

CASE STUDY

Southern Transport Development Project. Trailblazing Resettlement Solutions in Large-Scale Infrastructure projects. Sri Lanka

Challenges and Good Practices in Resettlement – Asian Development Bank

SYNOPSIS

The Southern Transport Development Project (STDP) introduced progressive resettlement measures—full replacement cost compensation, participatory valuation through Land Acquisition and Resettlement Committees (LARCs), a multi-tier grievance redress mechanism (GRM), and long-term livelihood restoration—setting new benchmarks for safeguard practice in Sri Lanka.

However, inconsistent application of these measures, coupled with superficial consultations, fragmented communication, delayed compensation, and the late launch of the income restoration program, gradually eroded trust among affected persons (APs). This experience¹ illustrates that even the most advanced safeguard frameworks cannot deliver equitable outcomes without consistent implementation, timely resources, and sustained, meaningful engagement with communities.

BACKGROUND

The STDP marked a milestone in Sri Lanka's infrastructure development and resettlement policy landscape. It was the **first project in the country** to:

- Compensate APs at full replacement cost;
- Determine valuations through joint decision-making in LARCs;
- Establish a robust GRM; and
- Launch a long-term income restoration and improvement program.

At the **policy level**, the STDP catalyzed national reforms, including:

- The adoption of the National Involuntary Resettlement Policy (NIRP, 2001);
- Cabinet-approved frameworks for land acquisition and resettlement; and
- The 2008 Land Acquisition Regulations, aligning domestic practice more closely with international safeguard standards.

At the **institutional level**, it led to:

- The establishment of the Environmental and Social Division within the Road Development Authority (RDA);
- The institutionalization of LARCs and grievance mechanisms; and
- The introduction of independent resettlement monitoring.

The **Resettlement Implementation Plan (RIP)** established clear institutional arrangements, committed sufficient budgets, and introduced procedural innovations—such as:

- Reducing land acquisition timelines from 72 to 18 weeks; and

¹ ADB. 2016. Challenges in Implementing Best Practices in Involuntary Resettlement A Case Study in Sri Lanka. <https://www.adb.org/sites/default/files/publication/218976/best-practices-resettlement-sri.pdf>.

- Extending entitlements to non-titled land users, including those opting for self-relocation.

CHALLENGES

Despite these innovations, several shortcomings hindered the delivery of intended outcomes, which led to protests, litigation, and complaints to ADB's accountability mechanisms, contributing to delays in project completion.

- **Consultations** were sometimes **unstructured or superficial**, particularly during key project design changes—such as the shift from the Combined Trace to the Final Trace—where affected communities were not adequately informed or engaged.
- **Communication efforts** were **disjointed**, and delays in disseminating critical information—like the entitlement matrix in local languages—created confusion and distrust.
- **Funding shortages** during the civil war meant some APs received only statutory compensation before displacement, delaying land handover and undermining confidence in the project.
- **Delays in infrastructure development** extended stays in temporary housing.
- The **late start** of the **Income Restoration Program** (IRP) severely **limited livelihood recovery** for many APs.

KEY RESETTLEMENT GOOD PRACTICES

The STDP offers valuable examples of best practices that are essential for delivering equitable and sustainable resettlement outcomes:

- **Early and Inclusive Communication:** Begin consultations during the planning phase, in local languages, and include women, vulnerable households, and different livelihood groups. Use targeted outreach strategies, including media and community-based channels.
- **High-Quality Social Impact Assessments:** Base resettlement planning on comprehensive surveys, including a full census of APs and detailed inventories of losses. Integrate social and environmental assessments to ensure coherence.
- **Institutional Commitment and Budget Certainty:** Secure clear institutional leadership, confirmed budget allocations, and technical capacity before initiating land acquisition. Bring in external expertise as needed.
- **Effective Grievance Redress Mechanism:** Implement a multi-tiered GRM with AP representation to ensure prompt resolution and reduce dependence on judicial processes.
- **Integrated Engagement of Social Specialists:** Mainstream resettlement considerations into the core project design, ensuring collaboration across social, technical, and environmental teams.
- **Compensation Before Displacement:** Ensure replacement-cost compensation is paid before land acquisition. If urgency provisions are used, prior agreement from APs is essential.
- **Early and Sustained Income Restoration:** Start livelihood restoration before displacement, design programs to reflect the diverse profiles of APs, and provide support beyond project completion when necessary.

LESSONS LEARNED

The STDP demonstrates that integrating **international safeguard standards** into national systems can drive **meaningful policy reform, institutional innovation, and improved entitlements**. However, the project also reveals that:

- Best practices must be applied consistently and on time to deliver equitable results.
- Trust is sustained only through continuous and transparent communication.
- Participatory valuation processes must be supported by timely compensation.
- Livelihood restoration programs must be based on reliable socioeconomic data and realistic economic opportunities.

Strong frameworks like the **RIP** can safeguard entitlements, but they require:

- Adequate resources;
- Cross-agency coordination; and
- Adaptive management to respond to implementation challenges.

In this sense, the STDP reflects both the transformative potential and the implementation risks of embedding safeguard excellence in large-scale infrastructure development.