

**AFRICAN DEVELOPMENT BANK
AFRICAN DEVELOPMENT FUND**



INVOLUNTARY RESETTLEMENT POLICY

PSDU

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LIST OF ACRONYMS

ARP	Abbreviated Resettlement Plan
CBO	Civil Society Organisation
EIA	Environmental Impact Assessment
ESIA	Environmental and Social Impact Assessment
ESAP	Environment and Social Assessment Procedures
ESMP	Environmental and Social Management Plan
FI	Financial Intermediary
FRP	Full Resettlement Plan
IDRP	Involuntary Displacement and Resettlement in Development Projects
MDB	Multilateral Development Bank
NGO	Non Governmental Organisation
PAP	Project Affected Persons
PCR	Project Completion Report
PIC	Public information Center
PPF	Project Preparation Facility
PRA	Participatory Rapid Appraisal
PRSP	Poverty Reduction Development Strategic Paper
PSDU	Sustainable Development and Poverty Reduction Unit
RP	Resettlement Plan
RMC	Regional Member Countries
TM	Task Manager

EXECUTIVE SUMMARY

1. The Bank Group involuntary resettlement policy has been developed to cover involuntary displacement and resettlement of people caused by a Bank financed project and it applies when a project results in relocation or loss of shelter by the persons residing in the project area, assets being lost or livelihoods being affected. The policy is set within the framework of the Bank's Vision in which poverty reduction represents the overarching goal. Within this goal, the strategic action to achieve sustainable development will be pursued. It reaffirms therefore the commitment of the Bank to promote environmental and social mainstreaming as a means of fostering poverty reduction, economic development and social well being in Africa. It is therefore meant to assist the Bank and borrowers to address resettlement issues in order to mitigate the negative impacts of displacement and resettlement and establish sustainable economy and society.

Policy Rationale

2. The Bank Group Environmental Policy was approved in 1990. The overall objective of the policy is to ensure that environmental concerns are incorporated in all Banks' funded operations. To put this policy into action, Environmental Assessment Guidelines were prepared and adopted in 1992. Then, in 1995, the Bank released the Guidelines on Involuntary Displacement and Resettlement for Bank financed projects. However, these guidelines lack clarity on policy related issues and requirements which the new policy on displacement and resettlement strengthens.

Review of Involuntary Resettlement Experience and Lessons Learnt

3. The Bank Group experience on involuntary resettlement is limited. It is related to projects involving agricultural and rural development such as irrigation schemes, transport projects such as the construction of road, port or airport, and large and medium sized infrastructure development projects such as dams for water storage or power generation. For these projects, resettlement issues have been assessed in the past through Environmental and Social Impact Assessment studies.
4. The borrowing agency has the primary responsibility for planning, implementing and monitoring resettlement issues. Although, most Regional Member Countries (RMC) have laws and procedures for expropriation of lands, these laws often lack clarity and effectiveness. As a result, affected population may have received some form of compensation, yet they remain impoverished soon after the resettlement plan is carried out. From implementation of past resettlement programs for projects such as irrigation, infrastructure, public utilities, transport and protected area projects, Bank Group experience has shown that problems related to land based resources and economic activities have not been properly addressed.
5. With respect to other Multilateral Development Banks (MDB), a large portfolio of development projects have been financed by multilateral and bilateral agencies with an extensive cumulative experience on involuntary resettlement. For some of these projects, it has been shown that resettlement has failed in the past because in most cases, the borrower did not prepare a proper resettlement plan but rather provided an undertaking to resettle the affected population. The borrower sometimes fail to implement its own policy or to comply with the lending agency's policy on involuntary resettlement.

6. From lessons learnt, it can be substantiated that involuntary resettlement programs were carried out successfully by fully addressing the issues of landlessness, joblessness, homelessness, marginalisation, food insecurity and loss of basic resources with respect to both the people affected and the host communities in order to minimize conflicts, and to create a common interest among the stakeholders.

Policy Goal, Objectives and Guiding Principles

7. The primary goal of the involuntary resettlement policy is to ensure that when people must be displaced they are treated equitably, and that they share in the benefits of the project that involves their resettlement. The objectives of the policy are to ensure that the disruption of the livelihood of people in the project's area is minimized, ensure that the displaced persons receive resettlement assistance so as to improve their living standards, provide explicit guidance to Bank staff and to borrowers, and set up a mechanism for monitoring the performance of the resettlement programs. Most importantly, the resettlement plan (RP) should be prepared and based on a development approach that addresses issues of the livelihood and living standards of the displaced person as well as compensation for loss of assets, using a participatory approach at all stages of project design and implementation.
8. Compensation at the full replacement cost for loss of lands and other assets should be paid prior to projects implementation with the view to improve the former living standards, income earning capacity and production levels of the affected population. The improvement of these living standards should also apply to host communities. In addition, the needs of disadvantaged groups (landless, female headed households, children, elderly, minority ethnic, religious and linguistic groups, etc.) must be at the centre of the development approach.
9. Economic benefits and costs should be applied to determine project feasibility with regard to resettlement. The full costs of resettlement activities necessary to achieve the objectives of the project should be included in the total costs of the project. The costs of resettlement like the costs of other project activities are treated as a charge against the economic benefits; and any net benefits to resettlers (as compared to the "without-project" circumstances) should be added to the benefits stream of the project.
10. Economic and social considerations should be taken into account in determining the requirements for compensation. Under the present policy, only displaced population having formal legal rights to land or assets and those who can prove entitlement under the country's customary laws are considered and will be fully compensated for loss of land or other assets. However, a third category of displaced persons who have no recognizable legal right or claim to the land they are occupying in the project area will be entitled to resettlement assistance in lieu of compensation for land. Nevertheless, at the minimum, under the Bank's policy (with no contradiction to the borrower's legislation), land, housing, and infrastructure will be provided to the adversely affected population, including indigenous groups, ethnic, religious and linguistic minorities, and pastoralists who may have usufruct rights to the land or other resources taken for the project.
11. The borrower will be required to prepare a full resettlement plan (FRP) for any project that involve a significant number of people (200 or more persons) who would need to

be displaced with a loss of assets, or access to assets or reduction in their livelihood. The full replacement plan will be released as a supplement document to the Environmental and Social Impact Assessment (ESIA) summary for Bank's financed projects involving involuntary resettlement issues. For any project involving the resettlement of less than 200 persons, an abbreviated resettlement plan will be released together with the environmental annex of the Bank's Appraisal Report. The full resettlement plan and the abbreviated resettlement plan (refer to as resettlement plan) should be posted in the Bank's Public Information Center (PIC) and the Bank's web site for public review and comments in accordance to the Bank's disclosure policy and the Bank's Environmental and Social Assessment Procedures (ESAP 2001).

Implementation Strategies

12. The resettlement program should be based on a development approach. Provision must be made for cultural sites and social/psychological concerns. For greater transparency and fairness, all stakeholder groups will be involved at an early stage in the project design. Community participation in operation and resettlement strategy will lead to a better development approach. The resettlement plan will be made accessible to the displaced population and relevant NGOs and CSOs in a form, manner and language that are comprehensible to them.
13. Adequate assistance for transport, temporary accommodation, housing, service provision as well as training, capacity building and land ownership issues should be addressed in the resettlement plan. Provisions should also be made for counseling and dispute settlement. The payments for compensation should be independently monitored and accurate records kept for all transactions. A timetable, detailed budget and implementation, monitoring and evaluation arrangements are also important issues to be addressed in the plan.
14. The operationalisation of the policy will require at all level of the project cycle management (from identification to the post-evaluation phase), the integration of involuntary resettlement issues. At the identification phase, a brief summary of the magnitude, strategy and timing of the resettlement should be established. At the preparation phase, feasibility criteria and strategy for the plan are discussed and agreed upon with the executing agency. Prior to launching of appraisal mission, of projects involving resettlement issues, the borrower provides to the Bank resettlement plan, which conforms to this policy. Borrower's capacity to implement the resettlement plan including economic and financial analysis is assessed during appraisal and loan negotiation. During the implementation of the resettlement plan, the borrower is responsible for the monitoring and evaluation of activities outlined in the plan. However, the Bank will regularly supervise the implementation of the plan and upon project completion, conduct a Project Completion Report (PCR) to assess the success of the resettlement plan.
15. With regard to institutional strategy, the Bank and the borrower have definite roles and responsibilities. The Bank on one hand will assist the executing agencies to adopt and design the resettlement plan. It will also examine alternatives options, ensure the plan adequacy, support the building of institutional and financial capacity of the borrower agencies and provide technical assistance to strengthen them. The borrower on its own part will prepare and ensure plan consistency, implementation and monitoring of the resettlement program. Before launching project appraisal mission,

the borrower will provide a draft RP and the finalized resettlement plan will be made available by the Bank to the public through the Bank's Public Information Center (PIC) in accordance to its public disclosure policy and ESAP 2001. Proper monitoring and evaluation will confirm compliance with resettlement activities in terms of the social and economic targets set.

