The Lunawa Environmental Improvement & Community Development Project is a flagship project which goal is not just to build infrastructure but also to involve the community in its maintenance.

**Lessons Learnt**

The project's success validates the proposition that putting project affected persons centre-stage pays in the long-run. In the early days of the project, sceptics had pointed to the huge time investment such an approach would necessitate. Consultation with communities likely to be affected by involuntary resettlement is an integral part of the preparatory phase, and indeed requires sufficient time. It is equally true that only through prolonged consultations can a fair, equitable and inclusive resettlement package be worked out. This, as evidence on the ground demonstrates, raises costs in the short-term, but is critical to long-term development objectives and sustainability.

Involuntary resettlement should not be viewed as a necessary evil to be somehow managed alongside the core task, but it should be treated as a development opportunity.

Challenges Faced

The issues faced by the project were mainly related to (i) the long procedure in land acquisition that caused delay in project implementation and unrest among project affected persons. In Sri Lanka, land required for developmental purposes in government projects has to be obtained through a procedure stipulated under the Land Acquisition Act which came into effect in 1950. This is a time-consuming process, due to undue delays in the process and bureaucratic procedures relating to the valuation methodology. A special approval from the Cabinet of Ministers was received by the project, but was 72% of the land cost estimated as an advance payment. However, project affected persons had to wait which caused unrest, and (ii) the institutional capacity to implement the policy—generally speaking, involuntary resettlement of the poor living in urban areas with proper legal rights falls into the most difficult category. In the case of the Lunawa Project, however, it has been proved that a proper guided participatory resettlement process can enhance the quality of people's life. On the other hand, the Lunawa Project found difficulty in fully attending to the complaints of middle and high income project affected persons due to the constraints of the above-mentioned legal framework.

Repetition of Lunawa Model

A unique feature of the approach taken in the Lunawa Project is that it had a special facilitation programme for vulnerable project affected personsCentre. This programme was to provide assistance and participation. It was a pioneering initiative by the project.

Involuntary Resettlement

Innovative Approaches for Involuntary Resettlement

UN-HABITAT Fukuoka Office

**Stakeholders Chart**

UN-HABITAT Headquarters in Nairobi, Kenya

Email: infohabitat@unhabitat.org

http://www.unhabitat.org

**SUCCESS**

Resettlement of households completed before construction of main drainage works started.

**Implementing an Innovative Initiative**

In Sri Lanka today, as in many other developing countries, there is a growing urgency to come up with creative and sustainable solutions to tackle the twin pressures of infrastructure needs and the interests of communities who are affected by such projects, often losing their homes, land and livelihood in the process. Rapid industrialization has catapulted Colombo into an economic hub, however this has also severely damaged the environment where one of the worst victims of industrial wastewater pollution is the Lunawa Lake. The lake straddles two adjoining Municipal Councils, Dehiwala-Mt. Lavinia and Moratuwa. Continued discharge of waste water into its waters over the years weakened havoc, killing most of the fish and the catchment area suffers from frequent flooding, due to inadequate drainage system.

Today, the Lunawa Lake catchment area is the site of an innovative initiative called the Lunawa Environmental Improvement and Community Development Project. The project, getting off the ground in 2001, is the first project that translated Sri Lanka's National Involuntary Resettlement Policy into practice. This landmark policy, adopted in 2001, paved the way for the Lunawa model which validates the twin objectives of environmental improvement and community revitalization.

The strategic partnership of three key institutions - the Government of Sri Lanka, the Japan Bank for International Cooperation (JBIC) and UN-HABITAT - with the common aim of fending the involuntary resettlement as a development opportunity gave the project a catalytic success. UN-HABITAT was the lead advisor on the community development component of the project. The use of NGOs to socially market a package of interventions to communities who were going to be affected in order to break down the distrust they harboured towards Government agencies was a pioneering initiative by the project.

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Involuntary Resettlement

Thanks to its pioneering attempt to adequately incorporate ‘involuntary resettlement component’ within upgrading of urban areas, the Lunawa Project is unique in Sri Lanka. It paved the way for the Lunawa model which validates the twin objectives of environmental improvement and community revitalization.

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**Replication of Lunawa Model**

The Lunawa Project is a community development project whose goal is not just to develop infrastructure but also to involve the community in its maintenance.

**Challenges Faced**

The project's success validates the proposition that putting project affected persons centre-stage pays in the long-run. In the early days of the project, sceptics had pointed to the huge time investment such an approach would necessitate. Consultation with communities likely to be affected by involuntary resettlement is an integral part of the preparatory phase, and indeed requires sufficient time. It is equally true that only through prolonged consultations can a fair, equitable and inclusive resettlement package be worked out. This, as evidence on the ground demonstrates, raises costs in the short-term, but is critical to long-term development objectives and sustainability.

