for sound, dust pollution, minimize hazard risks through signage and safety barricades, first aid facilities at work sites/camps, etc.</p> <p>5.1.8 Steps to minimize and mitigate adverse impacts on human and vehicular mobility including through traffic diversions and management, phased construction strategy and avoiding work during peak hours</p> <p>5.1.9 Legal provisions for ensuring equal wages for men and women working at Project construction sites and preventing child labor</p>
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				5.1.10 Measures as necessary to deal with any other emergent impacts
6. Loss of Community Infrastructure/Common Property Resources				
6.1	Loss of social and civic facilities	Affected communities and user groups	Replacement of the affected facility	6.1.1 Replacement of the civic, social service facility in consultation with the user and the host community, as appropriate. 6.1.2 Provision of temporary services during civil work to avoid inconvenience to the user group

7. Consultation and stakeholder engagement

This section briefly describes how stakeholder consultation should be conducted as there is currently no procedure in place for stakeholder consultations within the UDA. The following steps have been agreed with the UDA and will form the consultation strategy for the Project.

Stakeholder consultation is an important part of Project preparation and implementation. Consultations will ensure active participation and will reduce the potential for conflicts and minimize the risk of Project delays. Stakeholder consultations will also enable the Project to better design the R&R and livelihood restoration programs as a comprehensive development program to suit the needs and priorities of the affected households, thereby maximizing the economic and social benefits of GoSL investments. The objectives of undertaking stakeholder consultations are as follows:

- a. To ensure that all stakeholders, including the affected households, will be included in the planning and decision-making processes;
- b. To share information about the Project components and activities;
- c. To obtain information about the needs and priorities of all stakeholders as well as receiving feedback about their reactions to the proposed interventions;
- d. To ensure that stakeholders can take informed decisions on activities that will directly affect their incomes and living standards;
- e. To obtain the cooperation and participation of stakeholders in resettlement planning and implementation.

Stakeholders are those who have direct interest in the Project and who will be participating in the consultative process. As the initial step, it will be necessary to identify the primary and secondary stakeholders. Primary stakeholders include the affected persons, the beneficiaries of the Project, the host population of the new housing sites, and any Project partner agencies. The secondary stakeholders are those who have an interest in the Project such as the National Government, the political authority, policy-makers, advocacy groups, NGOs and other private and public sectors which have indirect involvements with the Project.

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The next step in this process will be to identify the stakeholders that will participate in the consultative process including NGOs and others who have potential to help achieve positive results in the Project. A carefully planned consultation and participation process needs to be developed, including an information dissemination strategy.

Affected persons will be fully informed of their rights and responsibilities from the very beginning to achieve transparency and understanding between the affected persons and the Project implementers. To achieve this, the information will be made accessible and understandable and should be made available in both Sinhala and Tamil. Information will also be disseminated by public media and via public notice boards, newspapers, leaflets, flyers and door to door canvassing.

Community participation can be undertaken in stages, during project identification, planning and design, and implementation. The table below highlights the key activities that needs to be carried out during community consultation and participation.

Table 6. Key activities under community consultation and participation

Project Stage	Key Activities
1. Project Identification Stage	<ul style="list-style-type: none"> - Identify Project stakeholders (primary and secondary) - Involve stakeholders in the consultation process - Organize information material and plans for dissemination - Organize and document public meetings - Identify needs for a social preparation program if involuntary resettlement impacts are going to be generated
2. Project Planning and Design stage	<ul style="list-style-type: none"> - Convene and record meetings with potential displaced persons and/or potential host population - Consider alternatives to avoid, minimize resettlement in consultation with affected persons - Involve affected persons in assessing Project impacts - Arrange affected population's inputs to entitlements, income restoration and resettlement options - Institutionalize a participatory framework for compensation, income restoration and resettlement - Social preparation for sensitive sub-projects - Obtain inputs from potential displaced persons, host communities, NGOs on selection and development of resettlement sites - Involve displaced persons and NGOs on developing income restoration strategies - Establish grievance procedures with representatives of affected persons - Involve potential displaced persons and NGOs in preparing the Resettlement Plan - Review Participatory Mechanisms given in the RAP.

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	- Disclosure of the draft RAPs before their finalization in consultation with the stakeholders and communities
3. Implementation stage	<ul style="list-style-type: none"> - Organize participation of the potential displaced persons for implementation of the RAP - Involve NGOs and other suitable institutions in resettlement efforts - Support from NGOs and Stakeholders / Private Sector in livelihood and income restoration efforts - Involve affected persons in decision-making committees - Ensure that grievance procedure is functional - Involve affected persons in monitoring and evaluation.

8. Arrangements for moving and transitional arrangements

The Project, in its earlier phase, had the following temporary relocation options that were used when people had to be moved to liberate the areas needed for the re-housing sites. These included (i) the provision of a monthly rental allowance for those households that wanted to temporarily self-relocate; (ii) the provision of an allowance to build their own on-site temporary accommodation in a demarcated and planned manner; and (iii) the option of being housed in UDA managed transit housing. Given that the last two options led to scores of other issues, including encroachment into the transit housing once vacated, the Project no longer continues with the above arrangements as there is now sufficient stock of newly built housing units within the Colombo metropolitan area.

As a result, the arrangements to re-house the affected households under the Project will not involve putting them in transit housing as they will move directly to permanent housing in high-rise complexes. If they so wish, these households can continue in the given housing unit or can later opt to move to their choice of housing complex once construction is completed.

Housing units are allocated for eligible families as per the approved General Policy of the UDA with suggested revisions under this framework. Once a housing unit is allocated, the UDA facilitates the electricity connection by supporting the recipient family with filling application forms and other necessary documentation. Similarly, the water is received through a bulk connection to the housing complex and then distributed to individual housing units with their own meters. The meter reading is initially undertaken by the Property Management and Portfolio Division of the UDA but will later be handed over to the Condominium Management Corporation, once it is established. The UDA also takes action to forward the list of new householders to the relevant Grama Niladhari Division and Police station so that these families can be registered as official residents of the area.

The UDA will hold an awareness raising program for all eligible families prior to handing over the keys to the new housing units. This program will inform the recipient families that they have two (02) weeks to relocate to the new housing unit. In preparation for this, the UDA will inform its Land Division to secure the property to be vacated by enclosing

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the land by a fence and by displaying a public notice to state that this land belongs to the UDA. Following this initial set of actions, the Land Division will take further necessary action to ensure that the land remains protected.

For the removal of ineligible families from the areas to be vacated (e.g. people that have moved to the site after the cut-off date is declared, newly established households, etc.), the UDA will usually take legal measures to evict them. However, this is seen as a last resort as the UDA has set up an Appeals Committee to hear and review all cases of ineligible families. If the Appeals Committee decides that a family deserves to be eligible for a housing unit, the UDA will respect the decision taken and follow the General Policy in allocating a new housing unit.

As the agency responsible for the relocation and allocation of the new housing units, the UDA will prepare a relocation schedule in consultation with the affected households. It will set out the date and times for the proposed movement, how information on the relocation will be disseminated, the logistics of transportation of people and belongings, payment of transport allowances and other necessities. As part of the relocation schedule, the UDA will also be required to discuss and allow time for the affected families to salvage any materials (except asbestos sheets) from their old housing but with the understanding that these may not be allowed into the new housing complex.