16. The Bank Group, through this policy, intends to play an increasingly important role in conceiving resettlement as an opportunity to develop and improve living standards of the affected communities by Bank financed projects and programs. This policy is therefore intended to address the involuntary displacement of people caused by Bank funded operations in public and private sector.

I. INTRODUCTION

1.1 Background

- 1.1.1 The Bank Group involuntary resettlement policy is set within the framework of the Bank's vision in which poverty reduction represents the overarching goal within which strategic action to achieve sustainable development will be pursued. The vision for the Bank is to strive to become the leading development finance institution in Africa, dedicated to assist African member countries in their development goal.
- 1.1.2 The Bank focuses its work at the country level on three broad sectoral themes – agriculture and rural development, human resource development and private sector development. In addition, the Bank has identified governance, economic integration and cooperation, as the key areas of intervention. It is emphasized that, in each of the broad sectoral areas, the Bank ensures that environment and gender issues are mainstreamed in a fully participatory manner. The involuntary resettlement policy reaffirms therefore the commitment of the Bank to promote environmental and social mainstreaming as a means of fostering poverty reduction, economic development and social well being in Africa.
- 1.1.3 Involuntary resettlement involves the displacement of people arising from development projects such as, dams, bridges, national parks, and roads which encroach on their productive assets, cultural sites and income sources viz, land, grazing fields, other assets, etc. What distinguishes involuntary from voluntary resettlement is that the former involves people who may be displaced against their wishes, as they are often not the initiators of their movement.
- 1.1.4 Therefore, involuntary resettlement can have a dramatic impact on the lives of the people living in an area of influence of development projects. It can cause a sudden break in social continuity and can result in impoverishment of the people who are relocated. The resettlement may provoke changes, which could dismantle settlement patterns and modes of production, disrupt social networks, cause environmental damage, and diminish people's sense of control over their lives. It can threaten their cultural identity and create profound health problems.
- 1.1.5 When resettlement is badly planned or inadequately implemented it always represents a significant additional cost to the main project and can have long term consequences for the affected population and the surrounding region. It can provoke local resistance and political tension, and cause significant delays in the execution of the project, leading to cost overruns, reduced project benefits and, in extreme cases, even suspension of the project. These additional costs almost invariably outweigh the investments that would have been needed to plan and execute an acceptable resettlement program. The policy addresses these issues and gender dimensions since proper examination of the relationship between men

and women with regard to land and related productive assets may help minimize disparities.

- 1.1.6 The policy has therefore been developed to address involuntary physical displacement and/or loss of other economical assets of people caused by Bank-financed projects and programs. The policy is intended for the executing agencies in the borrower countries and for Bank staff involved in identifying, preparing, and appraising projects that involve involuntary resettlement.
- 1.1.7 The policy applies to all Banks' funded operations, in public and private sector, whether Bank financing is directly channeled as investment loans or administered by a financial intermediary. The policy also applies when project results in assets being lost and/or livelihoods being affected, without actual displacement or resettlement of affected people. The policy excludes the settlement of refugees or victims of natural disasters.

1.2 Policy Rationale

- 1.2.1 The Bank's Environmental Policy was approved by the Board in 1990 and is currently under revision. To facilitate the implementation of this policy, the Environmental Assessment Guidelines were released in 1992. Then in 1995, the Bank produced the "*Guidelines on Involuntary Displacement and Resettlement in Development Projects*" (IDRP). While the IDRP Guidelines provide operational guidance to the Bank's Task Managers, they lack clarity on policy related issues such as on policy requirements, enforcement and compliance.
- 1.2.2 The Bank recognizes that people are at the center of development. Hence in all operations, the Bank pays a close attention to projects that may result in the displacement and resettlement of people, particularly when they are the disadvantaged groups such as elderly and children, female headed households, the poorest and marginalized communities. This policy therefore will help to further reinforce the Bank's vision of which poverty reduction is an overarching objective.
- 1.2.3 In view of the afore-mentioned, this policy will promote a more consistent preparation of resettlement components by requiring a formal procedure to address the resettlement issues systematically in Bank operations.

1.3 Document Organisation

The remaining portion of the document is organized as follows. A brief overview of the Bank Group and other Multilateral Development Banks experiences in resettlement as well as major lessons learnt are discussed in Chapter II. This sets the stage for the subsequent elements of resettlement issues. Chapter III

addresses the policy objectives, key guiding principles, and eligibility criteria. The operational guidelines related to the key components of the resettlement plan to be prepared at the various stages in the project cycle, and institutional strategies including the Bank and borrower's responsibilities, and the monitoring and evaluation aspects of resettlement programs are covered in Chapter IV. The conclusion is given in Chapter V.

II. REVIEW OF INVOLUNTARY RESETTLEMENT EXPERIENCE AND LESSONS LEARNT

2.1 Review of Bank Group's Experience

- 2.1.1 The resettlement issues in Bank's projects have been addressed through the basic guiding principles and operational procedures outlined in the 1995 "*Guidelines on Involuntary Displacement and Resettlement*". The types of projects that have involved resettlement and/or compensation include agricultural projects like irrigation schemes, canals, plantations, and forestry projects; and non-agricultural project like the construction of dams and hydropower plants, building, industrial and mining sites. Development of public utilities like water supply, solid waste and sanitation, power transmission lines, and oil and gas distribution lines; transport facilities like roads, railways, airports and harbors; as well as the development on national parks and protected areas have also involved involuntary resettlement.
- 2.1.2 Resettlement issues in Bank's projects are normally reviewed during the Environmental Impact Assessment (EIA) required for category 1 projects. However, the coverage of resettlement aspects in the assessment of project impacts in the EIA has focused more on environmental than social issues. This situation has been remedied in part by operationalising the new integrated Environmental and Social Impacts Assessment Procedures (ESAP 2001) in which social issues are explicitly covered.
- 2.1.3 The majority of the Regional Member Countries governments have adopted laws, regulations and procedures for expropriating land needed for public use and development. The expropriation laws and regulations are clear on the type and valuation of the compensation that must be paid to the affected parties. However, they are less clear on how to compensate for the land-based resources and economic activities foregone as a result of involuntary resettlement. Consequently, many of those subjected to involuntary displacement in development projects may receive adequate compensation from the state, and yet remain impoverished soon after resettlement.
- 2.1.4 For agricultural and rural development sector, Bank's experience has shown that in most cases land compensation was provided to farmers and agricultural laborers to restore the production systems. In cases where land was not available or if all the affected population could not be provided with alternative sources of productive activities, employment opportunities in the local industrial or service sectors were provided through training, education support and job creation schemes. In Zimbabwe for instance, the Bank's financed Dande Smallholder Irrigation project involved the displacement of about 600 families from the project site. Provisions were made for the displaced persons to improve infrastructure including 12.5 km of all weather roads, construction of boreholes

for water supply, upgrading of 2 primary schools, constructions of 3 new schools and construction of health clinics. It has however been observed that difficulties often arise when people are forced to move from fertile lands to marginal lands resulting in a loss of income due to either reduced crop production or lack of employment opportunities or worsened health conditions.

