

# Chapter 3

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## THE MANILA WORKSHOP

*This chapter is devoted to an introduction to the workshop held in Manila and deals explicitly with four topics considered there:*

- *Various thematic issues in resettlement;*
- *The importance of socioeconomic surveys and participative techniques in achieving an equitable and effective implementation of resettlement components in development projects;*
- *Some approaches to economic rehabilitation of affected people; and*
- *Financial issues and the impact of the current economic crisis in many countries of the region.*

### Introduction

The overall objectives of the workshop were:

- To examine the main policies needed to guide effective resettlement and rehabilitation of project-affected people;
- To examine a few of the more important practices required by these guidelines;
- To apply the lessons of the workshop in country-based action plans, and
- To enhance uniformity of approach among regional funding agencies contributing to the finance for such development projects.

Participants attended from the Republic of the Fiji Islands, Indonesia, Lao People's Democratic Republic, Papua New Guinea, Philippines, Thailand, Viet Nam (See Annex C). Those from the Pacific were also charged with the additional task of assisting with an evaluation of the workshop from a Pacific perspective and, if that evaluation was positive, with making suggestions for the form of what became the follow-up workshop exclusively for Pacific nations.

In addition to the four topics set out below, several other aspects of the workshop are dealt with in other chapters of this publication. The policy issues are addressed in Chapter 2 and in Chapter 4. Implications for the private sector and for NGOs are dealt with in Chapters 9 and 10. The monitoring and evaluation of resettlement is addressed in Chapter 11, Chapter 12 contains a major case study from Indonesia, and the action plans that emerged are presented in Chapter 14.

### Thematic Issues in Resettlement

In the course of a panel presentation and discussion session, ADB staff responsible for a variety of projects in differing sectors highlighted policy issues that were of current importance to them.

## Legal Covenants and Conditions of Effectiveness

John Boyd, Senior Counsel at ADB, provided an overview of the procedures followed in arriving at project specific covenants which, in effect, become an enforceable element of international law applying to each project. (See ADB Environmental Paper No. 10, entitled *“Environmental Loan Covenants: Helping Ensure the Environmental Soundness of Projects Supported by the Asian Development Bank”* 1992.) While the ultimate sanction of loan cancellation would very rarely be adopted, the agreements entered into are of a serious and binding nature and are widely available as they are incorporated as “assurances” into the project *Report and Recommendation of the President* (of ADB), which is a public document.

It was emphasized that the key step in detailing how ADB resettlement policies are reflected in the project plan of operations is the conduct of the Initial Social Assessment which is described more fully in Annex A. This leads to the preparation of a resettlement plan prior to loan appraisal. To illustrate how these steps lead to specific assurances agreed between the borrowing government and ADB, Boyd drew on projects from Viet Nam and Nepal. The conventional kinds of assurances in respect of the social dimensions of a project involving resettlement are summarized for a road improvement project in Viet Nam in Box 3.1.

### Box 3.1

#### Viet Nam Second Road Improvement Project —Assurances Negotiated

The main assurances relating to the social aspects of the project are as follows:

##### **Resettlement Plan:**

- Agreement to implement the jointly developed Resettlement Plan as may be amended by mutual agreement.
- Government to ensure affected persons are compensated and resettled in accordance with the Resettlement Plan; and
- The Project Management Unit to engage a domestic agency, under terms of reference acceptable to ADB, to monitor implementation of the Resettlement Plan.

##### **Ethnic Minorities Action Plan:**

- Government to implement the agreed ethnic minorities action plan; and
- Monthly status reports on implementation to be made a part of wider reporting to ADB.

##### **Implementation:**

- Government, in cooperation with ADB, to conduct a mid-term detailed review of the project and its implementation;
- The review is to cover all aspects including land acquisition and resettlement; and
- Following the review, Government will take all steps necessary to correct problems identified.