9. The housing contract, contractual conditions and ability to pay

The Transfer Agreement (see annex 2) imposes a number of conditions on the recipient of a housing unit. These conditions include the dismantling and removal of old housing, a prohibition on the sale, lease or mortgage of housing unit, or provision of false information, non-payment of water, electricity and relevant taxes on time, and the obligation to keep the housing unit and its environments clean, establish a society for the benefit of residents, to name but a few of the main conditions covered.

While all these conditions seem imposing, the fact remains that the UDA needs to reserve the right to take legal action if a recipient family does not follow rules and guidance laid down for ensuring peaceful co-existence. While this may be a necessary evil, the UDA is also recommended to follow the post-resettlement programs proposed in the next section to ensure compliance of the conditions but in a more informative manner.

The recipient's contribution towards a 550 Sq. ft. housing unit is Rupees one million two hundred thousand and the monthly instalment to be paid by a recipient family under this Project is Rs3000 over a period of 400 months. While the initial consideration by the UDA had been to recover the 1.2 million over a period of 120 months, the inability of the recipient families to pay Rs8000 per month has compelled the UDA to recover this over a period of 33 years. Consultations with the recipient community have revealed that there was no objection to a lower value monthly instalment and, as a result, this had been adopted as General Policy.

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As mentioned above, there is no option for sale, lease or mortgage of a housing unit but transfers can be made to the beneficiary's own children with prior approval from the UDA. This framework, however, recommends that the UDA explores the possibility of handing over a conditional title deed to the recipient upon signing the Transfer Agreement as this would have a positive and beneficial impact on ownership of the housing unit, and the complex as a whole. This would be developed under Component 3.

10. Post-resettlement programs

Construction related issues are the sole responsibility of the contractor as there is a one-year defects liability period following the handing over of the building. All defects and maintenance of the building will be the responsibility of the contractor during this one-year period. Beyond this period, the Maintenance unit established under the Project will take over responsibility for maintenance and repair.

As the relocation is limited to a 3 Km radius, disruption to educational, health and social service facilities is not envisaged. Nevertheless, on a case by case basis, the UDA has undertaken to inform the Ministry of Education on the status of the relocated family. Similarly, measures have been taken by the UDA to establish Condominium Management Corporations and programmes have been held to educate the new relocatees about fire and safety and other potential hazards.

Recommended pre-resettlement programs

As participation and consultation is mandatory in the involuntary resettlement process, affected persons identified for relocation need to be consulted from the planning stage of resettlement. Under this Project, GoSL is implementing an urban housing program, which involves the construction of new housing complexes with housing units of 550 sq. ft. each in several locations in the Colombo Metropolitan area to re-house people living in selected underserved settlements.

The affected families will be resettled in these newly constructed housing complexes in Colombo and will eventually receive title deeds to the housing units. The affected households will be informed of their entitlements before they are requested to shift to resettlement sites by form of registration. Each affected household will receive an information booklet at registration in which a brief account of the Project, the type of impacts to be expected, the compensation policy and entitlements, outline of the livelihood restoration etc., and the person to be contacted for further information, are explained. The UDA will also assign officers to the resettlement sites. It is envisaged that the officers will operate from local offices located close to the sites that will be open for one or two days a week to receive people and listen to their concerns and respond to their questions.

There will be an influx of households in to each of the proposed housing complexes from various underserved settlements. The households may be unknown to each other and come from different ethnic, religious, cultural, political and social backgrounds. The UDA must ensure that all households be brought in, to the extent possible, from one

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community, giving consideration to the above differences. The new residents of a housing complex should be able to live in peace and with dignity.

The vertically developed housing units in the new housing complexes have an entirely different way of living than the ground floor living that is familiar to most of the affected underserved settlers. This will require a sustained post resettlement support that should be provided with the help of external actors, possibly including both CSOs and government agencies, to build awareness, capacity and affect a behavioral change in the lifestyle and livelihoods of the relocated families, helping them to manage their own affairs in the new high-rise environment.

As the relocated families are from underserved settlements, they may not have an understanding of high-rise living. They will enjoy certain rights by being an owner of a housing unit, but they will also share common utilities and services with their neighbors. When sharing common facilities, these residents have obligations to each other to ensure cordial relationships. Thus, to promote peaceful co-existence, the UDA (with the help of hired consultants, CSOs) will undertake programs of information, education and communication (IEC) campaigns, covering the following:

- Collective living in the new high-rise environment
- Respect for each other, communal, religious, cultural and social values
- Usage of facilities and management of the condominium
- Relations with the host communities
- “DOs” and “DON’Ts”

Recommended post-resettlement programs

Income restoration and improvements to their livelihoods are crucial to enable the relocated families to recover from the stress and economic difficulties of relocation and to re-establish their lives. As a result, the entitlement matrix provides for income restoration measures that will be implemented as part of the post resettlement strategy. RAPs will accordingly provide opportunities for increasing the income levels and living standards of the affected people. Government and external agencies can be hired to provide the necessary skill training.

To ensure proper management of the new housing complex, a Condominium Management Corporation will be formed for each condominium as per the Apartment Ownership Law. The objective of the CMC is to maintain and manage the condominium property. All heads of households, their spouses and the tenants of the commercial properties will be members of the CMC. The residents and tenants of each of the housing complexes, together with UDA, will contribute an initial capital that will be invested in a long-term deposit so that the income received can be utilized for the management and maintenance of the respective housing complex. The management committee of the CMC will comprise officials nominated by the representatives of the respective households and the UDA.

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In addition to the above, the formation of a thrift and credit co-operative society could be useful in developing saving habits among the new occupants. Under the supervision and guidance of the Department of Co-operatives, interested occupants of the new housing units will be encouraged to form a Co-operative society and register with the Department. Once registered, each of these societies can obtain credit facilities from financial institutions. When a society becomes a member of "Sanasa", the apex body of the Co-operatives, the members of this society become eligible for micro-credit from Sanasa Bank for micro-enterprise and self-employment activities. In addition, the UDA will take a facilitating role in linking this new segment of the urban population with the banking system in the country.

An Environmental Committee, Women's Development Committee and a Community Welfare Committee could be established in each of the housing complexes depending on the assessed need.

- *Environmental Committee:* The environmental committee would be comprised of mainly school children and would be responsible for cleanliness in and around the housing complex. This would be carried out in an appropriate manner to ensure that an unfair burden is not imposed on the children. The environmental committee would educate new settlers through awareness programs on how to manage the environment to prevent health hazards such as malaria, dengue and infectious diseases. The environmental committee could be empowered to coordinate with the local bodies to keep the water supply, waste disposal system, drainage and sewerage systems functioning without disruption.
- *Women's Development Committee:* The women's development committee will be formed to empower women through information, education and communication. The UDA will support the committee in organizing itself to uplift the status of women with activities such as assistance for vulnerable women, organize health clinics for pregnant and lactating mothers, children, the elderly women and sick. With necessary support, it can also assist women to find economic opportunities.
- *Community Welfare Committee:* This committee will organize community welfare measures such as providing basic facilities to people with disabilities in liaison with relevant Government departments and NGOs, maintain playgrounds and community centers, conduct awareness programs for the prevention of drug abuse, consumption of liquor and smoking, etc. This committee will also take responsibility for keeping the members informed of their rights, entitlements and other matters related to the high-rise living. The committee may promote unity by organizing social events, create opportunities for interaction among neighbors, and take measures to ensure the safety and security of its members and housing complex.