- 2.1.5 For industry and infrastructure development projects such as dams and reservoirs, for example the Barbara dam in Tunisia, completed in 2001, for which about 232 households were displaced, experience shows that Bank's support were provided only after comprehensive environmental and social impact assessment (ESIA) studies were conducted. These studies were carried out with regard to water-borne diseases, deforestation, sedimentation, flooding, human displacement and loss in earning. The Sidi El Barrack project in Tunisia as well can be sited among others as a case where a complete ESIA study was undertaken before project implementation. This project involved the construction of a dam designed to retain up to 264 million cubic meters of water. For this project more than 1200 households were relocated. The affected population was compensated either in form of new arable lands or cash on the basis of a participatory approach. In the case of water resource development projects, it was found that the risk lies in the impoverishment of the population displaced by inundation.
- 2.1.6 Public utilities projects financed by the Bank like solid waste disposal and power transmission lines have demonstrated that considerable land may be required at times in order to reduce negative impacts on the local people. For example, transmission lines may produce high-level electromagnetic radiation which is harmful to the health of the people living in close vicinity of the lines.
- 2.1.7 In the case of transport sector, projects like road, railways, ports and airports may also require involuntary resettlement, due to public safety and security considerations, involving the establishment of a right-of-way corridor or a buffer zone requiring resettlement. In Ghana, the Achimota-Anynam Road Rehabilitation project forms the case of a Bank financed project with resettlement issues. For this project, an estimated 150 families involving about 600 people were affected and compensation was made to families and owners of the affected properties for an estimated 2.4 billion CEDIS or UA 0.63 million.
- 2.1.8 Projects involving protected areas and/or establishment of nature parks have shown that the livelihood of the local populations are of crucial importance. People who are not able to hunt, gather plants for food or medicinal purpose, could be negatively affected by the project. Income from tourism or issuance of hunting licenses can guarantee extra benefit for the governments, but not for the local population that may lose access to the natural resources. In such instances, resettlement may involve compensating the people who had access to natural resources for their livelihood.

2.2 Experiences of other Multilateral Development Banks

- 2.2.1 In recent years, a number of other multilateral and bilateral agencies have prepared and adopted resettlement policies, guidelines, or best practice handbooks. These organisations have acquired longer-term experience on a wider set of development projects likely to cause displacement and resettlement. The finding and the lessons learnt from these experiences, some of which are similar to Bank's own experience, are summarized below.
- 2.2.2 A common shortcoming in the projects examined was an inadequate assessment of resettlement needs by borrowers and the lending agencies at the preparation and appraisal stages of projects with involuntary resettlement. Instead of preparing a resettlement plan, the borrowing government simply provided the undertaking to resettle the dislocated population. As a result, project-affected population and their losses were systematically underestimated, leading to inadequately planned resettlements with negative and undesirable outcomes.
- 2.2.3 In some cases, the lending agencies failed to implement their own policy. There were projects processed without any query being raised about the projects' compliance with the institution's resettlement policy. This situation was particularly exacerbated when the institution's resettlement policy was at variance with that of the governments.
- 2.2.4 Policy makers in the countries concerned were often less responsive to the need for resettlement. The uncertainties and long delays in reaping the benefits from a positive resettlement policy may partially explain the reluctance of some governments to embark on such programs. Project planners found it sometimes difficult to justify benefits for the project-affected population in a situation where the economic prospects were worsening for the country as a whole.
- 2.2.5 At times, the implementing agency of a project's resettlement program were unable to mobilise necessary support from other agencies because its coordinating function is not given a sufficient statutory backing by the government. For successful implementation of resettlement, full cooperation is necessary from many agencies. Such cooperation can only be achieved with a strong leadership from the project-implementing agency, combined with early involvement of other agencies in resettlement planning.
- 2.2.6 Land tenure remains a major problem in the design and implementation of resettlement programs in Africa. Legal compensation requirements have generally been applied to property owners rather than those occupying the land. In such cases, population was negatively affected and impoverished by the project especially when they were excluded from consideration for compensation for loss of income or assets. In addition, due to unequal gender access to, and control over land and ignorance of local social patterns of land use, ownership and control

which vary from one place to another, compensatory measures may fail to address these variations.

- 2.2.7 The active participation of beneficiaries is necessary throughout the various stages of planning, design, implementation and evaluation in order for resettlement projects to be truly sustainable. Project implementation was found to be most successful where governments entered into dialogue with the affected population at an early stage in project design. In recent years, there has been an important trend towards the improvement in the preparation of resettlement components of development projects, and progressive improvement in the participation of the affected communities.
- 2.2.8 Unless careful thought is given to the environmental consequences of population concentration at relocation sites, the latter may become centres of environmental degradation due to the impact of rapid population increases and the stress placed on local resources such as fuel wood. In the absence of adequate water supply and sanitation, water pollution and health problems are likely to arise from the flux of new relocatees.
- 2.2.9 Planning for the provision of economic and social services at the resettlement site must take into account the needs of both the resettlers and the host communities in order to minimize conflicts and create a common interest in the success of the resettlement program.

2.3 Lessons Learnt

- 2.3.1 The Bank's 1995 *Guidelines on Involuntary Displacement and Resettlement* laid out a set of guiding principles and strategies to be considered in the development of a resettlement plan. Since then close attention has been paid to the preparation of resettlement plan in the relevant Bank financed projects. This section summarizes the major lessons learnt in Bank's project involving involuntary displacement and resettlement.
- 2.3.2 A close attention should be paid to the laws and regulations governing expropriations of land tied to resettlement. While the country's laws cannot be violated, the governments should be encouraged to take a long-term development perspective rather than a short-term solution that may impoverish the affected people after resettlement.
- 2.3.3 The development of a good resettlement plan should take into account careful planning, close consultation and coordination among the stakeholders. The plan should be supported by a comprehensive socio-economic survey to determine all the relevant characteristics of the affected population, various options, and required resources to resettle and/or compensate them.

- 2.3.4 Resettlers should be well integrated with their host communities with provision for sufficient land for their economic activities, and adequate housing, water and sanitation facilities at the point of relocation.
- 2.3.5 The development of a resettlement plan should recognize that most of the people affected by resettlement are generally from the low income groups, employed in subsistence agriculture, fishing, mining, industry, commerce and service activities. The majority of the people affected by projects live in marginal urban settings, characterized by high unemployment rates and a marked dependence on the informal sector.
- 2.3.6 While the above lessons highlight the need for improvements in the planning and implementation of resettlement components of development projects, they also provide the framework for identifying the key impoverishment processes entailed in the displacement of persons arising from these projects. These are landlessness, joblessness, homelessness, marginalization, food insecurity, loss of access to common property resources, increased morbidity, and community dislocation. Therefore, the key to a development-oriented resettlement scheme is to identify the impoverishment risks of a project and attempt to counteract them by adopting a program with a people-centered focus rather than a property-compensation approach e.g. by addressing landlessness with a land-based schemes; joblessness with employment schemes; homelessness with home reconstruction schemes; community disarticulation with community reconstruction schemes etc.

III. THE POLICY

3.1 Policy Goal

The overall goal of the Bank's policy on *Involuntary Resettlement* is to ensure that when people must be displaced they are treated equitably, and that they share in the benefits of the project that involves their resettlement.

3.2 Policy Objectives

The policy has the following key objectives:

- To avoid involuntary resettlement where feasible, or minimize resettlement impacts where population displacement is unavoidable, exploring all viable project designs. Particular attention must be given to socio-cultural considerations, such as cultural or religious significance of land, the vulnerability of the affected population, or the availability of in-kind replacement for assets, especially when they have important intangible implications. When a large number of people or a significant portion of the affected population would be subject to relocation or would suffer from impacts that are difficult to quantify and to compensate, the alternative of not going ahead with the project should be given a serious consideration;
- To ensure that displaced people receive resettlement assistance, preferably under the project, so that their standards of living, income earning capacity, and production levels are improved;
- To provide explicit guidance to Bank staff and to the borrowers on the conditions that need to be met regarding involuntary resettlement issues in Bank operations in order to mitigate the negative impacts of displacement and resettlement and establish sustainable economy and society; and
- To set up a mechanism for monitoring the performance of involuntary resettlement programs in Bank operations and remedying problems as they arise so as to safeguard against ill-prepared and poorly implemented resettlement plans.

