



Project Summary Information

Date of Document Updating: March 12, 2026	
Project Name	Support to Colombo Urban Regeneration Project
Project Number	P000081
AIIB member	The Democratic Socialist Republic of Sri Lanka
Sector/Subsector	Urban/Urban Regeneration, Housing
Status of Financing	Approved
Project Description	<p>The Project supports the implementation of Urban Regeneration Program Phase-III, but with significant improvements in technical design, resettlement and post-resettlement policy, housing maintenance arrangements, innovation in redevelopment approach, and review of longer-term sustainability of public intervention in housing. The Project comprises three original components, and a new emergency component added in a major project change which was approved by the Board on June 29, 2022, to mitigate the impacts of economic crisis and pandemic. The emergency component has financed urgent expenditure needs of the health sector, including critical medicines and other medical supplies.</p> <ul style="list-style-type: none"> • Component 1: Housing Construction. Supports the construction of about 4,000 affordable housing units for underserved communities in multi-story apartment buildings; • Component 2: Land Redevelopment. Supports basic land and infrastructure development works which will mainly include basic improvements for liberated vacant land such as cleaning debris, defining the boundary and constructing fences to mitigate disturbances and potential hazardous impacts to the surrounding neighborhoods; • Component 3: Technical Support and Project Management. Supports project management and other measures to improve implementation of the URP. • Component 4: Emergency Health. Supports the urgent expenditure needs of the health sector, including critical medicines and other medical supplies.
Objective	The objective is to improve housing conditions of low-income communities and increase land use efficiency in Colombo through investments in the construction of affordable housing and redevelopment of land, with associated policy and system enhancements, and to enhance the capacity of Sri Lanka to respond to the urgent medical needs.
Expected Results	The results indicators include: (i) Number of low-income and lower-middle-income households that move from underserved settlements to newly constructed housing units with improved basic urban services under improved resettlement practice; (ii) Increase in land value in the project area, and (iii) The number of health institutions/hospitals benefitting from the emergency component.
Environmental and Social Category	Category A

<p>Environmental and Social Information</p>	<p>AIIB's Environmental and Social Policy (ESP), including the Environmental and Social Standards (ESSs), is applicable to the Project. As per the Bank's ESP, the Project has been classified as Category A, due primarily to the scale and complexity of the involuntary resettlement involved. The environmental impacts and risks are moderate and typical of urban construction projects of this kind (apartment construction in a limited urban area as are the occupational and community health and safety issues. These are expected to be temporary, manageable through adequate mitigation measures, and not irreversible. The social risks and impacts associated with the proposed Project are complex and are mainly related to: (i) the determination of land ownership in the areas to be acquired for sub-projects under Components 1 and 2; (ii) the need to ensure that people's livelihoods are not adversely affected by the move to the new sites; (iii) ensuring people will adapt to life in high-rise apartment blocks and safeguarding the long-term viability of the housing complexes and services; and (iv) the need to identify and engage with the affected households and other stakeholders, including people living near the new housing schemes, from the beginning of the Project (especially the need to facilitate the active participation of women, young people and people of different ethnic and socio-economic groups). These issues will be addressed through the post-resettlement and other social programs (initially implemented by the UDA but subsequently taken over by a Consultancy) and will be further enhanced under Component 3.</p> <p>In accordance with the Bank's ESP and national policy requirements, the Borrower and the UDA have prepared a Resettlement Planning Framework (RPF) and an Environmental and Social Management Planning Framework (ESMPF) that set out the general principles for managing the social and environmental impacts, especially the resettlement and post-resettlement measures needed to ensure that the standards of living and livelihoods of the households that are relocated can be enhanced or, at the very least, restored. The RPF and ESMPF were disclosed in English, Sinhala and Tamil versions on the websites of the UDA, MOUDH and AIIB: http://www.uda.gov.lk/housingprojects.html and https://www.aiib.org/en/projects/details/2019/approved/Sri-Lanka-Support-to-Colombo-Urban-Regeneration-Project.html</p> <p>Resettlement Action Plans (RAPs) are being prepared for each of the sub-projects under Component 1 and will be reviewed and approved by the Bank before disclosing on the Bank and UDA websites. The sub-projects under Component 2 will be covered by the RAPs for Component 1, since the Component 2 sites have either been or are being vacated under the current URP program or will be vacated when the families from these sites move to the housing units constructed under Component 1. The RAPs will focus on the site-specific issues related to each resettlement project. It should be noted that most of the resettlement sites are located close to (less than a kilometer), and in some cases, are immediately adjacent to, the areas they originally occupied. Two RAPs have already been prepared and executed for Obeysekerepura and Madampitya: http://www.uda.gov.lk/housingprojects.html https://www.aiib.org/en/projects/details/2019/approved/Sri-Lanka-Support-to-Colombo-Urban-Regeneration-Project.html</p> <p>Under the guidance of the ESMPF, the ESMPs have been prepared for each sub-project site. The ESMPs have analyzed the potential environmental and social risks and impacts related to the project activities (during and after construction). The ESMPs have also proposed measures needed to avoid, minimize, mitigate, or compensate for</p>
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	adverse impacts and to improve the environmental and social performance of the Project. During preparation of the
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	<p>ESMPs, public consultations have been carried out with identified stakeholders, namely with the project-affected people, to seek their views, concerns and feedback, to further enhance the project design and mitigation measures. The ESMPs are disclosed here.</p> <p>A functioning, three tier Grievance Redress Mechanism (GRM) is in place to allow project-affected people to raise their concerns and resolve outstanding issues.</p>		
Cost and Financing Plan	Cost Amount (US\$)		Financing Sources
			AIIB GoSL
	217.27		200.0 17.27
Borrower	The Democratic Socialist Republic of Sri Lanka		
Implementing Entity	Urban Development Authority (UDA) through the Ministry of Transport, Highway & Urban Development.		
Estimated date of loan closing	December 31, 2027		
Contact Points:	AIIB	Borrower	Implementation Organization
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Date of Concept Decision	May 8, 2018		
Date of Appraisal Decision	October 16, 2018		
Date of Financing Approval	April 4, 2019		
Independent Accountability	AIIB's Policy on the Project-affected Peoples Mechanism (PPM) applies to this Project. The PPM has been established by AIIB to provide an opportunity for an independent and impartial review of submissions from Project-affected people		

Mechanism	who believe they have been or are likely to be adversely affected by AIIB's failure to implement the ESP in situations when their concerns cannot be addressed satisfactorily through the Project-level GRM or the processes of AIIB's Management. Information on AIIB's PPM is available at: https://www.aiib.org/en/about-aiib/who-we-are/project-affected-peoples-mechanism/how-we-assist-you/index.html
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