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**“SYMPOSIUM ON INVOLUNTARY DISPLACEMENT AND SUSTAINABLE LIVELIHOOD
RESTORATION: GOOD PRACTICES AND LEARNING FROM MISTAKES”**

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KEY NOTE SPEAKER:

**Susanna Price
Senior Social Development Specialist
Environment and Social Safeguard Division
Regional and Sustainable Development Department
Asian Development Bank**

SPEAKING NOTES FOR THE OPENING SESSION ON GOOD PRACTICES

TEN STEPS TOWARDS GOOD RESETTLEMENT PRACTICE AT ADB

It is a great honor for me to deliver a keynote address in this opening session. I would like to present the key steps that ADB has taken to initiate good practice in the application of its Involuntary Resettlement Policy, highlighting the role of social science in this process, and also suggesting some ways in which ADB's experience may have broader application in enhancing resettlement good practice.

I. ADB's Policy on Involuntary Resettlement

ADB's Policy on Involuntary Resettlement was approved in 1995, becoming effective on 1 January 1996.¹ The Policy draws upon the World Bank's OD 4.30 that was then applied to World Bank operations.² Clear records document the development of OD 4.30 as a social policy that articulated an operational framework for addressing adverse impacts of population

¹ ADB 1995 *Policy on Involuntary Resettlement*. Manila. The Policy followed the President's Instructions that were issued in February 1994 requiring the use of OD 4.30 as an "appropriate proxy" for resettlement operations pending the approval of ADB's own Policy and procedures.

² World Bank's OD 4.30 was converted to OP 4.12 in 2001 following a comprehensive public consultation.

displacement that had been extensively documented through a series of detailed case studies. From the outset, the World Bank's policy's content "...was grounded in social science knowledge accumulated from pre-existent research....During the 10 years following its initial enactment [in 1980] the original Operational Manual Statement went through several rounds of improvements based on feedback from operational projects and findings from social research..." involving anthropologists and sociologists, before being issued in 1990 as OD 4.30.³ This development encompassed a significant learning experience by social scientists working on resettlement, and, even more so, by the organization itself, which was designed to create "important cultural premises inside the organization for adoption of a new approach to resettlement."⁴

ADB's Policy, in comparison, was adopted more recently, drawing upon the World Bank's core policy principles and procedures as a pre-existing model, adapted to the unique features of ADB's culture and loan processing cycle. While the policy formulation process benefited from internal consultations, complemented by in-house project based analysis conducted prior to its issuance, in some respects its preparation and approval lacked the kind of comprehensive, institutionally based learning experience, the change of culture, that preceded the approval of OD 4.30. Even at the World Bank, the policy development had not always been easy, as attested by Michael Cernea:

"It is to be expected that a social policy which deliberately sets standards considerably above current practice will be exposed to countervailing factors, resistance, obstruction, attempts to bypass and other forms of opposition, and will have to contend for a while with instances of sub-standard performance. But this is how, in time, the gap will be

³ See Michael M. Cernea's 1993 "Anthropological and Sociological Research for Policy Development on Population Resettlement" in Cernea and Guggenheim *Anthropological Approaches to Resettlement: Policy, Practice and Theory* Westview Press Inc, USA. Page 20. See also Michael M. Cernea 1996 and 1997 "Sociological Practice and Action-Research on Population Resettlement: Parts I and II" in *Journal of Applied Sociology*.

⁴ Ibid.

narrowed. By adopting new standards, the policy sets in motion many resources able to support it. These are not only financial and economic resources, but political ones as well. It enormously empowers the affected people themselves to participate in the resolution of relocation problems, to defend their needs and interests, to negotiate more forcefully...”⁵

Since the arrival of the first Social Development Specialist (Resettlement) in late 1996, ADB has taken steps designed to promote understanding of the Policy and, simultaneously, to learn lessons from its application in ADB operations. In this sense, ADB’s intensive learning experience with the Policy application has come **after** the Policy was approved, rather than **before** it. Grappling with these issues has entailed a learning process for us, as resettlement specialists, that has shaped the way we have learned lessons, and endeavored to apply them within the institutional framework. Addressing these questions has challenged us to revisit the core policy principles, to convince our colleagues across disciplinary lines, to form new alliances with legal and technical specialists, and specialists in poverty reduction, social protection, gender and others. It has led us to define anew the way that we implement these core principles in practice.