The host community is also a key segment in the sustainability of the relocation process as much of the potential issues will depend on the attitude and approach towards the newly resettled households. To minimize the tension, the host community should be

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included in pre- and post-resettlement programs and given similar benefits and facilities to those enjoyed by the newly resettled, such as common facilities, capacity building support, women empowerment activities, skill training, etc. By providing these, it is expected that a more harmonious atmosphere will emerge and contribute towards the success of the Project.

11. Conflict resolution and grievance procedures

The AIIB requires its clients to establish, in accordance with the ESP and applicable ESSs, a suitable grievance mechanism to receive and facilitate resolution of the concerns or complaints of people who believe they have been adversely affected by the Project's environmental or social impacts, and to inform the Project-affected people of its availability.

It is not unlikely that conflicts between affected persons and Project authorities will occur especially in relation to entitlement to resettlement benefits, dissatisfaction over rates of compensation, eligibility criteria, locations of resettlement sites, quality of services at resettlement sites and possible conflicts between the relocated families and host community. It is, therefore, necessary to establish channels through which aggrieved persons will be able to file their complaints to ensure successful Project development and implementation. The URP currently addresses all grievances related to the relocation process through an appeal committee comprising of Deputy Director General / DDG (Planning), Deputy Director / DD (Relocation), a legal officer nominated by the Legal Division and a land officer nominated by the Land Division. In keeping with best practices, however, the Project will also establish an independent grievance redress mechanism (GRM) in accordance with the guidelines outlined in this framework. The grievance redress procedures will provide opportunity for affected persons to settle their complaints and grievances amicably. The new procedure to be adopted is designed to avoid lengthy administrative and legal procedures and would include the following:

- Provide an effective avenue for expressing concerns and achieving remedies for affected persons and communities;
- Promote a mutually constructive relationship between the Project and the community or affected persons;
- Prevent and address community concerns.

The stages of the GRM are:

- Complaints to a field-based land and/or social marketing officer appointed by the Project;
- Complaints to a Grievance Redress Committee (GRC) established at the Ministry level;
- Complaints handling by an Independent Grievance Panel (IGP);
- File a case under the Judicial system.

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An aggrieved person(s) can opt to have recourse to any of the above tiers. The table below provides details of the GRM proposed for URP and highlights the procedures in place, identifying nodal point of contacts, facilitation by the Project and timeframes to address grievances.

Table 7: Grievance Procedures

Tiers of Grievance Mechanism	Nodal Person for Contact	Contact Communication and other facilitation by the Project	Timeframe to address grievance
First Tier: Land and/or Social Marketing Officer at the field level	The Land and/or Social Marketing Officers will be the first point of contact for any grievance.	<p>The GRM should be publicly displayed in the Project site as well as the Condominium office at the field level. GRM should also be outlined in the websites of URP, MMWD including contact details of the contact person in each tier.</p> <p>Grievances can be addressed informally by contacting these officers by telephone or in person.</p> <p>If the grievance cannot be resolved informally, the aggrieved party must submit a complaint on the Tier I Complaint Form. A copy of the form (with the URP seal) should be provided to the aggrieved party as evidence of receipt.</p> <p>Electronic version of the complaint form should be available from the websites of URP and MMWD. Physical copies of the form should be available from the Project office, both at the field level and the UDA.</p> <p>The relevant Land and/or Social Marketing Officer will provide assistance to fill the form for those who cannot read or write.</p> <p>The relevant Land and/or Social Marketing Officer should keep separate registries for informal and formal complaints and maintain records of all complaints received.</p> <p>The relevant Land and/or Social Marketing Officer will discuss the matter with the Women’s Development Committee and other relevant stakeholders where deemed necessary and attain views from them. If such meetings are arranged, the date, time,</p>	15 working days

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		<p>location or venue, list of participants (with contact details) and a summary of the main outcome of the consultation must be annexed to the written decision issued by the relevant Land and/or Social Marketing Officer.</p> <p>If the complaint is resolved within 15 working days, the relevant Land and/or Social Marketing Officer must communicate the decision to the aggrieved party in writing.</p> <p>The aggrieved party must acknowledge the receipt of decision and submit their agreement or disagreement with the decision within 10 working days. If no response is submitted by the aggrieved party within this period, then the decision will be considered to have been accepted.</p> <p>If a complaint requires more time to address, this requirement must be communicated to the aggrieved party in writing and the aggrieved party must consent and sign-off the request for the extension to take effect. An extension can be made to an additional 15 working days.</p>	
<p>Second Tier: Grievance Redress Committee (GRC) at the Ministry of Megapolis and Western Development (MMWD)</p>	<p>Sociologist (PMU)</p>	<p>If the grievance cannot be resolved through Tier 1 to the satisfaction of the aggrieved party or if the issue is outside the authority of the Land and/or Social Marketing Officer, an aggrieved party may submit a complaint to the GRC on the Tier 2 Complaint Form. A copy of the form (with URP seal) should be provided to the aggrieved party as evidence of receipt. Electronic version of the complaint form should be available from the websites of URP and MMWD. Physical copies of the form should be available from the Project office, both in the field and at the UDA.</p> <p>The following is the proposed composition of the GRC: DDG Planning as Chairman Legal Director or nominee as member Land Director or nominee as member Addl. Project Director Planning (PMU) as member Sociologist (PMU) as the Secretary</p>	<p>15 working days</p>