The second illustration used by Boyd concerned a hydroelectric project in Nepal. The Kali Gandaki “A” Project is located in a valley with a long history of intensive human settlement. The main structures of the project is a 44-meter high concrete diversion dam, spillway, desanding basin, headrace tunnel, power station, access road, and power transmission lines. Nine villages and 45,000 people are in the project area. Of these, 617 families are directly affected, 125 of which requiring resettlement. The basic assurances obtained in respect of social aspects are set out in Box 3.2.

### Box 3.2

#### Nepal: Kali Gandaki “A” Hydroelectric Project—Assurances Negotiated

Assurances relating to social aspects of the project were agreed as follows:

- Government and Nepal Electricity Authority (NEA) to implement plans for land acquisition, compensation and resettlement as well as a Mitigation Management and Monitoring Plan as agreed with ADB and make quarterly reports; and
- NEA to maintain throughout construction a Panel of Experts for Environmental and Social Advisory Aspects, which will make semi-annual reviews and recommendations.

In addition to these general assurances some other aspects of project implementation were noted by Boyd. These concerned the land acquisition issues for the access road and the generating facilities and transmission lines, gender issues, and public consultation.

The land for the access road was acquired by the Government prior to the ADB loan. However, it was made subject to ADB guidelines for compensation and resettlement. Most families moved their homes to other adjacent land they already owned. The eight landless families were provided with homesites and a fund was set up to meet the legitimate claims of absentee owners of land acquired. Negotiations on these matters were facilitated by informal village advisory groups. Many local economic benefits flowed to the affected community as soon as the road was opened.

The generating facilities and transmission lines require the resettlement of 50 of the 284 affected families. Those whose livelihoods have been seriously disrupted are eligible for retraining and access to micro-enterprise finance.

Women are the predominant local workforce as many men take up military service or work on construction sites in nearby Kathmandu. Special provision has been made for them to have priority access to available work associated with the project construction as well as through the establishment of cottage and other small enterprises.

The consultative process has been extensive and conducted over a long period both at the local level and among affected people based in Kathmandu. At both locations, project information centers have been established.

Boyd concluded with a summary of recent ADB experience and practice in the field of resettlement:

- After 30 years of experience with infrastructure projects, there has been a serious shift of emphasis towards the social implications in recent years;
- The newly adopted policies are implemented in part through the assurances provided at loan negotiation on issues such as:

1. Implementation of agreed resettlement plans,
2. Plans for the needs of indigenous people,
3. Execution of mid-term reviews, and
4. Establishment of independent monitoring panels.

### Other Project Implementation Issues

The issues highlighted by Boyd were further addressed by other members of the panel. In the case of water resource projects, Ian Fox, a Rural Development Specialist at ADB, pointed out that all the usual limitations on project design are present along with the fact that many facilities, such as flood levees, are either very land consumptive or very expensive and the adjacent lands may actually be very productive when not under flood conditions. This means that affected people are often unwilling to move even if their land has been purchased and they have been compensated—they just return to their original locations and farm so long as they can. This reoccupation is akin to squatting and can also occur in the upper reaches of a reservoir, which is only occasionally filled with water.

#### Box 3.3

#### Resettlement Practice—Participant Comments

Discussion of the issues raised in the panel presentations included the following:

- Local preference for construction site work is an attractive policy for easing the costs and disruption of those affected by a project. However, it might not always be easy to have contractors agree to use the labor of resettlers. This would be especially so when a contractor had well established links to workers from another community.
- In some cases ADB staff were reluctant to include resettlement costs as part of the funding package. This could be because they felt that, without having to put up the money, governments may not be fully committed to the required approaches. However, there is, in fact, no obstacle to including eligible costs of resettlement in the financing package agreed with multilateral development banks.
- The main concern expressed was that without financial involvement by the lender, the resettlement components would be completed, but to a lower standard. For this reason, it was urged that ADB and the World Bank should usually accept responsibility for a significant share of resettlement funding so that good practices could be established.
- It is possible that different projects in the same country might decide on different levels of compensation. This can lead to difficulty. If a project is seen as having very large incomes, there is a temptation to keep asking for more and more compensation. Once a project entity is seen to depart from its original plan, there is no end to the requests for review of compensation levels. The establishment of national guidelines and standard eligibility matrices would help to avoid such a situation. This problem would also be eased by the early and widespread dissemination of information on the entitlements acceptable to the project.
- It was noted that multilateral development banks have a general policy of not meeting project costs that amount to internal domestic transfers. These include taxes and the cost of land acquisition.