I would like to present the key steps that we have taken at ADB as an institution since the Policy became effective in 1996 to understand our Policy, to learn how to interpret it and to use it in practice, and to incorporate these lessons learned into a strengthened framework for operational performance. I describe these steps as components of a structured process of institutional learning and policy implementation, that may have wider application elsewhere, with adjustments to circumstances. Therefore, they may be relevant for various institutions, Governments, public corporations, or the private sector corporations.

⁵ Ibid, page 34.

The ten key steps in our working method may be summarized for simplicity.

- (i) **Disseminating Information on resettlement:** We began by preparing a report on the status of Policy implementation for ADB-wide circulation to alert management and the Board to the status of Policy implementation, identifying a program of action to address immediate needs in terms of loan identification, processing, approval and supervision.⁶ A number of briefing papers followed. More recently, we launched a Resettlement website in 2001 that presents key information, including resettlement plans and their summaries, and links to other sites including OED reports;
- (ii) ***Handbook on Resettlement: A Guide to Good Practice.*** The Handbook was published in 1998, that provided more detailed guidance to ADB staff, consultants and executing agencies in the Region to address resettlement issues at key points through the project cycle, covering identification, preparation and supervision and evaluation of ADB loans with involuntary resettlement. This document represented an important milestone in formally articulating the expectations that we set for good resettlement practice, including initial screening, social and economic studies, and participatory approaches to resettlement.
- (iii) **Resettlement Training Program:** We developed resettlement training programs for in-house staff. The initial course (1997) focussed on supporting those team leaders preparing loans based at headquarters, and facing immediate resettlement issues. Since 2001 we have delivered training courses annually, broadening our focus to include staff at Resident Missions, with the later courses providing an important opportunity to feed back lessons learned from

evaluations, and to use practical case studies. A new Safeguard Resettlement training program is now being launched. In addition, we developed a resettlement training program for staff of key executing agencies jointly with the World Bank, that allowed us to work with experienced resettlement trainers.⁷

- (iv) **Recruitment of Resettlement Specialists:** We began in 1998 to recruit Resettlement Specialists with strong resettlement planning and management experience in ADB's Region.⁸ We formed a Resettlement Network, at first an informal lunch-and-coffee support group that was later formalized in 2002 in the context of ADB's reorganization. The Resettlement Network won a President's Team Prize in December, 2002 which accorded an important measure of official recognition for its work;
- (v) **Resettlement Policy Review:** Next, a critically important step, we conducted a Resettlement Policy Review 2000-2001 that, among others, reviewed the policy impact of ADB's adoption of poverty reduction as an overarching objective in 1999;⁹
- (vi) **Focus on Resettlement Supervision, Monitoring and Evaluation:** Since supervision is a vital but sometimes neglected area, we initiated a special study on enhanced supervision of environmental and resettlement operations.¹⁰ We have recently prepared new Guidelines for Monitoring and Evaluation to address issues that arise before and during resettlement implementation;¹¹

⁶ ADB. 1997. *Policy on Involuntary Resettlement, First Annual Report to the Board of Directors*. Manila, followed by ADB. 1999. *Policy on Involuntary Resettlement, Second Report to the Board of Directors*. Manila.

⁷ ADB. 1998. *Resettlement Policy and Practice in Southeast Asia and the Pacific: Proceedings of Workshops held in Manila and Port Vila*. Manila.

⁸ The Resettlement Specialists recruited at ADB over the period 1996 to 2002 include Ruwani A. Jayewardene, Marla C. Huddleston, Lanfranco Blanchetti-Revelli; Scott Ferguson; Jayantha Perera and the author. Joyce Munsayac, a national officer, is also a member of the Network.