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		<p>A copy of the Tier 1 Complaint Form should be submitted with the Tier 2 Complaint Form.</p> <p>MMWD will forward all grievances to the PMU.</p> <p>PMU screens the grievance and determine if its related to URP. If it is unrelated, the aggrieved party must be notified in writing and the way forward must be outlined to them including the necessary government institutions for follow up.</p> <p>The Sociologist at the PMU will be the contact person in processing a grievance through the Second Tier.</p> <p>The PMU, if required, will discuss the matter with relevant institutions and attain views from them. The PMU will also arrange site visits and hold onsite discussions and meetings if deemed necessary.</p> <p>The PMU will be responsible to ensure that there is no cost imposed on the aggrieved person, due to the grievance mechanism at the second tier.</p> <p>If the complaint is resolved within 15 working days, the PMU must communicate the decision to the aggrieved party in writing.</p> <p>The aggrieved party must acknowledge the receipt of decision and submit their agreement or disagreement with the decision within 10 working days. If no acknowledgement is submitted from the aggrieved party, then the decision will be considered as accepted.</p> <p>If a complaint requires more time to address, this requirement must be communicated to the aggrieved party in writing and the aggrieved party must consent and sign-off the request for the extension to take effect. An extension can be made to an additional 15 working days.</p>	
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		<p>If the grievance is not resolved to the satisfaction of the aggrieved party within 15 working days of submission of the grievance to tier 2 then the aggrieved party may notify the MMWD, in writing, of the intention to move to tier 3.</p>	
<p>Third Tier: Independent Grievance Panel (IGP)</p>	<p>Additional Secretary (Urban Development), MMWD will act as Chair and nodal person</p>	<p>If the grievance cannot be resolved through Tier 2 to the satisfaction of the aggrieved party, the aggrieved party can appeal to the IGP.</p> <p>The IGP will comprise of representatives from Ministry of Land and Land Development, Ministry of Women Affairs, Department of Valuation, a lawyer, a retired senior government officer and a representative of a recognized Civil Society Organization</p> <p>Copies of all documentation, including Tier 1 and Tier 2 Complaint Forms, should be submitted to the IGP.</p> <p>The Additional Secretary (Urban Development), MMWD will act as the Chair / nodal person for the panel and will convene the panel members as and when a case is to be heard.</p> <p>The IGP will discuss the matter with relevant institutions, hold on-site discussions and meetings if deemed necessary.</p> <p>If the complaint is resolved within 15 working days, the IGP will communicate this to the PMU, who in turn must communicate the decision of the IGP to the aggrieved party in writing.</p> <p>The aggrieved party must acknowledge the receipt of decision and submit their agreement or disagreement with the decision within 10 working days. If no acknowledgement is submitted from the aggrieved party, then the decision will be considered as accepted.</p> <p>If a complaint requires more time to address, this requirement must be communicated to the aggrieved party in writing and the</p>	<p>15 working days</p>

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		<p>aggrieved party must consent and sign-off the request for the extension to take effect. An extension can be made to an additional 15 working days.</p> <p>If the appeal is not resolved to the satisfaction of the aggrieved party within 15 working days of submission of the grievance to tier 3, the aggrieved party may notify the MMWD, in writing, of the intention to move to tier 4.</p>	
<p>Fourth Tier: Judiciary Power / Assistance to Vulnerable Persons beyond the Project's Grievance Redress Mechanism</p>	<p>Judiciary system is an option for an aggrieved person and/or community in case that the other tiers have not been effective</p>	<p>The legal system is accessible to all aggrieved persons.</p> <p>Assistance from the PMU is available only for vulnerable person(s)* as per this grievance mechanism.</p> <p>PMU must ensure that there is no cost imposed on the aggrieved person if the person belongs to the vulnerable groups. The list of vulnerable groups is as defined in the footnote but may be further defined by MMWD.</p> <p>The verdict of the Courts will be final.</p>	<p>As per established Judicial Procedure</p>

*Vulnerable person(s): A vulnerable person(s) for the purpose of this Project is a person who is physically or mentally disabled/handicapped, destitute, an orphan, a widow, a person above sixty years of age, or a woman heading a household.

In addition to the above, an aggrieved party could make use of the Mediation Board (*Samatha Mandala*), the conflict resolution committee appointed by the Ministry of Justice to resolve grievances. The aggrieved party will not be charged any fees related to redress resolution except for any expenses incurred as a result of opting for the judicial system.

12. Monitoring and Evaluation

Monitoring

Monitoring is a continuous process during project implementation. It will provide concerned agencies with updated information on the Project's status. It will determine the Project's actual progress, its likelihood of success, any difficulties arising, and facilitate adjustments to implementation of the Project implementation as soon as possible. It consists of internal and external monitoring.

Internal Monitoring: Internal monitoring of RAP implementation is one of the main responsibilities of the PMU (with the establishment of a management information system (MIS) and support of Project consultants) and will be regularly carried out through progress reviews to be made by the PMU. The IT specialist at the PMU will be responsible

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for setting up a database on all affected families with the initial information taken from the resettlement survey. Subsequently, an MIS will be developed to track the affected households, from the initial surveys, through the application procedures, approval, review, signature of contracts, move to new housing, receipt of apartment and participation in post-resettlement activities (including training). These findings will be consolidated in quarterly reports that will be submitted to the UDA and AIIB. Internal monitoring reports will include, but not be limited to, the following information:

- Details of the affected HHs according to different impact types and entitlements, status of the payment of compensation, relocation and income recovery of the affected HHs;
- Fund allocation to the resettlement activities or payment of compensation and the reimbursed budget for each activity;
- Status of each household in relation to the resettlement process (survey, determination of eligibility, choice of housing scheme, allocation of housing unit, relocation, acceptance/signature of housing agreement, handover of original house, demolition of original house, participation in training courses, etc.)
- Record of all complaints redressed and any remaining complaints that require elevation to higher levels of authority;
- Issues raised during implementation;
- Implementation schedule for the updated, actual resettlement;
- Any other issues.

External Monitoring: An independent, monitoring consultancy firm will be hired by the PMU to monitor the implementation of the RAP. The consultancy can be referred to as the External Resettlement Monitor (ERM). The ERM can be a research institution/company, a non-governmental organization or an independent consultant. The ERM must have expertise in the social sciences and considerable experience in independent, benefit monitoring of RAP implementation. The hiring of the ERM should be based on a terms of reference (ToR) approved by AIIB. The external monitoring should commence work as soon as Project implementation starts.

The overall objective of external monitoring is to provide a periodic, independent evaluation of the results of implementing the resettlement objectives, the changes in living standards and employment, income rehabilitation and the social basis of those relocated, the need for additional measures to minimize adverse impacts (if any), and identifying strategic lessons for making and planning policies in the future.

In addition to the evaluation of the information provided in the assessment report of the internal monitoring unit, the ERM will carry out six monthly qualitative assessment to:

- Determine if the procedures for the participation of affected people, and procedures for compensation and R&R for affected households matches the policy framework and resettlement action plan;
- Ensure the process of Project implementation, procedures for consultation and participation, and compensation policies is adhered to and is transparent;

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- Evaluate whether the objectives of this policy framework of improving or at least recovering the income and living standards of affected persons are being met;
- Propose amendments, where required, during the process of implementing the RAP to achieve the principles and objectives of this policy framework;
- The level of satisfaction of affected persons on different aspects of RAP implementation will be monitored and recorded. The operation of the grievance redress mechanism and the time required to resolve a complaint may be monitored;
- During the process of implementation, trends in living standards are observed and investigated. Any potential problems in the restoration of living standards are reported;
- The ERM must submit periodic reports annually, outlining the findings of the monitoring process. This monitoring report will be discussed with PMU before submission to AIIB.

Evaluation

Evaluation will be carried out under the Project in the form of an assessment at a specified time on the impact of relocation and whether the objectives have been achieved. An independent, evaluation specialist (individual or firm) will be hired to assess all resettlement activities at mid-term and at Project completion.

If through the evaluation, the affected households are found not to have recovered their livelihood accordingly, and the objectives of the Project have not been achieved, the affected households may have to be supported with additional funding. The independent evaluation report should be sent to the PMU and the AIIB in order to monitor/supervise the progress and effectiveness of compensation and R&R.

