

Chapter 1

INTRODUCTION

This volume is based on the presentations made, and the discussions held, at two related workshops sponsored by the Social Development Division of the Asian Development Bank (ADB) and the Economic Development Institute (EDI) of the World Bank, with financial support from the Australian Agency for International Development (AusAID). They dealt with the policies and practices applicable to development projects and other phenomena when an element of involuntary resettlement or economic and social dislocation takes place. The workshops were held in Manila, the Philippines, at ADB headquarters, and at Port Vila, Vanuatu in 1998. The Manila workshop was mainly for participants from Southeast Asia and the Port Vila one was exclusively for Pacific nationals. The programs followed at the workshops, along with the lists of participants and resource persons attending, and the participant evaluations of these workshops, are set out in Annex C, at the end of this publication.

The remainder of this chapter is devoted to an introduction to the topics covered in the workshops, drawing on the opening remarks that set the tone for what followed. Chapter 2 then sets out the main issues of policy that ADB and EDI set out to address in the workshops, namely, the resettlement policies applicable to projects funded by the two international development banks. After a review of the main aspects of the Manila workshop (Chapter 3), some recent developments with the adoption of such policies at the national level in Southeast Asia is addressed in Chapter 4. The Pacific workshop is presented along with several of the main papers prepared for it in Chapters 5–8. Important linkages to the work of the private sector and nongovernment organizations are addressed in Chapters 9 and 10 and approaches to the monitoring and evaluation of projects having a large social dimension are dealt with in Chapter 11. Chapters 12 and 13 are devoted to case studies of involuntary resettlement drawn from Indonesia and the Solomon Islands. The volume concludes with a review of the ways in which the issues discussed at the workshop were integrated into action plans for subsequent implementation at the national level (Chapter 14). Annexes are provided setting out the detail of how ADB and the World Bank generally deal with projects having resettlement components (Annex A) and a reconciliation of the slightly different terminology used by the two banks (Annex B) as well as Annex C, referred to above, that sets out the particulars of the two workshops.

Workshop Expectations

In introducing the subject of resettlement at the Manila workshop, Kazi F. Jalal, Chief of the Office of Environment and Social Development (OESD) at ADB highlighted the fact that it was not an abstract topic; resettlement is about real people. Referring to the member countries of the ADB, he continued:

“Our region has enjoyed rapid economic development in recent years, yet we know that this development has not benefited all people equally. In ADB-financed projects in Asia alone, about 200,000 people per year are threatened directly with displacement. They are the people who will

experience resettlement. They may lose land, houses, businesses, assets or resources. Many of them are poor and disadvantaged. They often have no say in discussions among project stakeholders. They can indeed be voiceless because they are too busy making ends meet everyday.

These affected people are not here with us today, and this workshop is all about representing their interests in the best possible way. Our task is to make sure that cases of involuntary resettlement are minimized wherever possible. Where resettlement is unavoidable, our policies and practices have to help ensure that these people will not be worse off as a result of the development projects we finance and implement. We aim to improve their living conditions, their livelihood. This ... is a serious task.

It is, however, also a task that can be achieved with relatively modest budget allocations. We found that, since 1994, the costs of land acquisition and resettlement in Bank-funded projects have, in most cases, not exceeded 10 percent of the total project development cost.

I would like to share three points with you ... focusing on how we can be successful in our resettlement work.

First, let us consider the essential requirements for good resettlement planning. In cases where resettlement is unavoidable, our aim is to achieve fair and equitable compensation for lost assets, livelihoods, and incomes. Yet we recognize that resettlement means more than just compensation. We also understand the critical importance of measures to restore living standards and livelihoods, through housing replacement and income restoration program.

Good resettlement practice needs sound social assessments, reliable demographic estimates, appropriate resettlement expertise in planning, good cost estimates, firm financing arrangements, and the phasing of resettlement in line with civil works construction.

Box 1.1: Essentials of Good Resettlement Planning

Fair and equitable compensation for lost assets, livelihoods, and incomes.

Restoration (or enhancement) of living standards and livelihoods through housing replacement and income restoration program.

Adoption of participatory planning strategies.

Dealing with the special problems of vulnerable groups in society.

Source: Opening Address to the Manila Workshop by Kazi F. Jalal, Chief, OESD, ADB.

The Pacific member countries [of ADB] have their own specific needs and priorities in the context of resettlement policy implementation. Their resettlement problems can be small in numerical terms, but they typically occur in a social and cultural context in which the loss of land, or the loss of customary use rights, strikes at the fundamentals of local values. A second workshop will be held for Pacific member countries in Port Vila ... and we hope that the workshop participants from Fiji and Papua New Guinea will advise us on how to design this follow-on workshop. I also want to inform you that ADB will publish the proceedings of both workshops for dissemination to all of you, and also more widely in the region.

We are delighted that AusAID, which has its own resettlement guidelines in place has been able to provide cofinancing support to enable EDI of the World Bank to collaborate with us in organizing this workshop.

The World Bank has been a pioneer in the field of involuntary resettlement policy and planning, with initial staff instructions being formalized in 1990. ADB followed the World Bank's lead, and our Staff Instructions on Involuntary Resettlement were issued in 1994. ADB's Board then approved the Policy on Involuntary Resettlement in 1995. Since 1994, we have made significant progress in building in-house capacity and in meeting the policy objectives in our member countries.