3.3 Guiding Principles

In order to achieve the overall objectives of this policy, projects that involve involuntary resettlement shall be prepared and evaluated according to the following guiding principles:

- a) The borrower should develop a resettlement plan where physical displacement and loss of other economic assets are unavoidable. The plan should ensure that displacement is minimized, and that the displaced persons are provided with assistance prior to, during and following their physical relocation. The aim of the relocation and of the resettlement plan is to improve displaced persons former living standards, income earning capacity, and production levels. The resettlement plan should be conceived and executed as part of a **development program**, with displaced persons provided sufficient resources and opportunities to share in the project benefits. Project planners should work to ensure that affected communities give their demonstrable acceptance to the resettlement plan and the development program, and that any necessary displacement is done in the context of negotiated settlements with affected communities;
- b) Additionally, displaced persons and host communities should be meaningfully **consulted** early in the planning process and encouraged to participate in the planning and implementation of the resettlement program. The displaced persons should be informed about their options and rights pertaining to resettlement. They should be given genuine choices among technically and economically feasible resettlement alternatives. In this regard, particular attention should be paid to the location and scheduling of activities. In order for consultation to be meaningful, information about the proposed project and the plans regarding resettlement and rehabilitation must be made available to local people and national civil society organizations in a timely manner and in a form and manner that is appropriate and understandable to local people. As well, careful attention should be given in the organisation of meetings. The feasibility of holding separate women's meetings and fair representation of female heads of households, in addition to mixed meetings should be explored. Also, the way in which information is disseminated should be cautiously planned as levels of literacy and networking may differ along gender lines;
- c) Particular attention should be paid to the needs of **disadvantaged groups** among those displaced, especially those below the poverty line, the landless, the elderly, women and children, and ethnic, religious and linguistic minorities; including those without legal title to assets, female-headed households. Appropriate assistance must be provided to help these disadvantaged groups cope with the dislocation and to improve their status. Provision of health care services, particularly for pregnant women, and infants, may be important during and after relocation to prevent increases in

morbidity and mortality due to malnutrition, the psychological stress of being uprooted, and the increased risk of disease;

- d) Resettlers should be integrated socially and economically into **host communities** so that adverse impacts on host communities are minimized. Any payment due to the hosts for land or other assets provided to resettlers should be promptly rendered. Conflicts between hosts and resettlers may develop as increased demands are placed on land, water, forests, services, etc., or if the resettlers are provided services and housing superior to that of the hosts. These impacts must be carefully considered when assessing the feasibility and costs of any proposed project involving displacement, and adequate resources must be reflected in the budget for the mitigation of these additional environmental and social impacts;
- e) Displaced persons should be **compensated** for their losses at “full replacement” cost prior to their actual move or before taking of land and related assets or commencement of project activities, whichever occurs first; and
- f) The total cost of the project as a result should include **the full cost of all resettlement** activities, factoring in the loss of livelihood and earning potential among affected peoples. This attempt to calculate the “total economic cost” should also factor the social, health, environmental and psychological impacts of the project and the displacement, which may disrupt productivity and social integration. The resettlement costs should be treated against economic benefits of the project and any net benefits to resettlers should be added to the benefit stream of the project.

3.4 The Policy Framework

3.4.1 This policy covers economic and social impacts associated with Bank financed projects involving involuntary acquisition of land or other assets which results in:

- a) Relocation or loss of shelter by the persons residing in the project area;
- b) Loss of assets or involuntary restriction of access to assets including national parks, protected areas or natural resources; or
- c) Loss of income sources or means of livelihood as a result of the project, whether or not the affected persons are required to move.

3.4.2 Displaced persons in the following two groups are entitled to compensation for loss of land or other assets taken for the project purposes:

- a) Those who have formal legal rights to land or other assets recognized under the laws of the country. This category will generally include people who are physically residing at the project site and those who will be displaced or may lose access or suffer a loss in their livelihood as a result of the project activities; and
- b) Those who may not have formal legal rights to land or other assets at the time of the census but can prove that they have a claim such as land or assets that would be recognized under the customary laws of the country. This category may also include those people who may not be physically residing at the project site or persons who may not have any assets or direct sources of livelihood derived from the project site, but who have spiritual and/or ancestral ties with the land (e.g. graveyards, sacred forests, places of worships). This category may also include sharecroppers or tenant farmers, seasonal migrants or nomadic families losing user rights, depending on the country's customary land use rights. Additionally, where resettlers lose access to resources such as forests, waterways, or grazing lands, they would be provided with replacements in kind.

3.4.3 A third group of displaced persons are those who have no recognizable legal right or claim to the land they are occupying in the project area and who do not fall in any of the two categories described above. This category of displaced persons, will be entitled to resettlement assistance in lieu of compensation for land to improve their former living standards (compensation for loss of livelihood activities, common property resources, structures and crops, etc.), provided they occupied the project area prior to a cut-off date established by the borrower and acceptable to the Bank. At the minimum, under the Bank's policy (with no contradiction to the borrower's legislation), land, housing, and infrastructure should be provided to the adversely affected population, including indigenous groups, ethnic, linguistic and religious minorities, and pastoralists who may have usufruct rights to the land or other resources taken for the project. The cut-off date must clearly be communicated to the project affected population. Persons who encroach on the project area after the cut-off date are not entitled to any form of resettlement assistance.

Policy Requirements

3.4.4 To achieve the objectives of this policy, the borrower is required to prepare a resettlement plan for all operations which entail involuntary resettlement unless otherwise specified.

- 3.4.5 The borrower's commitment to, and capacity for, undertaking resettlement is a key determinant of Bank involvement in a project. In situations where the implementing agencies capacity or commitment to improve standards of living of the project-affected population and host communities is lacking, the Bank will assist to build the required capacity. The Bank will also work with borrowers to improve capacity and strengthen national legal systems to eliminate disparities between the borrower's laws and Bank policy. Resettlement planning includes early screening, scoping of the issues, the choice of resettlement strategies, and the gathering of all necessary information required to evaluate and prepare the resettlement component or sub-component.
- 3.4.6 The borrower will be required to prepare a **full resettlement plan (FRP)** for any project that involve a "significant number"¹ of people who would need to be displaced with a loss of assets, or access to assets or reduction in their livelihood.
- 3.4.7 The plan should address potential adverse impacts of the project and at the same time make provisions for the opportunity the project offers to improve the socio-economic conditions of the affected population. The resettlement plan should also specify safeguards for the quality and quantity of land to be allocated for women in order to ensure means to achieve income generation and food security by an insertion of a specific protocol in the resettlement plan. In the absence of formal legal rights, land titles at the resettlement site or any grants included should be in the name of both spouses, provided this does not contradict with the borrower's own laws and legislation. Any compensation payments should be paid into a joint account in the name of both husbands and wives. Unmarried women and elderly sons and daughters should explicitly be included as eligible for compensation for lost of land, shelter, livelihoods, and other assets. Women's groups should be involved in resettlement planning, management and operations and in job creation and income generation.
- 3.4.8 The FRP plan should be finalized as a supplement document to the Environmental and Social Impact Assessment (ESIA) report. The resettlement studies can be carried out as part of or parallel to the environmental and social impact studies. Annex A contains a detailed outline of a FRP required for a project requiring a resettlement plan.

1 "Significant" is defined as meaning:

- 200 or more persons will experience resettlement effects. In addition to this numerical guidance, project planners and the Bank should also determine the "significance" of a project by evaluating the severity of adverse impacts on disadvantaged groups (for example, female-headed households, the poorest, isolated communities, including those without title to assets, and pastoralists). Any project that has adverse impacts on disadvantaged groups or ethnic, religious and linguistic minorities, or which affects the poorest and most marginalized communities who do not have the capacity to absorb such impacts, should be considered significant, requiring a full resettlement plan.

