

**Economic Impact of Involuntary Resettlement  
Programmes in Sri Lanka**  
**A Study of Lunawa Environmental Improvement and Community  
Development Project**

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The work described in this dissertation was carried out under the supervision of Dr. Pivithuru Janak Kumarasinghe, Senior Lecturer of the Department of Business Economics and any report this has not been submitted in whole or in part to any university or any other institute for another degree/ examination or any other purpose.

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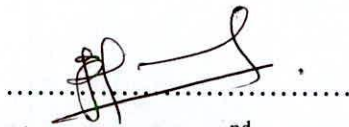
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Hereby, I certify that Miss. Kankanam Pathirana Iresha Udayangani, Registration Number GS/M.Sc./REMV/3779/09, duly completed the research titled "Economic Impact of Involuntary Resettlement Programmes in Sri Lanka" (A Study of Lunawa Environmental Improvement and Community Development Project) under my supervision and recommended for final submission.



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## **ABSTRACT**

The primary goal of an involuntary resettlement process is to prevent poverty and to improve the livelihood of resettlers. To do this government and implementing agencies must understand the economics of dispossession, poverty and recovery, and plan for growth at the relocation site. Development intervention such as a road or canal development project should proceed for the greater benefit of society, in spite of its potential adverse effects on some people. In such cases, the people who may be adversely affected by the development intervention should be consulted, compensated for their losses, and assisted to rebuild their homes and communities, re-establish their enterprises, and develop their potentials as productive members of society at a level generally at least equivalent to that which was likely to have prevailed in the absence of the development intervention. The development of Lunawa Environmental Improvement and Community Development Project implied many benefits besides canal development, for example alleviating flood, creating a hygienic and pleasant environment, upgrading living conditions of the communities. The project involved impacts such as involuntary resettlement of nearly 1900 people living at the canal bank.

The aim of this dissertation is to study whether there is a positive economic impact on project affected persons due to the implementation of the Lunawa Environmental Improvement and Community Development Project. Specifically, the dissertation examines the best alternatives to resettle project affected people, process applied in the resettlement programme, compensation process, issues associated with the resettlement programme and to suggest a better policy framework for resettlement.

Stratified sampling method was carried out to select the sample and total of 300 project affected people were selected accordingly. The sample was subjected to a questionnaire survey and responses were analyzed to identify the economic impact on the basis of before and after the project using SPSS tool. Further, a Composite Index exclusively applicable to this resettlement programme was formulated and it revealed that, economic, physical, and social factors were positively affected by the project. Such positive effects on economic, physical, and social factors indicate that the benefits of the project have flowed down to the affected parties. In addition, relocation of affected parties' Off-Site was identified as the best method for resettlement.

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## ABBREVIATIONS

ADB	Asian Development Bank
AP(s)	Affected Person(s)
CAP	Community Action Planning
DIDR	Development-Induced Displacement and Resettlement
DMMC	Dehiwala - Mt Lavinia Municipal Council
GOSL	Government of Sri Lanka
HDI	Human Development Index
HHs	Households
HS&CD	Human Settlement and Community Development
IDB	Inter-American Development Bank
IDP(s)	Internally Displaced Persons
IR	Involuntary Resettlement
JBIC	Japan Bank for International Cooperation
JICA	Japan International Cooperation Agency
LAA	Land Acquisition Act
LEI&CDP	Lunawa Environmental Improvement and Community Development Project
MMC	Moratuwa Municipal Council
NGO	Non Governmental Organization
NHDA	National Housing Development Authority
NIRP	National Involuntary Resettlement Policy
O&M	Operation and Maintenance
PAH	Project Affected Households
PAP(s)	Project Affected Person(s)
PEA	Project Executing Agency
PMU	Project Management Unit
RAP	Resettlement Action Plans
RDA	Road Development Authority
RSH	Re-settlers Households
SDC	Settlement Development Committee
UNDP	United Nations Development Programme
WB	World Bank
WBED	World Bank Environment Department

## DEFINITIONS OF TERMS

**Resettlement:** The involuntary physical or socio – economic displacement of persons caused by a project which covers all facets including the compensation, relocation and rehabilitation measures to mitigate the effects of displacement.

**Involuntary Resettlement:** Unavoidable resettlement losses that leave affected with no option but to rebuild their lives, incomes and asset bases elsewhere due to development projects.

**Project affected persons (households):** Whose livelihood or living standard is adversely affected through loss of land, housing and other assets, income or access to services as a consequence of the implementation of the development project.

**Land Only:** Affected Persons whose only a portion of lands were acquired under the project and who continue to live on the balance land.

**House and Other Structures:** Affected Persons whose land and part of the building were acquired and who still continue to live on the balance property.

**Resettlement Sites:** Sites where Affected Persons who are relocated within Moratuwa Municipal Council and Dehivala Mt.Lavinia Municipal Council Administrative Limits, namely Hyke Terrace, Green View, River Side Garden, Lake View Garden.

**Off – Region:** Affected Persons who are relocated in areas which are out of Resettlement Sites. Eg. Bandaragama, Horana, Kalutara, Panadura, etc.

**On – Site:** Land Only and House and Other Structures are considered to be On – Site.

**Off – Site:** Resettlement Sites and Off – Region are considered to be Off – Site.