The evaluation will include a socio-economic survey of around 10% of the affected households, to be conducted at the start of the project, at mid-term (ideally about six months to a year after the households have moved) and at the end of the Project. The criteria that need to be considered and evaluated should, at a minimum, include:

- The appropriate policies on compensation, R&R assistance and resettlement has been applied;
- The promulgation of information;
- The consultation of stakeholders;
- The implementation of compensation, R&R assistance and resettlement;
- The existing problems;
- Standard of living and restoration of the lives of the affected people;
- Implementation capacity;
- Claims and claim settlement;
- Comparison of entitlements and actual implementation to evaluate the degree of compliance and achievement of Project objectives.

To evaluate the performance of the entire resettlement process, a sample survey of the socio-economic profile of affected households, an assessment of the affected households and a post-assessment for the Project will need to be carried out in line with the above-mentioned criteria within 6 months to 1 year after the completion of all resettlement activities. A selected sample survey of households should be taken from the list of

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households in the baseline survey prior to the implementation of compensation and site clearance. This would help to compare the change in status before and after the impact of the Project. The household sample survey needs to ensure adequate representation of affected persons and must include at least 10% of households affected and 100% of households severely affected.

13. Preparation and approval of the Resettlement Action Plans

The resettlement of the 88 families from two sites under Component 1, namely Obeysekerapura (38) and Madampitiya (50), will require RAPs and due diligence will be carried out for the remaining 4 sites under phase I of the resettlement planning process. The expectation is that 3 sites under component 2, namely 87 Watta, Ferguson Road land and Maligawatta land, are in the process of being vacated and that one site - Dematagoga slaughter house land - has no one living at the site. The other six sites are dependent on the completion of the construction of housing under Component 1 and will require RAPs to be prepared under phase II of the resettlement planning process. A possible phase III of resettlement planning will need to be undertaken for the remainder of the sites, yet to be undertaken, under the programmatic approach.

The key steps in resettlement planning are: social screening, census survey/impact assessment, consultation and disclosure of findings, preparation of resettlement instruments (abbreviated or full resettlement action plan), consultation and finalization of RAP, development of resettlement site and disclosure of the final RAP. The process starts with an assessment and categorization of impacts as discussed below.

Screening of all sub-projects for assessing their potential resettlement impacts will be carried out by the PMU during the preparation using a social screening format specifically designed for the Project. Based on the screening data on the extent of likely resettlement impacts, the sub-project safeguard requirements will be categorized as follows: (i) no resettlement impact; (ii) non-significant resettlement impact; and (iii) significant resettlement impact. Based on this social screening, Social Impact Assessments (SIAs) will be commissioned through external consultants or carried out in-house by the Social Specialists at the PMU. Using the information gathered, RAPs will then be prepared in consultation with the affected communities. If, however, a sub-project has no adverse impact, a due diligence report (DDR) will be submitted confirming the same and also stating reasons for the same. The social DDRs and RAPs will be shared with the AIIB for review and clearance prior to the award of any civil works contracts.

The scope and details of a RAP will depend on the scale and complexity of resettlement, and the two widely used resettlement instruments are: abbreviated RAP or full RAP. However, due to the scope of resettlement issues in each site under the Project, a full RAP should be prepared for each of the six sites under the Project. The PMU and the consultant(s) hired will prepare a RAP for each of the resettlement planning phases (I, II or III above) and submit it to MMWD for review and approval. The RAP will subsequently be submitted to the AIIB for review and clearance before a final approval will be issued by the MMWD. The personnel responsible for this task will cooperate with the population of

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the selected underserved settlements, relevant Government agencies, and local civil society organizations in implementing the RAP.

Preparation of a Full RAP: When the impact involves more than 200 project affected persons and there are households losing 10% or more of their productive assets or having to be relocated, a full RAP should be made according to the terms and conditions of this framework, and it must be approved by MMWD and cleared by the AIB. A full RAP needs to have the following sections: Executive Summary; (1) Introduction incl. description of the Sub-project, potential impacts and objectives of RAP; (2) Land acquisition impacts; (3) Socio-economic studies; (4) Legal framework; (5) Eligibility and entitlement policy; (6) Income restoration measures (7) Resettlement arrangements; (8) Community consultation and participation; (9) Grievance redress mechanism; (10) Organizational responsibilities; (11) RAP implementation plan; (12) Implementation schedule; (13) Costs and budget; and (14) Monitoring and evaluation.

The RAP preparation requires community participation at all levels and the following procedures are recommended during the planning phase:

Step 1. Based on the preliminary design of the Project, the sub-project will be screened and categorized as one of the following types (according to the magnitude of impact): (i) no resettlement impact; (ii) Non-significant resettlement impact; and (iii) Significant resettlement impact. Both (ii) and (iii) will require a full RAP;

Step 2. Completion of the preliminary designs based on visits by the Project engineers to already existing UDA housing to understand the complexities and the kinds of issues faced in moving people from underserved settlements.

Step 3. If the proposed Project falls into (ii) and (iii) above, the PMU should undertake a SIA. The SIA should include, but not be limited to, a profile of the affected households including demographic and socio-economic details, landownership – usage, productivity and income, types of impact and magnitude of impact. If new types of impact arise during implementation, the PMU should update both the RPF and RAP.

Step 4. In parallel with the above assessment, consultations should be undertaken to determine the affected persons' expectations and demands. The results of these consultations should be taken into account in preparation of the RAP. Replacement cost survey for land (if any), structures and assets on each Project site will be the foundation for estimating the costs in the RAP.

Step 5. Preparation of Resettlement Action Plan: the possible entitlements under this Project are summarized in the Entitlement Matrix under Chapter 6 of this framework. The number of Project affected persons, their assets and the total amount of compensation should be determined for each type of impact.

Step 6. Disseminate the draft RAP at community meetings and any comments received should be reviewed and taken into account in preparation of the final RAP.

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The draft RAP should be submitted to the AIIB for review and clearance. Activities for compensation and support can only be started once the AIIB and MMWD have cleared and approved the RAP, respectively. The payment of compensation, allowances and other support or assistance should be completed prior to the start of civil works under the Project.

MMWD will be the responsible agency for approval of each sub-project RAP for each of the six sites selected for investment under the Project. Following the release of the detailed technical designs, the number of Project affected families, compensation for all types of impacts, and levels of allowance or support will be reviewed and updated according to the results of the replacement cost survey. Following AIIB's clearance of the RAP, MMWD will take overall responsibility for the implementation of the RAP. Civil works should not be undertaken until payment of compensation have been completed.

Following clearance and approval of the RAP by the AIIB and MMWD respectively, the contents of the RAP should be summarized, translated into both Sinhala and Tamil and disclosed to the identified underserved settlers for their information. A copy of the translated RAP should be kept at all six sites so that the affected persons can easily access the information contained in the RAP. The final RAP should also be publicly available and disclosed (excluding any lists of eligible families and benefits received) in the websites of URP, MMWD and AIIB.

14. Timetable

The resettlement of the 88 families from Obeysekerapura (38) and Madampitiya (50) sites are a precondition for Board approval of the project. The expectation is that 3 (out of the 10) sites under component 2, namely 87 Watta, Ferguson Road land and Maligawatta land, are in the process of being vacated (and one site - Dematagoga slaughter house land – has no one living at the site) while the other six sites are dependent on the completion of the construction of housing under Component 1.