⁹ ADB. 1999. *Poverty Reduction Strategy*. Manila.

¹⁰ ADB 2000 Report and Recommendations on Improving Environmental Protection and Supervision of Resettlement Operations During Implementation of ADB Financed Investments by John W. Head and Michael M. Cernea, 22 May, Internal Report.

¹¹ Ruwani A. Jayewardene initiated the Guidelines. ADB 2003 Draft Guidelines on Monitoring and Evaluation.

- (vii) **Learning from Field Case Studies:** Careful analyses of the results of involuntary resettlement evaluation studies were conducted through in-depth field assessments by the Operations Evaluation Office (OED). First, the OED Special Evaluation Study on the Policy Impact of Involuntary Resettlement (the OED study)¹² evaluated the adequacy and effectiveness of the policy and its implementation for ADB's future portfolio management and provided feedback for enhancing implementation of the policy. A special evaluation of resettlement in hydropower projects also provided insights.¹³
- (viii) **National Resettlement Policy Frameworks:** We initiated special technical assistance through regional and country-specific means to understand, review and promote enhancement of national resettlement policy, legal and administrative frameworks.¹⁴ In accordance with our Policy focus on the wider policy and legal framework in which involuntary resettlement is to be implemented, which varies according to the unique circumstances of each country, we have launched a number of studies designed to increase our understanding of these unique circumstances, to identify any gaps with ADB Policy and procedures, to grasp the magnitude of the implications of policy differences for ADB operations, and to develop a range of recommendations to minimize this gap. Our efforts began with an exploratory regional initiative in seven regional DMCs with significant resettlement in ADB's portfolio: Bangladesh, Indonesia, Nepal, Pakistan, the Philippines, Peoples' Republic of China, and Viet Nam. We expanded to include more substantial country-specific initiatives in Sri Lanka, Viet Nam, Lao PDR and Cambodia. We found gaps in

¹² ADB. 2000. *Special Evaluation Study on the Policy Impact of Involuntary Resettlement*. Manila. This evaluation selected eight sample projects in four countries (Bangladesh, People's Republic of China, Indonesia and Philippines) based on sector and regional criteria. The sample included projects approved both before and after the introduction of the Policy on Involuntary Resettlement. In addition, eight sample projects were selected to assess the current pattern and practices in managing ADB's resettlement portfolio.

¹³ ADB. 2000. *Social and Environmental Impacts of Selected Hydropower Projects*. Manila.

legal frameworks that provide for compensation to title holders of land, but do not provide for full social and economic rehabilitation for all affected persons, including the poorest and most vulnerable, in close consultation with them. Our work highlighted the importance of understanding and addressing the gaps, not just in order to support fully the implementation of ADB Resettlement Plans, but in order to extend the benefits of good practice to all projects, regardless of the source of financing;

- (ix) **Understanding Resettlement Risks:** Based on our assessment of the urgent need to understand displacement impoverishment risks better, and to improve our capacity to guide the development of appropriate risk management strategies, we prepared a new technical assistance study for Capacity Building in Resettlement Risk Management, designed to understand impoverishment risks for ADB projects and to develop new conceptual approaches and tools to address them;¹⁵
- (x) **New Operational Procedures:** Finally, we drew upon all of these activities to prepare new Operational Procedures for implementation of the core policy principles of the 1995 Policy, based on the introduction of new safeguard compliance steps at ADB, that were introduced in early 2002 for public and private sector projects.¹⁶

II. Implementing the Policy: What were the lessons Learned?

I will highlight some of the issues that arose during our Resettlement Policy Review, especially during the course of extensive staff consultations on Policy implementation. As evidence that we faced an institutional learning curve, some of our colleagues were having difficulty in dealing

¹⁴ This topic is the subject of a separate Paper in this Symposium.

