



### Project Summary Information

Date of Document Updating: June 1, 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, an emergency health component added through a material project change approved by the Board on June 29, 2022 to mitigate the impacts of economic crisis, and a newly added emergency housing reconstruction component approved by the Board on May 20, 2026, in response to Cyclone Ditwah, which occurred in late November 2025.</p> <ul style="list-style-type: none"> <li>• Component 1: Housing Construction. Supports the construction of about 4,000 affordable housing units for underserved communities in multi-story apartment buildings;</li> <li>• 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;</li> <li>• Component 3: Technical Support and Project Management. Supports project management and other measures to improve implementation of the URP.</li> <li>• Component 4: Emergency Health. Supports the urgent expenditure needs of the health sector, including critical medicines and other medical supplies.</li> <li>• Component 5: Emergency Housing Reconstruction. Support urgent post-cyclone housing reconstruction in severely affected districts, through an owner-driven housing reconstruction (ODHR) approach.</li> </ul>
Objective	The objective is to improve housing conditions of low-income communities and increase land use efficiency in Colombo through investments in affordable housing, with associated policy and system enhancements, and to enhance the capacity of Sri Lanka to respond to the urgent medical and housing reconstruction needs.
Expected Results	(i) Low-income and lower-middle-income households move from underserved settlements to newly constructed housing units with improved basic urban services under improved resettlement practice; (ii) Liberated vacant land in the Project area receives basic improvements for safer and more productive use; (iii) Health institutions and hospitals

	benefit from the emergency component; and (iv) Houses are completed under the owner-driven reconstruction approach and certified.
Environmental and Social Category	A
Environmental and Social Information	<p><b>Applicable Policy and Categorization.</b> AIIB's Environmental and Social Policy (ESP, June 2024), including the Environmental and Social Standards (ESSs) and Environmental and Social Exclusion List (ESEL), 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 and social (ES) impacts and risks are moderate and typical of urban construction and owner-driven housing reconstruction projects (large-scale housing schemes) as are the health and safety issues; however, the specific locations of the proposed subprojects, the nature of the project activities and local environmental and social (ES) setting will need to be considered but those are expected to be temporary, manageable through adequate mitigation measures, and not irreversible.</p> <p><b>Environmental and Social Instruments.</b> 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. Under the guidance of the ESMPF, the Environmental and Social Management Plans (ESMPs) have been prepared for each sub-project site. The ESMPs have analyzed the potential ES risks and impacts related to the project activities (during and after construction) and proposed measures needed to avoid, minimize, mitigate, or compensate for adverse impacts and to improve ES performance of the Project. During preparation of the 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 RPF and ESMPF were disclosed in English, Sinhala and Tamil version on the websites of the UDA, MOUDH and AIIB<sup>1</sup>. Following the streamlined approach, the updating of the ES instruments of the original project will take place during implementation. In the interim, ES aspects will be incorporated into the Project Operations Manual (POM) in compliance with requirements of AIIB ESP. Upon approval of the POM by the Government of Sri Lanka and other MDBs involved in the reconstruction, the POM will be disclosed prior to any new reconstruction is initiated.</p>

<sup>1</sup> <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>

**Environmental and Social Aspects.** The scale, nature and type of work involved under the proposed owner driven housing reconstruction, following cyclone Ditwah, has a low magnitude of potential ES impacts and risks. The reallocation of the loan proceeds will only cover around 450-500 houses, including 100 houses under the reimbursement scheme. The environmental impacts and risks are moderate and limited and those can be mitigated through implementation of the E&S aspects in the OM. The environmental aspect of the ongoing project will continue to be managed by the existing ESMPs. The social risks and impacts associated with the ongoing and 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, 2 and 5; (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 / ODHR housing 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. These issues will be addressed through the post-resettlement and other social programs and will be further enhanced under Component 3. 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 them to 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. Two RAPs have already been prepared and executed for Obeysekerepura and Madampitya.<sup>2</sup>:

**Stakeholder Engagement and Labor Working Condition.** During preparation of the site-specific ESMPs, public consultations have been carried out with identified stakeholders, in particular the project affected people, to seek their views, concerns and feedback, in order to improve the project design and provide mitigation measures to minimize, and to reduce the risks and impacts in project implementation. The ESMP documented the comments and suggestions from the participants and they will be reflected in project implementation. In the ESMPF, labor management, including worker influx management, working conditions, health and safety requirement and standards, construction camp management, and management of worker and community relations were discussed and included, in line with the WB Environmental, Health and Safety Guidelines (EHSG). The ESMPF strictly prohibits discrimination, including on the basis of gender and age, and requires compliance with applicable labor and working conditions standards.

**Project Grievance Redress Mechanism (GRM) and Monitoring Arrangement.** MMWD will be the Executing Agency and UDA will be the Implementing Agency for the proposed project, and the Project Management Unit (PMU)

<sup>2</sup><https://www.uda.gov.lk/housing-projects.html> and <https://www.aiib.org/en/projects/details/2019/approved/Sri-Lanka-Support-to-Colombo-Urban-Regeneration-Project.html>

	has been established by MMWD and UDA and is directly responsible for project implementation and management. A functioning project-level GRM has been developed that allows project-affected people to raise their concerns and resolve outstanding issues. GRM data is properly tracked with clear accountability for follow up. This GRM includes a three-tier process for conflict resolution and management of grievances. The ES Specialists within the PMU will be responsible for monitoring and reporting on the implementation of ES instruments. AIIB will make regular field visits to ensure that implementation is in line with agreed parameters.				
Cost and Financing Plan	Cost Amount (US\$)		Financing Sources		
	217.27		AIB	GoSL	
			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, Ministry of Health and Disaster Management Division (DMD) through the Ministry of Defense				
Estimated date of loan closing	December 31, 2027				
Contact Points:	AIB	Borrower	Implementation Organizations		
Name / Title	Toshiaki Keicho	Ms. Hemantha Pubudusiri	Mr. Ananda Samarasingha	Dr. Anil Dissanayake	Mr. S.A. Malaka Priyadarshana
	Manager	Director China and AIB Division, Ministry of Finance	Acting Project Director - PMU (SCURP) Urban Development Agency	Project Director - PMU (Health Component), Ministry of Health	Director General, Planning and Disaster Management, Ministry of Defense
Email Address	<a href="mailto:toshiaki.keicho@aiib.org">toshiaki.keicho@aiib.org</a>	<a href="mailto:hemantha@erd.gov.lk">hemantha@erd.gov.lk</a>	<a href="mailto:ddgconsultancy@uda.gov.lk">ddgconsultancy@uda.gov.lk</a>	<a href="mailto:pdaiibh@gmail.com">pdaiibh@gmail.com</a>	<a href="mailto:nalaka@iuj.ac.jp">nalaka@iuj.ac.jp</a>
Date of Concept Decision	May 8, 2018				
Date of Appraisal Decision	October 16, 2018				
Date of Financing Approval	April 4, 2019				
Independent Accountability Mechanism	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 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: <a href="https://www.aiib.org/en/about-aiib/who-we-are/project-affected-peoples-mechanism/how-we-assist-you/index.html">https://www.aiib.org/en/about-aiib/who-we-are/project-affected-peoples-mechanism/how-we-assist-you/index.html</a>				