- 3.4.9 For projects in which the number of people to be displaced with a loss of assets or restriction of access to assets is “small”², an **abbreviated resettlement plan** (ARP) should be prepared and agreed with the borrower. Annex B provides guidance on the contents of an abbreviated Resettlement Plan. The ARP plan should be finalized as a supplement document to the environmental Annex of the Bank’s Appraisal Report.
- 3.4.10 The full resettlement plan and the abbreviated resettlement plan should be posted in the Bank’s Public Information Center (PIC) and the Bank’s web site for public review and comments in accordance with the Bank’s disclosure policy and the Bank’s Environmental and Social Impacts Assessment Procedures (ESAP 2001). Special attention should be given by the project Task Manager to, among other things, the nature of the consultations with affected groups and local NGOs and the extent to which the views of such groups were considered in the environment and social management plan (EMSP) with its measures for mitigating and monitoring environmental impacts and, as appropriate, strengthening institutional capacity.
- 3.4.11 In projects, where people are not physically displaced and the affected persons are not disadvantaged groups and enjoy clear title to the assets; and furthermore, the institutional setting and the market place offer reasonable opportunities for replacement of assets and income, the Bank may determine in consultation with the borrower and affected people that a full resettlement plan may not be necessary. However, in such cases, an abbreviated resettlement plan may be required and activities and costs related to resettlement must still be built into the project design and an implementing plan agreed upon with the borrower before the project is approved. Any such implementation plan must be developed in a transparent and participatory manner and must include provisions for grievance redress and dispute resolution.
- 3.4.12 In certain types of Bank operations related to financial intermediaries (FI), e.g. lines of credit, where it may not be possible to identify the resettlement issues up-front, provisions should be made by the Bank to ensure that any resettlement eventually required is carried out in accordance with this policy. For such operations that may involve involuntary resettlement, the FI should screen subprojects to be financed under the Bank’s procedure and Bank staff must ensure their consistency with this policy.

2 “Small” is defined as meaning:
- Less than 200 persons will experience resettlement effects.

- 3.4.13 The policy also requires that for each subproject presented for Bank financing, the FI should submit to the Bank for its review and evaluation a satisfactory full resettlement plan or an abbreviated resettlement plan that is consistent with the provision of this policy framework. If the project-implementing agency of the financial intermediary has demonstrated adequate institutional capacity to review resettlement plans and ensure their consistency with this policy, the Bank could agree, in writing that subproject resettlement plans may be approved by this agency without prior Bank review so long as the borrower also agrees, in writing, that any such subproject resettlement plans will be in compliance with Bank policies and procedures.
- 3.4.14 Some sector loans designed to promote growth and investment in sectors requiring the building of infrastructure are likely to cause involuntary resettlement (e.g. transportation, transmission lines, water and sewerage, etc.). In such cases, the Bank would include initiatives to strengthen institutional capacity and reform the regulatory framework in order to make adequate provisions for sound resettlement practices, and the borrower should agree as a condition of such loans to comply with the Bank's resettlement policy in all projects under the loan that result in involuntary resettlement.

IV. IMPLEMENTATION STRATEGIES

4.1 Resettlement Strategy

Development Approach

- 4.1.1 Resettlement planning should be based on a development approach which would involve offering the displaced persons and host communities several development options consisting of activities to reconstruct the production foundation of the resettled and making them self-sustaining producers and wage earners. The resettlement plan should ensure that the displaced persons are provided with assistance during relocation. The aim of relocation is to improve their former living standards, income earning capacity, and production levels. The displaced persons and host communities should be offered support after relocation, for a transition period that covers a reasonable period of time necessary for them to improve their livelihood and standard of living. In the case of urban setting, this support could take the form of short-term jobs, sustenance support, training and capacity building, salary maintenance or other similar arrangements. However, in the case of rural areas, the resettlement program should emphasize and provide land-for-land for displaced persons whose livelihoods are based on land, as well as participation in training, and access to material equipments, inputs and credit. The development activities should be gender sensitive and be appropriate for the special needs of disadvantaged groups, ethnic, religious and linguistic minorities, elderly, female headed households, indigenous groups, etc. The host population should also be assisted to become additional beneficiaries of these activities.
- 4.1.2 The Bank recognizes that significant cultural and psychological issues are likely to arise when people have to be resettled. As far as possible, the project should avoid the destruction of cultural, religious and archaeological sites or provide alternative sites that are acceptable to the displaced persons and host communities and that have at least the same locational and productive advantages as the land which has been lost. In case of destruction of such sites, all attempts should be made to reconstruct them and to maintain the sense of community among settlers, and between settlers and their hosts. Provisions should be made for counseling and advice to the displaced persons and host communities about how to cope with, and benefit from, the resettlement activities.

Participation

- 4.1.3 The affected population and host communities should be involved in the design of the resettlement plan. Community participation helps to ensure that compensation measures, relocation site, development programs and service provision reflect the needs, priorities, and development aspirations of the affected people and their hosts. All stakeholders, particularly the affected population, host communities and

their representatives, should be fully informed, consulted and effectively involved at all stages of the project cycle. Participation can also facilitate greater transparency and fair play in compensation procedures, and encourage greater community involvement in operation and maintenance of service infrastructure and in development programs. The resettlement plan should include an explicit public information strategy. This would include the use of mass media, particularly radio and television, to advise the dates and times of public meetings, availability of documents, selection criteria, cut-off dates, and compensation measures. NGOs can often provide valuable assistance and ensure viable community participation. Special measures need to be put in place to ensure full and effective participation of disadvantaged groups in such processes, including efforts to identify and establish working relations with the relevant CSOs and NGOs at all levels.

Eligibility and Entitlements

- 4.1.4 The resettlement plan should have a clear definition of the project affected persons (PAPs) by socio-economic and gender category; household or family; the cut-off dates for eligibility for compensation; the assets to be compensated at replacement cost, and the development projects proposed. It is particularly important that the country national laws and legislation as well as local definitions of land tenure, rights to common resources and inheritance practices are recognized. The definition of the unit for compensation (family or household) should anticipate and accommodate the land and housing needs for elderly sons and daughters to establish their own households.
- 4.1.5 The benefits offered by the resettlement program should be clearly established. This may cover, for urban resettlement activities, financial compensation; housing and service provision; transport, temporary accommodation and other short-term provisions required for relocation such as, credit facilities, training or job opportunity. In rural areas however, this may cover land-for-land, participation in training, and access to material equipments, inputs and credit. In cases, where land is not the preferred option for some of the displaced persons, non land-based options should be considered. These options should be built around creating employment opportunity or self-employment. Moreover, resettlement offers a unique opportunity for addressing gender inequality in land ownership and control. For example, Bank staff should make sure that project planners are ensuring that replacement land is registered in the name of women and men, when applicable (case for instance of absence of formal legal rights to land or other assets) and in conformity with the borrower's own laws and legislation, either by establishing independent ownership rights for women or jointly under both the husband and the wife's name.

Compensation Procedure

- 4.1.6 The plan should describe the legal basis and the procedures for expropriation and compensation at full replacement cost for land and property. The plan should identify any gaps or inconsistencies between the borrower's legal framework and the Bank's resettlement policy, and the mechanisms to bridge such gaps. The criteria for assessing the value of land, housing and other property should be standardized and transparent. The dispute settlement procedures should be sufficiently agile to resolve arguments over valuation quickly. As a result, appropriate and accessible grievance mechanisms, through informally constituted local committees with representatives from key stakeholder groups should be established to resolve any dispute arriving during the compensation procedures. Where affected population do not have land titles, cadastral surveys may have to be carried out to establish the basis for compensation and procedures should be established to regularize and recognize claims to land, including claims that derive from customary law and traditional usage. The payment procedure should be simple, and payment should be settled before expropriating the land or at least soon after. Compensation payments should be independently monitored, and accurate records should be kept of all transactions. The project may provide an opportunity to regularize traditional land tenure and provide formal title. Land for land is often the preferred option, with ownership of the land remaining with the community group. Similarly, replacements in kind would, if possible, be applied for compensation for loss of common property such as marine, river, lake or forest resources. In case of cash payments, affected households may be provided counseling to ensure that compensation is used wisely. Compensatory provisions should also take gender differences into account. It is advisable that there is a monitoring body that supervise compensation provisions, and that this body in turn is regularly supervised by Bank staff.