¹⁵ ADB.2002. RETA 6091 *Technical Assistance on Capacity Building for Resettlement Risk Management*. Manila.

¹⁶ ADB's safeguard policies include Environment, Involuntary Resettlement and Indigenous Peoples.

with basic concepts: defining, on the ground, the extent of “involuntary resettlement effects,” and the extent of ADB’s temporal, spatial and legal responsibility. Similarly, staff wanted clearer guidance about the quality and depth of resettlement information at each stage of the project cycle—for example, they wanted articulation of a clear standard for a satisfactory, time-bound Resettlement Plan before appraisal. Modalities for ADB operations were becoming more complex—how would we deal with loans with multiple components or subprojects, emergency assistance loans or loans involving financial intermediaries whereby sub-projects are not selected, and technical designs, site impacts and involuntary resettlement effects are not identified before appraisal?

In negotiating resettlement plans, certain issues repeatedly emerged that required special attention, giving the impression to some that the Policy was contentious. For example, how to reach agreement on resettlement arrangements for those who lack formal title to their land and other assets? While the policy specifies that lack of formal title to land is not a bar to compensation and other assistance, this requirement may be at variance with national policy and legal standards. Similarly “equitable compensation”, “sufficient to replace all lost assets”, may complicate negotiation—how to achieve this when DMC compensation procedures are generally based on land acquisition laws that do not necessarily encompass market rates? The Policy calls for people affected to reach at least the same income and living standards with the project as without it – but what did this imply for the economics of the post-resettlement period, and for the restoration of social capital? Our OED studies revealed that we had not always restored the economic and social base of people affected. The OED studies confirmed what we already knew from the extensive literature of resettlement research—that it is not necessarily easy to manage impoverishment risks and turn resettlement into a development opportunity.¹⁷

¹⁷ See, for example, Michael M. Cernea (ed) 1999 *The Economics of Involuntary Resettlement: Questions and Challenges*, World Bank, Washington D.C.; Michael M. Cernea and Christopher McDowell (eds) 2000 *Risks and Reconstruction: Experiences of Resettlers and Refugees*, The World Bank, Washington D.C.; Christopher

Public disclosure represented another delicate issue. Again, the Policy requirement was clear—inform fully and consult closely the people affected on resettlement and compensation and options. This presented another challenge to develop practical strategies to strengthen public information dissemination, consultation, and disclosure of resettlement plans. This may present practical difficulties to Executing Agencies (EAs) and project sponsors, especially where technical designs may be incomplete, or where land speculation might be a real risk, or where the people affected may be marginal to the mainstream in geographic, socioeconomic, cultural or linguistic terms.

Underlying these consultations with our colleagues, we sensed a level of frustration. Was the Policy really “doable”? Did it demand significant additional time and resources, and expense for borrower governments, that would make ADB’s lending non-competitive? As we created awareness of the meaning of Policy requirements, we found, paradoxically, a growing sense of concern among our colleagues. With diminishing time and resources for both preparatory work and for supervision, some of our colleagues felt themselves to be caught in what has been described as a “compliance dilemma.”¹⁸ This increased the urgency to revise our operational guidelines for resettlement, to reduce ambiguity, to clarify standards and definitions, and to draw on the lessons learned about practical application since the first such guidelines had been prepared. This would also help us to make better use of scarce resources. In doing so, in a changing operational environment, we needed to distinguish between the key steps of “procedural compliance” and the basic policy outcomes that we aspired to attain. This led us to

McDowell (ed) 1996 *Understanding Impoverishment: The Consequences of Development-Induced Displacement*, Berghahn Books, Oxford.