Upon review and approval of a RAP by the AIIB and MMWD, the UDA will embark on implementation of the RAP. This process will be conducted prior to the commencement of construction activities and the affected families will be given sufficient time for relocation and/or handover of land. Affected families will only be required to move after receipt of their total compensation including alternative housing and/or rental allowance. The detailed activity schedule for the resettlement activities will be finalized during the preparation of the RAP.

For each sub-project, the resettlement schedules must be coordinated with the construction schedules. Given that two of the six identified locations under the Project have a total of 88 houses yet to be resettled, the affected families will have to be compensated in accordance with the Sri Lankan and AIIB laws, policies and regulations before any Project civil works activity can be implemented. In other words, no individual or affected family should be displaced due to civil works before compensation is paid in

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full and housing units with adequate facilities are prepared and provided for affected families. The demolition of houses should be completed within the preparatory stage of the engineering construction and before the beginning of relevant engineering works. The schedule is thus expected to ensure that all affected families, prior to their physical relocation will:

- be adequately consulted about the Project, its impacts and compensation entitlements;
- receive compensation entitlements in a timely manner; and
- be provided with means to re-establishing livelihoods.

For sub-projects where land acquisition is required, implementation of compensation and resettlement needs to be in line with a construction schedule. Regardless, an implementation time line for compensation and resettlement integrated with construction schedules should be established and monitored closely to ensure that all affected families are provided with compensation satisfactorily at least one month before any construction activities can commence. Payment of compensation and relocation for affected families must be completed as one condition for commencement of construction. The AIIB will not be approving any civil works contracts when compensation payment for affected families has not been made satisfactorily.

If sub-projects cause resettlement impacts, consultation needs to be made with displaced people on the relocation options, such as receiving a rental allowance and temporarily self-relocating until the construction of the new housing complexes. Relocation of affected families to their preferred housing complex should only be carried out after infrastructure is fully completed and ensures proper living conditions.

To implement resettlement activities in line with construction schedules whilst ensuring that no affected person or family has to relocate before being compensated in full and prior to any construction activities, the PMU needs to develop a Project implementation plan, including specific milestones:

- Dates of civil works commencement and completion,
- Tables of time indicating hand-over of completed housing units to affected families (handing over dates must be at least one month before construction can commence),
- Dates of handing over vacant land to the Project (so that the affected families can plan to dismantle their houses and hand over the land at the required time).

15. Budget

All RAP preparation and implementation costs, including the cost of compensation and administration, will be considered an integral part of Project cost and will be contributed as a counterpart fund by the Sri Lankan Government. As this is primarily a resettlement Project, the main cost is the US\$220M to finance the construction of housing for approximately 4,500 families under Component 1. Each RAP will include a budget section indicating (i) unit compensation rates for all affected items and allowances, (ii)

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methodology followed for the computation of unit compensation rates, and (iii) a cost table for all compensation expenses including administrative costs and contingencies.

The budgets will give itemized amounts for the different categories of compensation and allowances, post resettlement strategies, provision for inflation, administrative costs, estimated implementing costs, and any contingencies. Once the budgets for the respective sub-projects are finalized, they will be subject to review by the AIIB and approval by MMWD. Table 7 shows an indicative outline of a RAP budget.

Table 8. Indicative outline of a RAP budget

Asset acquisition	Amount or number	Total estimated cost	Agency responsible
Land			
Structure			
Crops and economic tress			
Community infrastructure			
Land Acquisition and Preparation			
Land			
Structures			
Crops areas and others			
Community infrastructure			
Relocations			
Transfer of possessions			
Installation costs			
Economic Rehabilitation			
Training			
Capital Investments			
Technical Assistance			
Monitoring			
Contingency			

Annexures

**UDA Board of Management Approved Selection Criteria
BOM meeting No: 14/2017 on 25.07.2017**

**General Policy - Selection Criteria for allocation of housing units constructed under
Urban Regeneration Project (URP)**

Introduction

Taking into considerations of the objectives of the Government which is to provide affordable housing for under privilege city dwellers who needs government intervention/assistance /subsidy a Cabinet decision taken on 02/10/ 2012 states that the Project is meant for the families living in underserved settlements in the city of Colombo and the UDA should allocate the housing units to recipients without the recovery of the value of the land at the time of allotment of the relevant housing units to them.

In this context, the major share of the UDA cost is to be recovered through alienation of the liberated lands from prospective investors and minimum affordable amount to be recovered from the beneficiary families.

1. **Eligibility** Families who are occupying in lands identified to be liberated for future developments under URP and families who lives in UDA Transit Camps or on rent as a result of early recovery of lands by UDA will become eligible for a new housing unit under this scheme.

2. **General Criteria for Selection**

2.1 The beneficiary should have been registered as an eligible voter in the year 2009 vote register in the given address. However, if the beneficiary have not registered in the 2009 vote register, registration in year 2008/2010 vote register could be considered for special cases.

2.2 The beneficiary should have participated/included in the preliminary survey conducted by the UDA.

2.3 As a policy only one house will be allocated for each household when allocating from the existing place. However, for larger households the following special Committee can determine to allocate an additional housing unit considering the extent of the floor area of the house, its structure (standard) and extent of the land occupied.

Project Director URP
Director Land (or DD Land nominated by the Director Land)
Director Legal (or Legal officer nominated by the Director Legal)

2.4 Following guidelines will be adopted to define a one household for eligibility.

(1) A housing unit should have a separate entry/exit door, kitchen, separate electricity meter, and house number (assessment number). Internal partitioning made to separate an additional household will not be considered as a separate house.

(2) If an additional family (those who have been registered as a separate family in the Voter Registrar) lives with the chief occupant, those additional family/ families will not be considered as a separate family and the said additional family will not be eligible for a new house under this scheme.

(3) Each and every member resides in a house is not entitled for a new housing unit under this scheme.

2.5 If anyone occupies in a house, (situated on a land which is identified to be liberated) on rent or lease which is owned by another person, the present occupier will not be entitled for a new house.

2.6 If a person occupies a place which is being used only for commercial purposes he/she could be considered for a new house upon their request as an alternative arrangement. In such an event he/she will not be entitled for an alternative commercial unit afterwards.

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2.7 In addition to other conditions, physical existence of the house on ground and permanent occupation should be verified at the preliminary survey as well as during the subsequent field inspections to prevent allocating a new housing unit for those claimants who show their ownership through documents only, without physical occupation.

2.8 For individuals who claim ownership for more than one house even if it is located at two different places, only one housing unit shall be allocated under URP.

2.9 For a single person who has a very small house without any basic facility for living, an alternative arrangement (reasonable compensation decided by the Appeal Committee) shall be made without allocating a new apartment from the URP.

2.10 The annexed Application Form should be filled by chief occupant of the house and it should be endorsed by the respective Grama Niladari and Divisional Secretary.

2.11 If the detail given in the Application Form submitted by the chief occupant is found to be incorrect he/she will not be eligible to obtain a house under this scheme.