There are many common principles in the involuntary resettlement policies of ADB and the World Bank. For example, both banks aim to explore technical alternative options at an early stage, to avoid or minimize the need for resettlement. Both banks aim to achieve not just fair compensation but also restoration of livelihoods and living standards. We both recognize the need to follow closely the established guidelines and procedures during implementation. We also recognize the importance of effective executing agencies that are responsive to local development needs, opportunities, and constraints. The common principles in the two banks' policies are operationalized in different implementation frameworks at ADB and the

Box 1.2:

Keynote Issues in ADB-Assisted Resettlement

Resettlement means fair and equitable compensation together with measure to restore, or enhance, the living standards and livelihoods of people unavoidably affected. This requires sound planning including social assessments.

Resettlement will be implemented in different policy, legal, and administrative frameworks in each country; and some of these country frameworks are being enhanced.

ADB, the World Bank, and other agencies share common principles of resettlement, and this creates a framework for effective dialogue, collaboration, and exchange of experience, including this workshop.

Source: Opening Address to the Manila Workshop by Kazi F. Jalal, Chief, OESD, ADB.

World Bank. We have slightly different operating guidelines and handbooks. You will find that our terminology sometimes differs too. Yet the fundamental similarities in the basic principles of resettlement provide a strong framework for dialogue and cooperation on resettlement, including the joint organization of this workshop.”

Jalal concluded his remarks by commenting that, with the right policies and procedures, we can work together to help protect the living standards and livelihoods of those people who are faced with involuntary resettlement.

These sentiments were echoed by Aloysius Ordu of the World Bank Resident Mission in the Philippines. Also welcoming this collaboration between the World Bank and ADB, Ordu emphasized the extent to which social aspects of development had been given a more prominent place in the thinking of development banks in recent times and how this made resettlement policies of central concern in certain classes of projects. He also stressed that the hard lessons learned in the recent financial crisis in many Asian countries had shown up the importance of transparency and good governance at every level in social and economic development activities.

Turning to the guidelines for resettlement embraced by the World Bank, Ordu drew attention to just two key principles. These are minimization and participation. On minimization of resettlement, Ordu said that the dislocation of people from their homes and cultural heritage constitutes a disaster with tremendous social and economic costs. These costs are manifested as delays in project implementation, waste of investment in infrastructure, and increased, and long-term, dependence on government. Every alternative needs to be considered before adopting a development plan that includes significant involuntary resettlement.

Turning to the issue of participation, Ordu emphasized that those adversely affected by a developmental activity had important views to contribute on how best to minimize or mitigate those impacts, and their views needed to be heard. Thus, it is not enough simply to inform people of what is about to happen, nor is it enough to hold consultative meetings; what is needed is a true sense of participation in the process of planning that leads to the kind of empowerment that enables those affected to feel that they are still in charge of their own lives and destinies.

Ordu also echoed the call made earlier by Jalal for a heightened degree of donor uniformity of approach in such sensitive areas of development. He illustrated his point with a reference to projects in Viet Nam that involve resettlement and depend on support from multiple international and national funding agencies. He sympathized with the Government of Viet Nam over the confusion of viewpoints that were possible under such circumstances. He also applauded the solution adopted by that government—to draft and adopt its own national guidelines that would be acceptable to all and applicable in all cases of involuntary resettlement.

Ordu concluded his remarks by saying that, in this workshop, “... the issues of economic rehabilitation, good governance, transparency, and consistency in the policies of the lending institutions need to be accorded a great deal of attention”.

Speaking on behalf of AusAID at the opening of the Port Vila workshop, Steve Hogg, First Secretary (Development), at the Australian High Commission in Port Vila, reiterated many of the points made in Manila. However, he also indicated that the adaptation of sound policies on resettlement, including those of the international banks and of AusAID itself, to the peculiar conditions of Pacific countries may prove to be quite a challenge. Hogg acknowledged the critical importance of urbanization in Pacific countries as giving rise to all manner of conflicts that may sometimes involve resettlement as part of their resolution. He highlighted

the ways in which AusAID support was already being directed to activities such as urban land use planning that should lead to better strategic planning and more informed decisions relating to land use and resettlement.

Hogg also gave a personal perspective as one who had grown up in the Pacific and observed the uncontrolled drift from depressed rural areas to the urban fringe and all the social problems that come with it. To some extent this drift was the result of deterioration of state capacity to maintain an acceptable infrastructure and basic services in rural areas. It could therefore be argued that the line between voluntary and involuntary resettlement is sometimes hard to draw. It was on these grounds that he urged that such resettlement should also come within the purview of government.

After welcoming participants in Port Vila, Jeffrey Stubbs, ADB Representative at its South Pacific Regional Mission, put emphasis on the way in which public and state sponsored private investments take place within changing economic and social relations. In the Pacific, these include increased urbanization, the development of informal "squatter" settlements around major towns, and changing conventions concerning land tenure as social and economic systems evolve.

Stubbs also referred back to the three major principles underlying the resettlement policies adopted by ADB as set out in Box 1.2.

With these thoughts in mind, the workshops turned attention to the detail of resettlement policies adopted by ADB and the World Bank and these are explored in Chapter 2.