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Repetition of Lunawa Model

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From canal bank to Hike Terrace
One widow traces her journey

The first time the project team came to our area, we had a general discussion. But I had heard rumors. I was terrified that I would forcibly be removed from my home. We were used to politicians making promises which did not come true. But then, the project team came repeatedly to our homes, to our neighborhood and spoke to us individually as well as in groups. I began to feel reassured. The frequency of visits instilled confidence in us and when I saw that construction had started in one resettlement site, I was convinced about the project. In addition, only a handful of people were not satisfied with the resettlement. The fear of floods has evaporated and the surroundings are cleaner and more secure.

Earlier, Geethani lived with her husband, an auto rickshaw driver, and her children in a tiny hut (15 sq m) cobbled together with metal sheets and A-frame. Her house had just one room and a kitchen, it was an unconstructed structure, built on land belonging to the railways in the Ratmalana area. They identified a plot of land in Wijeratne Waltz which the project staff checked up on the legality of ownership and suitability for occupation. The new house is a 80 sq m permanent structure constructed under the supervision of the Lunawa Project technical staff and is conveniently located close to the Southern Expressway. The Peiris family now have a dining room, a living room, bedrooms, a kitchen and a toilet. Geethani and her husband have both found work close to their new home. The surroundings are cleaner and more secure.

The floods of 2004 had evaporated and the children live in a clean environment.

Entitlement Package
The entitlement package of the project was prepared in close consultation and participation with the project affected persons covering all clusters. The project had instated the Damage Assessment Working Group tasked to assess structural damage based on the canal development plan, identify all segments of adverse impact, identify the replacement cost, and assess livelihood disruption with the participation of project affected persons.

The entitlement package of the Lunawa Project offers for physically displaced project affected persons, with and without land ownership. However, both categories of project affected persons were given options for i) resetting in resettlement sites, and ii) self-relocation. What was unique about the project was the concept of a ‘bottom line entitlement’. This means that the compensation procedure, taking as long as two to three years. Knowing this issue, the bank’s view is that the project team could offer the deposit to the client which is the entitlement package.

From tiny hut along the railways to a house in the suburbs
A case in point is Geethani Peiris, a mother of three school going children. She, like many other families, has been relocated. Like many others, she decided to stay in the original site. After witnessing the progress of the housing construction, she was reassured. The frequency of visits instilled confidence in us and when I saw that construction had started in one resettlement site, I was convinced about the project. In addition, only a handful of people were not satisfied with the resettlement. The fear of floods has evaporated and the surroundings are cleaner and more secure.

Community Contracts
The conventional resettlement approaches, entitlement or compensation facilities, do not receive the desired response from the affected persons. They are often the obstacles for project affected persons to enter the ‘formal’ banking system, create value of thrift and bank accounts were opened and the deposited entitlement money was released to project affected persons. The entitlement or compensation amount is often paid at one time through a cheque and sometimes the money is used for other purposes.

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Bank’s view
We had not looked at all affected persons as potential customers. But when the project team came to us, we understood that the people affected by the project were potential customers for us. The money was substantial. For us, it was a new experience to visit homes of project affected communities to persuade them to bank with us.

A community based project has a long-term goal. The project team has to build confidence in the community first. The community needs to participate in the work and have ownership. The community needs to make decisions. The community has to see the benefits of the project. The community has to be involved in the decision-making process. The community has to be part of the project. The community has to be involved in the implementation of the project. The community has to be involved in the monitoring and evaluation of the project.

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Affected persons’ view
“My interaction with bank officers had the element of honesty. Did not have a bank account earlier but the mismatches explains when a bank account was opened in my name and the money was deposited just as it was it couldn’t happen.”

Financial services for affected persons
The project affected persons are offered financial services by the project team.

Re-settlers received money, some misused it for other purposes and encroached in other lands. For avoiding such problems, a tripartite Memorandum of Understanding (MOU) was signed by each project affected person, the project and a bank and selected by the project affected person. This arrangement was introduced only for the project affected persons receiving ‘bottom line package’, those without land ownership and/or a proper house. Opening bank accounts provided opportunities for many project affected persons receiving ‘bottom line package’, those without land ownership and/or a proper house.

INNOVATIVE APPROACH

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Community Contracts (CDD) developed a Community Action Plan (CAP), where necessary infrastructure and other facilities are provided at one time in resettlement sites. Resettlement sites are identified. To implement the infrastructure development, a CDC entered into ‘community contracts’ with the project. Under a community contract, project affected persons were responsible for construction, while technical inputs were provided by the project technical staff and local authority staff.

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Put the project persons at the centre of resettlement site development

The partnership with the banks – seen as a neutral party helped us to build goodwill and reduce mistrust among project affected persons. More importantly, it was an important way to involve project affected communities in the planning and implementation of the project.

Win-win Tripartite Agreement
The win-win tripartite agreement is a win-win situation for all parties involved. It is a win-win situation for the bank, the project and the affected persons.

Conventional Approach
Banking services for affected persons are offered by banks. The affected persons are offered financial services by banks.

Innovative Approach
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Process: Why is it innovative?

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