2.12 Method of selection of floors and housing/commercial units in the housing Complex

(1) A community who live as a one group in one particular location will be given a separate floor/floors depending on the number of families' lives. If sufficient numbers of houses are not available for all the families within the same floor the adjoining floor will be allocated for that particular group. Selection of floors will be done by a raffle draw.

(2) Individual housing allocation will be done on a separate raffle draw within the group. In the event of families are expected mutual transfers, such request will be accommodated if the reasons given are justifiable.

(3) When allocating housing units in the ground floor, priority will be given for families who have permanently disable family member who needs a special care by his/her family. Old and sickness cannot be considered as a disability since passenger lifts are available for easy access to all the floors.

(4) When allocating areas for commercial purposes the priority will be given for establishment of Corporative shops/Groceries and for service providers whom are involved in small businesses such as running of saloon/tailor shop/pharmacies etc.

2.13 **Implementing Authority - Selection Committee.** Following senior officials are to be included in the Selection Committee to implement above guide lines when allocating housing/commercial units from the housing projects constructed under URP.

Deputy Director (Relocation)
Land officer (URP)
One or Two relocation officer/s nominated by the PD

2.14 **Appeal Committee.** All matters related to grievances on selection process, allocation of housing/commercial units and any other matter on relocation process shall be determined by the following Appeal Committee.

DDG (Planning)
DD (Relocation)
A Legal officer nominated by the Legal Division
A Land officer nominated by the Land Division

3. **Recovery of the relocation cost**

3.1 New housing apartments will be given on the basis that a portion of the total capital cost of relocation (which comprises the cost of construction) will be recovered from the recipients of the new apartments in following manner.

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Monthly installment to be paid by the house recipients

For walkup apartments to recover Rs 0.6 million within a period of 240 months	Rs. 2500.00
For 400 sqf houses to recover Rs 1 million within a period of 360 months	Rs. 2800.00
For 500 sqf houses to recover Rs 1.2 million within a period of 400 months	Rs. 3000.00

3.2 Recovery of the total relocation cost comprising the cost of construction and the cost of relocation will be through a long-term lease of the lands liberated and contribution from the recipients of housing.

3.3 **Exception for payments** - For the families who can prove their ownership to the property that they occupy (by means of a condominium title deed or private title deed in their name;)

(1) A housing unit is to be allotted free of charge as a compensation for their freehold/condominium ownership for the house/land.

(2) However, for those families who have received two houses for the existing house, only 01 house will be allotted free of charge and for the additional house existing payment scheme shall be applied.

4. In case it is necessary to accommodate other requirements of the Government/Ministry/UDA, the relevant Government agency or the recipient should reimburse the cost of such relocation to the UDA at a rate decided by the UDA.

5. **Maintenance and Management of the housing schemes**

5.1 Management of the housing schemes will be carried out by Condominium Management Corporations formed under the provisions of the relevant Act.

5.2 An upfront one-time payment decided by the UDA will have to be paid to the UDA by each recipient as a contribution to the sinking fund for maintenance of housing of the Condominium Management Corporation to be established for the management of the relevant housing scheme. The amounts collected in this manner will be transferred to the bank account of the relevant Condominium Management Corporation once it is established. (The payable amount can be in made in 4 installments.)

5.3 The Condominium Management Corporation will recover a monthly service charge from each and every household of the housing scheme managed by it for providing common services such as lift operation, common lighting, janitorial services etc. which will vary with the prevailing costs of services.

6. **Handing over of a housing unit to an eligible recipient** - A housing unit will be handed over to a recipient upon receiving the upfront payments and signing the Rent Purchase Agreement with the UDA.

7. **Granting of title Deed.** Ownership of the housing unit shall be transferred only after the total payment is made by the respective householders within the 30 year period. However householders who settle the total payment before the specified timeline shall be entitled to receive a title deed to the housing unit within 6 months from the date of paying the total payment subject to the condition that, the ownership of the housing unit will not be transferrable to a third party within a 10 year period from the date of receiving the transfer deed. This is in order to retain the householder in the same premises without moving to another shanty in the Colombo City.

**URBAN DEVELOPMENT AUTHORITY
Urban Resurgent Project – Colombo City**

“.....” Housing Project

Installment Transfer Agreement

Urban Development Authority, having established its general in 6 and 7 stories in Sethsiripaya Kotte in Sri Jayawardanapura Kotte, Battaramulla, in Accordance as amended by Urban Development Authority Act made in 1978 by No. 41 as one party including subtitles and agents, Make this Agreement with.....of National Identity No..... (Hereafter mentioned as “Second Party”..... and his/her heirs executors and Administrators. The main aim of the aforesaid first party Urban Development Authority, is making plans for declared areas to develop them in amalgamation economically in addition to this in carrying out development projects, and housing development works. urban development authority gives a prominent place for development of the city and housing development projects.

To achieve those aims and objects the Urban Development Authority the said first party having obtained the approval of the Ministers at the meeting for AMP/14/0259/503/029 on 28th February 2014.

The Urban Development Authority have launched a housing project of Apartments (Hereafter known as Housing project) for residents to be resettled with less facilities with housing units. Hence, in the said housing unit No..... (in future mentioned as “Housing Unit”) described fully housing and with right to use public facilities and to grant to second party and carry out the operations systematically and to have the transfer and possession accurately subject to conditions from.....day.....month.....year, the two parties have signed this instrument.

The conditions and limits are as follows;

1. The first party grants to second party.....in housing project House No:.....worth about Rupees Seventy (70) Lakhs for all residents ofNo..... who had been living in the house mentioned. Hence, after taking in charge of the keys of the house mentioned about within seven days the house where the second party had been living should be dismantled and removed and should hand over the land to the first party and keep the land as a peaceful area with no encumbrances. At no time should the second party ask for compensation from the first party and agrees after seven days at any time when they refuse to vacate the former housing unit the second party have agreed and accepted that the first party have power

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to cut water supply and other facilities and have power to get other facilities and have power to get back everything to the first party use.

2. Although the second party has no legal rights, taken into consideration of the period of living without obtaining the full value of the new housing unit its name value, taken into consideration as twelve lakhs (Rs. 1,200,000.00) to be obtained as installments from the second party. Accordingly, its monthly installment will be three thousand rupees and number of months is 400. The second party agrees to pay installments before 28th of each month. According to abilities. If the second party pay rupees twelve lakhs (Full amount) (Rs. 1,200,000.00) as one payment the transfer deed for the new housing unit will be granted according to priority.
3. This agreement with amendments with No. 41 in year 1978 is subject to conditions of housing ordinance assistant authority ordinance and during the period when this agreement is continuing if the second party has leased a part of the housing unit, mortgaged, renting, transfer or making the ownership to any others or agree with any others party is completely forbidden.
4. As mentioned according to above No. 03 if housing unit is sold, leased, rented, mortgaged or making possessed by others by any other means held and occupied the occupation of this housing unit legally will own by the first party. This installment agreement will be cancelled if such a thing has happened, considering it as a violation of the agreement, the second party agree that the first party has the power to get an order to expel the second party with the ordinance of acquiring State lands. Until the eviction order is obtained legally in the said housing unit water and other facilities will be stopped.
5. The second party will be given the housing unit solely based on the information given by the second party. If it is found that the information given by the second party is incorrect and false, the first party has legal power to make the agreement null and void from the time of revelation, from that date the ownership to housing unit will be nullified to the second party. The first party has power to cancel the ownership of the second party and the second party has agreed.
6. The second party should use the housing unit only for purpose of living. It is completely forbidden to use the housing unit for any other purpose (Selling of liquor, narcotics, trade or manufacturing, betting or any other illegal activity).
7. When it is informed as water bill, within ten days of receiving the bill, the second party has agreed and accepted to pay, according to number of units of the meter to the first party. If the first party has not been paid for two consecutive months, and if in the third month if the second party has not paid all the arrears before the due date of payment the first party has the power to cut the supply of water and the second party has agreed.