Relocation Criteria

- 4.1.7 The criteria for site selection should be explicit and should be discussed in detail with the affected families (i.e. both the relocatees and their hosts). It may be important for rural resettlement programs, to ensure that a whole community or village is resettled together. Agricultural or pastureland provided through land-for-land resettlement should be equal or better in quality, including access to safe drinking water and irrigation water for agricultural lands. Other infrastructure and public services such as access roads, community centers, education and health services should be provided as necessary to improve living standards of the displaced population and host communities. The procedures for allocation of plots should be agreed with families and should be transparent. When rural communities are relocated, the move may involve domestic animals as well as people. Adequate arrangements must be made to ensure that animals can be watered, fed and housed at the temporary relocation site. Serious considerations

and adequate measures must be implemented to mitigate negative environmental and social impacts at the relocation site.

Legal and Institutional Framework

- 4.1.8 The resettlement plan should be consistent with the national legislation of the borrower as well as the requirements set in this policy. The resettlement plan should also be in line with the national poverty reduction strategic paper (PRSP) as well as the development policy and plans of the borrower. The plan should identify the institutional responsibilities and should address the choice of agency for plan implementation, the staffing requirements, capacity building, and interagency coordination.
- 4.1.9 The plan should include detailed timetable, covering all components of the resettlement program such as, transport, storage and any temporary dwelling arrangements for the move. The timetable should be coherent and consistent with the overall project schedule. The timetable should also take into account social including religious and economic calendars to avoid interruption of school year, planting or harvesting seasons, etc. Project completion phase should take into account the completion of all resettlement activities planned.
- 4.1.10 The resettlement plan should also include a detailed budget breakdown by components, agency and calendar year. The total cost of the project should include the full cost of all resettlement activities. The budget should clarify the source of funds for the resettlement activities (for example, counterpart financing, Bank funding, or bilateral sources). The plan should be submitted as a formal document to the relevant national, local and/or municipal agencies and to the Bank, and should include an executive summary detailing the size of the affected populations, the proposed resettlement measures and activities, key definitions and outstanding issues.
- 4.1.11 The arrangement for reporting, monitoring and evaluation, consistent with the overall project planning and scheduling, should be included in the plan. The implementing agency should be responsible for reporting the progress of the plan implementation, typically quarterly. An independent third party should monitor large resettlement plan implementation with regular feedback from the affected people. Monitoring activities should include a review of the grievance mechanism, to ensure both that there is an adequate channel for affected people to express their concerns and grievance, and that those grievances are being addressed in a timely manner. Monitoring should cover the impact of the plan as well as its physical progress. Monitoring should also evaluate the borrower's commitment to the resettlement plan, and the availability of sufficient financial resources (as identified in the budget) for accomplishment of the resettlement plan. An independent ex-post evaluation should be carried out by the borrower and the Bank, and should be included in the budget of the plan.

4.2 Operational Strategy

- 4.2.1 **Identification:** At project identification phase, the project Task Manager (TM) in the Bank with the support of Bank Sustainable Development Unit (PSDU) should assess government policies, experience, commitment, institutions, and the legal framework covering resettlement. The TM must also evaluate the gaps, if any, between the borrower's legal framework and Bank policy, and steps that are being taken in the project or at the national level to address those gaps and ensure that borrower practice is consistent with the requirements of Bank policy. Once it has been established that the project would involve involuntary resettlement, the TM should briefly summarize in the Project Brief, the magnitude, strategy and timing of the resettlement. He or she should inform the borrower of the Bank's resettlement policy; invite agencies responsible for resettlement to discuss their policies, plans, and institutional, consultative, and legal arrangements for resettlement. Furthermore, where appropriate, it should be ensured that technical assistance is provided early to borrowers, for example, through the use of Bank's Project Preparation Facility (PPF) resources for resettlement planning and building institutional capacity. The Task Manager should consider the advisability of providing a training program on this policy and effective resettlement implementation for the various agencies responsible for resettlement.
- 4.2.2 **Preparation:** If the initial assessment identifies that resettlement is likely to be involved in a Bank financed project, the terms of reference of the resettlement plan should be prepared, preferably in conjunction with preparation of the project feasibility study. At this stage, the gathering of baseline data and/or conducting social economic surveys should start. The Bank preparation mission should determine the feasibility of the resettlement plan, discuss and agree on the strategy with the executing agency, and estimate the budget for the resettlement activities to be included in the project costs. The mission team should also ascertain the adequacy of the consultation process with the affected persons as well as the host communities. The Project Brief should specify the key environmental issues including any resettlement impacts on the host environment, or environmental hazards to which the resettled communities might be exposed. Project planners should bear in mind that resettlement impacts (including the numbers of people to be affected) and costs are often under-estimated. The budget should therefore include a contingency fund for "unanticipated problems," which will allow planners to budget additional funds in advance instead of being in the difficult position of trying to solve escalating problems without sufficient funds. The project TM examines the type, location, sensitivity, scale of the proposed project, as well as the nature and magnitude of the project cycle.
- 4.2.3 **Appraisal:** The borrower should submit to the Bank a draft resettlement plan prior to the launching of appraisal mission of a Bank's financed project which includes a time-bound resettlement component and budget. The plan should conform to this policy, and the borrower should disclose it at a place accessible to

displaced persons and local NGOs, in a form, manner, and language that are understandable to them. Affected persons and local NGOs should be offered a meaningful opportunity to comment on the draft plan. The appraisal mission should ascertain how and to what extent the human hardship in the involuntary resettlement can be minimized, and whether the borrower has adequate capacity to manage the resettlement process. The Bank must carefully assess the adequacy of the plan, including the timetable and budget for resettlement and compensation, and the soundness of the economic and financial analysis. Finally, the availability and adequacy of relocation sites and funding for all resettlement activities including the feasibility of the implementation arrangements and the extent of involvement of beneficiaries should be verified during the appraisal mission. PSDU Unit will clear the finalized resettlement plan before it is translated and forwarded by the project Task Manager to the Board prior to project approval.

- 4.2.4 **Negotiation:** At the negotiation stage, the borrower and the Bank should agree on the resettlement plan. The resettlement plan and borrower's obligation to carry it out must be covenanted. The borrower will agree in the loan agreement to comply with all relevant Bank policies; the loan agreement should specify the environmental and social policies that apply to the project. The Appraisal Report should summarize the plan and clearly indicate that it meets the Bank policy requirements.
- 4.2.5 **Implementation and Supervision:** Resettlement component will be supervised throughout the implementation of the project. Bank's supervision missions will be staffed with requisite environmental, social, economic, and technical expertise. These missions will also ensure that the borrower's implementing agencies also have the requisite environmental, social, economic and technical expertise to properly implement the project. The Bank's supervision missions will work with the implementing agency staff to solve implementation problems as they arise. For any Bank financed project that involves a significant number of people to be displaced, in-depth Annual Bank reviews and midterm progress reports will be prepared. Project involving large-scale or complicated resettlement activities should be independently monitored.
- 4.2.6 Upon completion of the project, the borrower will undertake an assessment of the success of the resettlement plan. This should be followed by Bank's Project Completion Report (PCR).
- 4.2.7 **Post-Evaluation:** The evaluation mission will review the Bank's Project Completion Report (PCR) to evaluate resettlement and its impacts on the quality and standards of living of the resettlers and the host communities.