¹⁸ World Bank. 2001. *Cost of Doing Business: Fiduciary and Safeguard Policies and Compliance*. Washington D.C.

revisit the core Policy principles that focussed on clear outcomes for the lives of the people affected.¹⁹

III. Poverty Reduction: Addressing the Impoverishment Risks of Displacement

The approval in 1999 of ADB's *Poverty Reduction Strategy* generated new attention to a longstanding resettlement concern that led us back to the Policy principles again. Was our Policy formulation sufficient to deal with the risks of impoverishment? Were we, in fact, creating new poor through displacement and dispossession, or deepening poverty levels among those affected who were already poor? The Policy on Involuntary Resettlement calls for "special measures to enhance the status of the poorest and vulnerable" — but what would this encompass? These questions sharpened the need to start thinking early about resettlement screening and categorization, as a basis for assessing and managing resettlement risks, especially impoverishment risks. Starting early in risk assessment would help to provide real opportunities to consider design options that would avoid or minimize resettlement, and to enhance the scope for participation of civil society in the planning process.

These questions led us to consider the wider context in which ADB addresses social issues. Our Policy requires ISA, and initial social assessment, which is conceived as an early scoping exercise to identify the social issues, including involuntary resettlement, that need to be addressed during project processing. Through consultant Terms of Reference, the ISA sets the scope for subsequent preparatory work. Could we use ISA more effectively, highlight its potential and importance to non-social scientists who did much of the work in these initial assessments, and broaden the time frame and resources that were devoted to it? Working with our colleagues in poverty reduction and social protection, we re-defined ISA as IPSA, an Initial

¹⁹ The recent IFC Review has also distinguished between "procedural compliance" versus "outcomes". See Compliance Advisor Ombudsman 2003 *A Review of IFC's Safeguard Policies: Core Business: Achieving Consistent and Excellent Environmental and Social Outcomes*, Washington D.C.

Poverty and Social Analysis, which would integrate social and poverty assessments at an early stage. We linked this with the introduction of an explicit framework for addressing the impoverishment risks of displacement.²⁰

The Resettlement Policy Review and related studies have recommended no change to the core resettlement policy principles that, in summary, require efforts to (i) avoid involuntary resettlement wherever feasible; (ii) minimize resettlement where population displacement is unavoidable; and (iii) ensure that those affected receive assistance, preferably under the project, so that they would be at least as well off as they would have been in the absence of the project (Policy paragraph 33). Involuntary resettlement is to be perceived as an “opportunity rather than an impediment” (paragraph 30), requiring special measures for those affected who are poorest and vulnerable to enhance their status (paragraph 34 (vii)). The reviews and related studies concluded that the core Policy objectives accord well with ADB’s Poverty Reduction Strategy.

Yet involuntary resettlement, that is based on dispossession and displacement of people from assets, resources, and/or incomes, was found to present complex risks and challenges. These challenges—to avoid impoverishment of those affected, and to minimize costly delay to project implementation—warranted various recommendations, designed to clarify the Policy principles in operational terms, and to improve resettlement planning and management procedures to incorporate lessons learned so far, especially to strengthen the application of impoverishment risk analysis instruments.

ADB has taken steps to address these recommendations, based on consultation with operational staff. ADB introduced Safeguard Compliance steps in 2002 under the reorganized

²⁰ ADB 2002 *Handbook on Poverty and Social Analysis: A Working Document*. Appendix 6.2 Risk Assessment and

ADB that encompasses involuntary resettlement, together with environment and indigenous peoples. During 2002 some 40 percent of loans processed entailed resettlement effects that required attention, and these effects were addressed under the safeguard compliance procedures.

Safeguard compliance procedure clarifies the operational definitions, standards and steps to be used for resettlement identification, screening, planning, disclosure, approval, management, monitoring and evaluation. The procedure facilitates strategic interventions through the complete project cycle: from country programming and project identification, to preparation, implementation, completion and, finally, ex-post evaluation. It facilitates opportunities to enhance resettlement macro frameworks at the country level through policy dialogue; encourages early warning project screening to assess tradeoffs, manage risks, and to identify the resources required for effective involuntary resettlement planning. It requires consultation with and disclosure to those affected, and sets standards that must be met at key points in the project cycle. The new system facilitates identification of lessons learned from project completion reports, ex-post evaluations and country-specific evaluations, which can feed back into future planning. The new operational procedures on Involuntary Resettlement set out the requirements for resettlement identification, planning and management in order to formalize these steps and the lessons learned. Continuing review of staff resources, and capacity building needs, including the often-neglected area of resettlement supervision, are vital to underpin these efforts.