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8. The second party has agreed and accepted that if it is found that the supply of tap water has been misused or supplying or selling water supplied to any other person or disturbing supply of water to others of the second party or increasing pressure the first party has the power to cut off water supply.
9. The second party has to pay monthly the electricity bills relevant to the housing unit and if it has neglected payment or if electricity has been cut off for any other reason, It is forbidden to get electricity from public electric connections.
10. Relevant to housing unit the second party agree to pay direct to the relevant institution, the state, Provincial council, the premises tax and other payments.
11. The second party should keep the housing unit clean and maintain it hygienically. The second party has to co-operate to maintain a public system removing garbage. The second party has agreed to above the second party should be personally responsible for any case filed.
12. The second party is bound to keep garage in separate containers until the workers remove them.
13. It is forbidden to power spices, Paddy, rice or allowing it or running other machines so as to disturb people living above or under floors.
14. The second party accept and agree that firewood should not be used in cooking or open hearth should not be used fanning for fire for housing units and cooking can be done by using kerosene gas or electricity and use a suitable instrument the second party should be personally responsible for any sudden fire that happen in a housing unit and second party accept and agree that the first party is free of any responsibility.
15. The second party accept and agree that the second party should not make any structures permanently or temporarily to public spaces of housing units. If any unnecessary structures have been built and the first party order to dismantle it and the second party does not remove the structures making no compensation and to get back the expenses incurred by the first party to dismantle and remove structures. For this the second party agree and accept.
16. The second party should not make any physical alteration of housing unit and if there is any change necessary it should be informed to the first party and get the approval in writing. And with the approval given by the first party and with their guidance the second party agree and the outside walls of the housing complex should appear equal and this is a public necessity and the second party should not use different colors for each housing unit.

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17. The second party accept and agree that if it is disclosed that the second party has done damage to the housing unit purposely or accidentally or to electric running steps or any other instrument of the housing unit the second party has to bear the complete damages.
18. The two parties accept that common entrances of the building, car parks, steps, places electric lamps and all property of the premises belong to the first party and as they are public places for the use of all residents and the second party agree to protect them and not to block the entrances.
19. It is forbidden to park vehicles to block between housing units or trade so as to disturb daily routine of residents or repairing vehicles or do any other business or blocking keeping status of any religion or possessing any part or building such places.
20. The second party should not at any and at any time block the corridor or other instrument or keep for use privately or claim ownership or if such thing happen the first party has power to eject such encroachers the second party accept and agree to it.
21. The second party should not remove implements to be used to extinguish a sudden fire. They should neither remove pipes, buckets or taps. If such a thing happens the first party has power to take legal actions against the second party.
22. The Second party should not do damage to pipes and tanks which are used for supplying water to housing units and the second party should not trespass to water tanks kept in higher stories.
23. From the time the second party has been given permission to live in housing units, they should form a society for the benefit of the residents and with the consent of the majority of residents they should select a board of officers for resolving the following likely issues: .
 - 23.1 It is forbidden to spit out betel chew on steps to housing units, electric lifts, urinating, throwing litter or throw waste or any others on to stories down or to any other place.
 - 23.2 It is forbidden to make any noise when travelling in the corridor in day or night disturbing residents, do damage to electrical items and doors and windows of other houses.
 - 23.3 It is forbidden to use TV or Radio or any other instrument so as to disturb residents of the housing units.
24. The second party has accepted and agreed that the prime responsibility of all residents is not to do any damage to lifts or travelling in the lifts they should not sexually abuse any others physically or mentally or if any family member of a family do harm to majority of residents and if proved guilty, the first party has power to remove all residents of a housing unit and transfer to any other housing scheme.

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25. All residents of the housing project have freedom to believe any religious activities so as not to disturb others holding functions disturbing others and the second party agree not to use loudspeakers making big noise.
26. Nobody should be playing, cycling, parking vehicles, having parties, etc. so as to disturb residents. The second party has accepted and agreed not to behave in corridors so as to disturb the residents of each story.
27. The second party has accepted and agreed that the first party has power to take decisions until a condominium management committee is formed to maintain common reservation and public property the membership of it is given to all members compulsorily for the maintenance and management of public property, a capital will be formed. The second party has agreed to pay the monthly maintenance fee regularly to the management committee.
28. The second party agree with the first party that on the basis of a certain reason the second party should allow first party to supervise the housing unit at any time to the first party or to an agent authorized after proving his identity.
29. The second party agree to transfer back to the first party to have this agreement cancelled and empty the housing unit and getting back its ownership legally on the following grounds.
 - i. To break any clause of the agreement or all clauses.
 - ii. Non-payment of monthly installment for more than three months.
 - iii. For getting the housing unit after forwarding false information.
 - iv. Non-payment of water bill for more than three months.
 - v. The second party agree that in the event of informing the resident for emptying the housing unit and handing over to the first party and if three months have passed after warning and if the resident has failed. The second party accept and agree that the first party has power to cancel all the claims for owner ship after pre- written information before 14 days.
30. After receiving certificates of Co-Authority by first party from the management authority and after the second party has paid twelve lakhs (Rs. 1,200,000.00) fully the second party is given the full ownership of the housing unit on conditions, with a transfer deed. The expenses for stamps of the deed, chargers for notary and legal fees to be borne by the second party. The second party agrees for this. (This should be decided according to law of decoy) when there is a last will it will be decided according to it. When there is a problem of not having a last will and if a dispute arises, the verdict given by the judiciary about the title is accepted as final and the two parties accept it and agree as final.

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31. For national and timely necessities for the project and for the benefit of the project if any new clause is to be added during the limited period of this agreement or to make any amendments of this agreement and come to a new agreement, that power remains completely with the first party. The second party accepted this agree to it.

As witness for the first party, the Chairman of Urban Development Authority and Director General, and for the second party..... For this instrument and two letters with the same date Urban Development Authority Signed on.....day.....month in 2018.

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The aforeaid Schedule

Urban Development Authority for the first party,

.....
Chairman
Urban Development Authority

.....
Director General
Urban Development Authority

Witness :-

1.....
Signature

2.....
Signature

Name :-.....
Post :-.....

Name :-.....
Post :-.....

The Second Party

.....
Signature

Name :-

.....
Address :-

.....
N.I.C.No :-

Witness :-

1.....
Signature

2.....
Signature

Name :-.....
.....

Name :-

Address :-.....
.....
.....
.....

Address :-.....
.....
.....

N.I.C.No :-.....

N.I.C.No:-.....