4.3 Institutional Strategy

Bank's Role and Responsibility

- 4.3.1 The Bank will support borrower's efforts on projects involving involuntary resettlement through i) assistance to the executing agencies to adopt and operationalise objectives and principles of this policy; ii) assistance in formulating and implementing resettlement policies, laws, regulations, specific plans and strategies; and (iii) direct financing of the investment costs of resettlement.
- 4.3.2 The Bank will also support the capacity building, as required of executing agencies to plan and implement involuntary resettlement in all projects and provide technical assistance to strengthen the organizational, managerial and implementation capacity of agencies responsible for resettlement including, as noted in paragraph 4.2.5, strengthening the environmental, social, economic and technical expertise of these agencies. The Bank will also finance eligible costs for resettlement. Bank financing of resettlement can thus be provided as a component of the project involving displacement and requiring resettlement.
- 4.3.3 In particular, the Bank will examine the extent to which project design alternatives (including the alternative of not proceeding with the project) and options to avoid, minimize and mitigate involuntary resettlement impacts have been considered during the pre-identification phase.
- 4.3.4 The Bank will ensure that appropriate social, technical and legal experts review the adequacy of the resettlement plan, and that field visits of the possible resettlement sites are organized to review its suitability. During this field visit, a dialogue with local authorities and civil society organisations, the resettled population and the host community should also be organized.
- 4.3.5 The Sustainable Development Unit (PSDU) should be consulted in the preparation of the summary resettlement plan. For Bank's financed project involving resettlement of a significant number of people, this summary should be submitted, together with the environmental and social impact assessment summary, to the Board and made available to the public through the Bank's disclosure policy and ESAP 2001 before the project is approved. For projects in which the number of people to be displaced is small, the prepared abbreviated resettlement plan should be submitted to the Board together with the environmental annex of the Bank's Appraisal Report.
- 4.3.6 At project identification phase, the TM with the support of PSDU should assess government policies, experience, commitment, institutions, and the legal framework covering resettlement. An analysis should be made to determine the nature of the legal framework for the resettlement envisaged, including (a) the

nature of compensation associated with it, both in terms of the valuation methodology and the timing of payment; (b) the legal and administrative procedures applicable, including the appeals process and the normal time-frame for such procedures; (c) land titling and registration procedures; and (d) laws and regulations relating to the agencies responsible for implementing resettlement and those relating to land compensation, consolidation, land use, environment, water use, and social welfare. Particular attention should be paid to provisions in the legal framework relating to disadvantaged groups.

- 4.3.7 Once the Bank accepts the resettlement Plan, the Bank will make it available to the public through the Bank's Public Information Center (PIC), as part of the Bank's Public Disclosure policy.
- 4.3.8 The Bank will regularly supervise the implementation of the resettlement plan to assess compliance with respect to the plan. These supervision efforts should include independent meetings with affected persons and host communities, and a review of activities under the grievance redress process. The Bank will ensure that compliance problems are addressed promptly, and if resettlement implementation is not in compliance with this policy, the Bank will take immediate steps to halt disbursements or undertake other remedial measures until such time as the project is brought into compliance with this policy and the project-specific resettlement plan.
- 4.3.9 The Bank will review the experience of the Involuntary Resettlement policy after the policy has been implemented for about three years. A report on this review, including any recommended adjustments to the policy, should be submitted to the Board.

Borrower's Responsibility

- 4.3.10 The borrower is responsible for preparing, implementing and monitoring a resettlement plan that conform to this policy. The borrower may need assistance to manage the studies, review the results, determine whether or not changes are needed, and to ensure consultation with affected groups. It may be necessary for the Bank to provide or budget for short or long-term technical assistance to the borrower for such management functions. The organisation responsible for resettlement should be strengthened when entities executing infrastructure or other sector specific projects lack the experience and outlook needed to design and implement resettlement. One alternative is to create a special resettlement unit within the project entity; this can facilitate the involvement of other line agencies. The Bank can provide assistance to identify qualified NGOs, consultants or firms, prepare TORs and help locate sources of funds. The resettlement plan could be financed from a project preparation facility (PPF) or from bilateral sources.

- 4.3.11 The borrower will ensure that the resettlement plan is fully consistent with the project implementation plan.
- 4.3.12 The borrower will provide to the Bank a draft resettlement plan that conforms to this policy prior to the launching of the appraisal mission for a project involving significant number of people to be displaced. However, where impacts on the displaced population are small, an abbreviated resettlement plan may be agreed with the borrower during appraisal mission. The resettlement plan will also be disclosed at a place accessible to the displaced population and NGOs, in a form, manner and language that are comprehensible to them. Displaced persons and NGOs will be invited to provide comments and critiques of the draft plan, and the borrower should take these comments into consideration in any revised draft.
- 4.3.13 It is the borrower's responsibility to implement the resettlement plan and keep the Bank informed of its progress.
- 4.3.14 The borrower is responsible for monitoring and evaluation of the activities set out in the resettlement plan.
- 4.3.15 Upon completion of the project, the borrower will prepare a Project Completion Report (PCR). This should be followed by the Bank's own PCR. If either assessment reveals that any key objectives of the resettlement plan were not achieved, follow-up measures should be developed in consultation with the borrower and the project affected persons to remedy the situation.

Monitoring and Evaluation by the Bank

- 4.3.16 Monitoring is important in observing whether the mitigative measures planned are in fact implemented in order to make adjustments in project plan, design and implementation if and where required. These adjustments should be summarized and included in the monitoring reports. Monitoring should include all social and environmental impact indicators, which during project identification and preparation have been identified as crucial.
- 4.3.17 Quarterly reviews of large-scale resettlement operations are recommended and in-depth reviews of mid-term progress, consistent with the overall project scheduling are critical. Such reviews should be planned from the beginning to allow the executing agencies and the Bank to make the necessary adjustments in project implementation.
- 4.3.18 The effectiveness of mitigation measures recommended and implemented should be evaluated, and the lessons learned utilized for the formulation of similar types of projects in the future. The evaluation should compare the actual situation with the planned or predicted (including, in particular, the number of people affected),

and review the assumptions, the resettlement induced and associated risks, as well as uncertainties encountered.

- 4.3.19 The resettlement component of an operation must be fully and specifically covered in the reports on the progress of the overall project, and included in the logical framework of the operation.
- 4.3.20 The monitoring activities will focus on compliance with the resettlement plan in terms of the social and economic conditions achieved or maintained in the resettled and host communities. The plan and the loan agreement will specify the monitoring and evaluation requirements and their timing.
- 4.3.21 Whenever possible, qualitative and quantitative indicators will be included as benchmarks to evaluate those conditions at critical time intervals related to the progress of overall project execution. The final evaluation will be scheduled at a targeted date estimated for completion of the plan, defines as the date on which it is expected that the living standards the plan was designed to provide are achieved. This evaluation will provide the opportunity to assess the accuracy of that target date, and whether resettlement activities should be continued beyond the target completion date in order to meet the policy objectives. Independent supervision and multidisciplinary evaluation will be provided to the extent required by the complexity of the respective resettlement plan.

V. CONCLUSIONS

- 5.1 This policy has been developed in response to the involuntary displacement and resettlement of people arising from development projects. The goal of the policy is to ensure that Bank's projects involving resettlement are implemented in a manner, which would allow affected populations to be treated equitably, and share in the benefits of the project that involves their resettlement. The present policy is meant to assist the Bank and borrowers to address resettlement issues in order to mitigate the negative impacts of displacement and resettlement and establish sustainable economy and society.
- 5.2 The policy defines the affected population in a resettlement program, describes the modes of identifying their loss of assets/income resources or access to assets, eligibility and entitlements within the context of a resettlement plan. It emphasizes a development approach, which offers the displaced persons and host communities, development options for reconstructing their productive activities and income sources, as well as their active participation in the design of the resettlement plan.
- 5.3 In order to safeguard against ill-prepared and poorly implemented resettlement plans, the Bank's policy establishes the operational procedure and institutional strategy to be followed in the implementation process of a resettlement plan.
- 5.4 Good resettlement plan would be beneficial from economic, social and environmental considerations and should contribute to improved project quality and impact. It would also promote more equitable development.