A. Jorgensen, Senior Engineer at ADB, pointed out that urban resettlement is becoming a major issue in many countries. It can represent as much as 40 percent of the cost of an urban development project such as for water supply or wastewater disposal. Urban localities may be attractive as resettlement sites because of proximity to work opportunities. Also, the continuity of urban development does itself provide opportunities for unskilled jobs. In some cases, contractors have been required to use displaced people as part of their labor force. Where such measures are inadequate, the project may include funding for local labor intensive industrial development or micro-enterprise credit finance.

It was also pointed out that most of the areas in crowded Asian countries that are being used as resettlement sites, are themselves environmentally sensitive. Since many resettlers also come from areas that are being evacuated because of their environmental damage, this can make the entire project enormously environmentally sensitive in addition to being highly socially disruptive.

These many aspects of project implementation involving resettlement were of very practical interest to the workshop and some highlights from the discussion that ensued are presented in Box 3.3.

## Surveys and Participation

Manoshi Mitra of the ADB Social Development Division set out the four main elements of an effective program of information collection for resettlement projects. These were:

1. A census of the persons who are to be affected by the project as a basis for broad level planning and the provision of identification documentation that would both protect their rights and minimize the intrusion of others attracted by news of the development expected to be undertaken;
2. Detailed land records of the locality so as to account for all forms of ownership and other usufruct rights, including those attaching to communities or clans as common property whether under statutory or customary title;
3. Collection of socioeconomic information on the status of all affected people, including those located in the proposed host areas and including information on sources of income, personal skills, and existing commitments to the support of other members of the community; and
4. Special application of procedures such as Participative Rural Appraisal to elicit the views and aspirations of the most vulnerable of affected people through focus groups and other informal consultative procedures.

Gordon Appleby, Social Scientist from the Environment and Natural Resources Division of EDI at the World Bank, introduced the key aspects of an effective participatory approach to involving affected people in every phase of the resettlement project. In particular, he detailed the importance of moving from the one-way provision of information from the project to affected people, through a more two-way process of consultation and true mutual collaboration, to a situation in which the affected people feel themselves to be fully empowered and in charge of their own destiny. All of these stages should be observable in all phases of the project, from initial identification to detailed preparation and appraisal, through to implementation and later evaluation.

Montri Suwonmontri of the Electricity Generation Authority of Thailand (EGAT), outlined the participatory approaches followed by his organization. He noted that an extension

of the process of participation was to include those responsible for decision making and opinion forming whose views could be beneficial or prejudicial to the project. This concern with public relations is a valuable element in an ever more open and accountable system of government. In addition, when participation revealed serious problems, it was equally important to have ready access to techniques for conflict management to help resolve the conflicts arising from different vested interests in the project resources, its assets or its benefits.

## Approaches to Rehabilitation

Richard Manning, Consultant to the EDI, led a session dealing with alternative ways of re-establishing the livelihoods of project affected people. This covered both land-based rehabilitation and nonland-based approaches such as through employment, informal commercial activities, small enterprises, and government assistance. The advantages and disadvantages of each, and the population to which they might apply, were all discussed. Even where the land-for-land option is preferred, it is not always possible to find suitable land. In all cases, then, there would be a need for nonland solutions. These could have a very positive effect in helping to accelerate the transition out of agriculture as the economy matures and so hasten access to new and more remunerative activities for those with the knowledge or experience to allow a move into a new field of work. It was emphasized that the diversity of interests and the uncertainty of success meant that the project should offer as wide a range of economic rehabilitation options as possible and offer them as early in the project as possible. Some of the issues to emerge in discussion sessions are set out in Box 3.4.