Critically, the new procedures open up new opportunities to manage impoverishment risks, starting early in identifying poverty issues, and canvassing all feasible options to address them, including alternative project design, and poverty reducing strategies. To inform this process,

ADB has approved a special study on resettlement risk analysis instruments that will help to refine and test new approaches. This is an important new regional initiative that is designed to develop new approaches to minimize impoverishment risks of displacement. This includes feeding lessons learned, where possible, into DMC national resettlement policy, legal and administrative frameworks that have potential for achieving a far wider coverage of people displaced.

What can we learn from ADB experience? Despite best efforts to avoid and minimize it, we know that development projects continue to displace and dispossess people, presenting continued risks that profoundly affect peoples lives. In concluding, I will identify some broad lessons that we have learned from our experience at ADB.

First, impoverishment risks of displacement need to be tackled head on. Learning from project case studies, the patient work of dedicated social scientists and resettlement specialists, can provide the leads that are necessary to address these issues. Secondly, special efforts may be necessary to provide enhanced tools and methods for impoverishment risk management. Not only this, however, but, thirdly, publicizing these lessons, and enhanced methods for risk management, especially within the organization, can help to focus attention on critical shortcomings and their possible remedy. This forms a vital part of the institutional learning experience, and can be reinforced by well-targeted training programs both for staff and for project level personnel. Yet, fourthly, whilst training is clearly essential, at the same time committed, specialist staffing resources, the experts in their field, are also needed for establishing good practice within the institution and in guiding others.

Fifth, setting the standards transparently and clearly through operational guidelines is essential in order to set the expectations and procedures for resettlement planning and implementation.

Some revisiting of the core Policy principle is essential in this process – it is vital that we keep our eye on the big picture, on the ultimate outcomes for people’s lives. Setting such standards is also an integral part of moving the institution forward, facilitating its understanding of its core developmental mandate and responsibility. But, sixth, although we focus primarily on the objective setting and planning, follow through into capacity building for supervision, monitoring and evaluation is also necessary to ensure that objectives, ultimately, are met. Seventh, in support, handbooks and manuals provide the tools to help the institution to live up to its articulated policy objectives, and inform governments and civil society of these expectations.

Eight, efforts to streamline project level resettlement safeguard requirements, and efforts to enhance the macro frameworks for resettlement, form the basis for continued dialogue with other development agencies, notably through the Harmonization process with the World Bank and JBIC. Coordinated approaches, that continue to draw upon the shared and detailed case study work of social scientists, together with approaches to in-depth consultation with members of civil society, people affected and our colleagues in development institutions, may help to provide the attention and resources that are necessary to deal with resettlement as a fully-fledged, development opportunity.

Ninth, it is also essential to look beyond the institution at the broader context for Policy implementation. We have learned that the resettlement Policy does not exist in a vacuum. It is implemented within a unique policy, legal and administrative framework in each DMC in which it is applied to ADB operations. Whilst a complementary framework will reinforce the implementation of resettlement plans at the project level, different standards and procedures, by way of contrast, necessitate special efforts in project level resettlement planning, negotiation, supplementation and supervision. This brings me to the tenth, and final point. Relations with the wider world, including governments and civil society are essential building blocks of institutional

good practice. Consultation on specific projects, on sector frameworks, on local regulations and on wider national standards, is all-essential for good resettlement practice. Whether we address this issue at the national level, the regional level, or the sector level, or indeed three, this is a continuing and critical area for our close attention. These lessons go beyond the mandate of the institution. Civil society groups are demonstrating their interest in this issue. Governments are beginning to listen to calls for fair and transparent, uniform resettlement standards that apply to all. Governments around the world must continue to listen and to address these issues that so directly affect the lives of their people.