GLOSSARY

Affected Population	Defined as those who stand to lose, as a result of the project, all or part of their physical and non-physical assets, such as homes, communities, productive lands, resources such as forests, range lands, fishing areas, important cultural sites, commercial properties, tenancy, income-earning opportunities, and social and cultural networks and activities.
Compensation	Money or payment in kind to which the people affected by the project are entitled to, as decreed by government regulations or laws in order to replace the lost asset, resource or income.
Disadvantaged Groups	Distinct groups of people that may suffer dis-proportionally from project related activities (e.g. female-headed households, children, elderly, ethnic, religious and linguistic minorities, handicaps, etc.).
Expropriation	The action of a government in taking or modifying property rights of an individual in the exercise of its sovereignty.
Entitlement	Range of measures comprising compensation, income restoration, transfer assistance, income substitution, and relocation which are due to affected people, depending on the nature of their losses, to restore and improve their economic and social base.
Full Cost of Resettlement	Compensation based on the present value of replacement of the lost asset, resource or income without taking into account depreciation.
Host Community	Community residing in or near the area to which affected people are to be relocated.
Involuntary Resettlement	Development project results in unavoidable resettlement losses, that people affected have no option but to rebuild their lives, incomes, and asset bases elsewhere. Involuntary resettlers are thus people of all ages, outlooks and capabilities, many of whom have no option but to give up their assets. Bank policy designates involuntary resettlers as requiring assistance.

Project Area	Areas in and adjacent to the construction areas and other areas to be modified by the project (e.g. impoundment of reservoirs, rights of way for infrastructure projects, irrigation command areas).
Relocation	Rebuilding housing, assets, including production land, and public infrastructure in another location.
Rehabilitation	Re-establishing incomes, livelihoods, living, and social systems.
Resettlement	The entire process of relocation and rehabilitation caused by project related activities.
Resettlement Impacts	The direct physical and socio-economic impacts of resettlement activities in the project and host areas.
Resettlement Plan	A time-bound action plan with budget setting out resettlement strategy, objectives, entitlement, actions, responsibilities, monitoring and evaluation.
Voluntary resettlers	Voluntary resettlers are generally self-selected, young, and willing to pursue new opportunities. Voluntary settlement may form part of a resettlement plan, provided measures to address the special circumstances of involuntary resettlers are included.

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Annex A: Outline of a Typical Full Resettlement Plan

1. Description of the project, project area and area of influence

General description of the project and the area of influence.

2. Potential Impacts

Description of the project components or activities that would give rise to resettlement, zone of impact of such activities, and the alternatives considered to avoid or minimize resettlement.

3. Organizational Responsibility

The institutional arrangements within the executing agency and provision of adequate resources to this institution should be discussed and all inter-agency coordination should be described. The capacity and commitment of the institution to carry out the resettlement plan should also be evaluated. If necessary, strengthening of this institution should be considered and the steps that will be taken, together with a timetable and budget, should be described at the project preparation phase. There should be considerable scope for involving the local people and NGOs in planning, implementing and monitoring resettlement.

4. Community participation

A description of the consultation and participation of the displaced and hosts communities in the design and implementation of the resettlement activities including a summary of the views expressed and how these views were taken into account in preparing the resettlement plan.

A review of the resettlement alternatives presented and choices made by displaced persons, including choices related to forms of compensation and resettlement assistance, to relocating as individual families or as part of pre-existing communities, and to retaining access to cultural property (e.g., places of worship, cemeteries, etc.).

Description of procedures for redress of grievances by people affected to project authorities throughout the planning and implementation.

5. Integration with host communities

Consultations with host communities and local governments and arrangements for prompt tendering of any payments due to the hosts for land or other assets should be provided to resettlers. Arrangements for addressing any conflict that may arise between the resettlers and host communities should also be made.

Appropriate measures should be taken to augment public services (e.g. education, water, health, and production) in host communities to make them comparable to services provided to resettlers.

6. Socio-economic studies

- (a) A population census covering current occupants of the affected area, including the description of the production systems, household organisation, baseline information on livelihoods and standards of living of the displaced population;
- (b) An inventory of assets of displaced households; the magnitude of the expected loss – total or partial for individual or group assets, and the extent of physical and economic displacement;
- (c) Information on disadvantaged groups or persons for whom special provisions may have to be made;
- (d) Provisions to update information on the displaced people's livelihoods and standards of living at regular intervals so that the latest information is available at the time of their displacement;
- (d) Description of land tenure systems, including common property and non-title based land ownership or allocation system recognized locally and related issues;
- (e) Public infrastructure and social services that will be affected; and
- (f) Social and cultural characteristics of displaced communities.

7. Legal framework including mechanisms for conflicts resolution and appeals

- (a) The applicable legal and administrative procedures, including a description of the remedies available to displaced persons in the judicial process, and the normal time frame for such procedures; and available

alternative dispute resolution mechanisms that may be relevant to the project ;

- (b) Laws and regulations relating to the agencies responsible for implementing resettlement activities; and
- (c) Any legal steps necessary to ensure the effective implementation of resettlement activities, including a process for recognizing claims to legal rights to land – including claims that derive from customary and traditional law and usage.

8. Institutional Framework

- (a) The identification of agencies responsible for resettlement activities and NGOs that may have a role in project implementation; and
- (b) An assessment of the institutional capacity of such agencies and NGOs.

9. Eligibility

Definition of displaced persons and criteria for determining their eligibility for compensation and other resettlement assistance, including relevant cut-off dates.

10. Valuation of and compensation for losses

- (a) The methodology to be used in valuing losses to determine their replacement cost; a description of the proposed types and levels of compensation under local laws and such supplementary measures to achieve replacement cost for lost assets; and
- (b) A description of the packages of compensation and other resettlement measures that will assist each category of eligible displaced persons to achieve the objectives of this policy.

11. Identification of alternative sites and selection of resettlement site(s), site preparation, and relocation.

- (a) Institutional and technical arrangements for identifying and preparing relocation sites, for which a combination of productive potential, locational advantages, and other factors is at least comparable to the

ancillary resources ;

- (b) Procedures for physical relocation under the project, including timetables for site preparation and transfer;
- (c) Any measures to prevent influx of ineligible persons at the selected sites; and
- (d) Legal arrangements for regularizing tenure and transferring titles to resettlers.

12. Shelter, infrastructure, and social services

Plans to provide or finance housing, infrastructure (e.g. roads, water supply, etc.) and social services (schools, health services); plans to ensure comparable services to host populations; and any necessary site development.

13. Environmental protection

An assessment of the environmental impacts of the proposed resettlement and measures to mitigate and manage the impacts.

14. Implementation schedules

An implementation schedule covering all resettlement activities from preparation through implementation, including target dates for achievement of expected benefits to resettlers and hosts and terminating the various forms of assistance.

15. Costs and budget

Tables indicating breakdown of cost estimates for all resettlement activities, including allowances for inflation and other contingencies; timetable for expenditures; sources of funds; and arrangements for timely flow of funds.

16. Monitoring and evaluation

Arrangements for monitoring of resettlement activities by the implementing agency; supplemented by independent monitors as appropriate, to ensure complete and objective information; performance monitoring indicators to measure inputs, outputs, and outcomes for resettlement activities; evaluation of the impacts of resettlement for a reasonable period of time after the resettlement activities have been completed.

Annex B An Abbreviated Resettlement Plan

1. A census survey of the expected size of the displaced persons, their socio-economic status including the value of their assets and other sources of livelihood should be carried out.
2. The displaced people and the host population should be consulted about acceptable project alternatives and should be informed about project's potential impacts on them.
3. Description of compensation options to be offered and other resettlement assistance to be provided should be documented and discussed with the resettlers including their preferred choice. It would be preferable to use local NGOs in this process.
4. Institutional responsibilities for implementation of the resettlement plan including involvement of NGOs in monitoring the plan should be established; and
5. The schedules, budget and sources of funds should be agreed upon with the executing agency.