### Box 3.4

#### Economic Rehabilitation Options—Discussion Points

- The experiences gained from involuntary resettlement could be transferred to the handling of other kinds of resettlement, including that arising from natural disasters, civil unrest, and the alleviation of environmental stress including that found in areas occupied by informal settlements and squatters.
- Each project needs a clear information program to avoid the problem of resettlers who have been assigned land for their rehabilitation also trying to take advantage of other rehabilitation packages designed for the landless.
- New institutional arrangements for savings, banking, and credit are needed in many project sites where there can otherwise be wasteful use of compensation funds. In particular, those receiving cash compensation may come under pressure from salesmen of seductive consumer goods.
- Beyond the needs of the basic landholding community, there is a need to find land or work for the adult children of landholders, both now and in the future.
- Training should not be seen as an end in itself but as the means to gaining access to actual and useful work.
- There is scope for innovations that will stimulate the generation of work opportunities in the private sector. For instance, this might occur through tax breaks or subsidization of trainee placements.

## Asia's Financial Crisis — Impact on Social Programs in Southeast Asia

This session was led by Pramod Agrawal, Resettlement Specialist for East Asia from the World Bank. Participants helped develop a list of the main characteristics of the crisis as it was currently affecting their situation in their home countries.

The major impacts noted concerned loss of real income due to devaluation and inflation, loss of employment due to down-sizing of construction work and many public offices, more competition for fewer jobs due to urban migration, and erosion of the social institutions as individuals, families, and communities coped with these strains. In some cases, this showed up in terms of increased drug addiction and violence.

Bank lending operations were seen as being affected by the scarcity of local finance which showed up as delays in starting new activities, shifting of priorities to help meet emergency needs such as in depressed areas or for vulnerable groups, and the slowdown of existing projects caught with rising costs and falling financial allocations.

Resettlement programs were becoming short of operational funds, compensation payments were being delayed—giving rise to grievances, and the benefits due were being eroded by inflation. All the efforts to improve the condition of affected people were being thrown into jeopardy and, even so, more people were likely to try to enter project areas to get a little of whatever was available.

It was concluded that a main concern would be to enhance the consultative process so that affected people were kept informed of what the project was attempting to do and how it was constrained. Wherever possible, compensation could be made in kind by the provision of land from public stocks and greater attention given to low cost methods of assisting people to find employment in the informal sector. What funds are available need to be used with the utmost efficiency and all aspects of the program should be carefully monitored for effectiveness.

The session concluded with a careful review of all the many categories of resettlement and rehabilitation expenses that could be included as items financed by the banks if the borrower was willing to incur debt for these purposes. These are brought together in a table included as the Attachment to Annex A. Limited funds might also be found from non-repayable grants out of trust funds accessible to the banks.

Box 3.5 provides a short summary of the main topics taken up in discussion.

### Box 3.5

#### The Asian Financial Crisis—Main Issues

Rajat Nag, Manager of ADB's Programs Division West 3 who chaired the relevant session of the workshop, summed up the consensus views arising from the discussion with the following points:

- a. The crisis is as serious as any the region has ever faced, and it is not over yet.
- b. Its impact has been at a macro-economic as well as a micro-economic level and all aspects of social activity have been affected.
- c. Interventions discussed are not new, but they all need a renewal of effort to make things work as effectively as possible.
- d. There is a temptation to cut back on social programs, but this needs to be resisted so as to avoid the most vulnerable in society having to bear an unfair share of the cost of adjustment.
- e. There is something to be said for reassigning funds so that, instead of doing everything half well, half of everything is done well.