
III. Country Studies

This section summarizes the key findings and recommendations of the three country reports prepared under this RETA.

A. Cambodia

Two ADB-assisted infrastructure projects that had involuntary resettlement provided the case studies for the country report. The resettlement audit of the Phnom Penh to Ho Chi Minh City Highway Improvement Project (Loan 1659-CAM) served as the main case study. The initial findings of the ongoing community needs assessment in the two adjoining relocation sites in Kab Srov (Loan 1824-CAM: Emergency Flood Rehabilitation Project, Kab Srov Dike Subproject) augment the insights and lessons learned from the resettlement audit of Loan 1659-CAM.

The country report draws a number of lessons revolving around Cernea's "decapitalization", risks that may be applicable to future infrastructure projects. Moreover, the audit of Highway 1 Project has made it possible to formulate a list of recommendations for adoption by Government to address outstanding resettlement issues.

Highlights of the results of the case study of Highway 1 Project are (i) the October 1999 Cambodia Resettlement Implementation Plan, was insufficient to meet policy requirements, (ii) resettlement work and civil works were separated, with IRC assuming the responsibility for planning, implementing, and monitoring resettlement, confining the road project's EA to civil works; (iii) the provisions of the Cambodia Resettlement Implementation Plan were not consistently followed, depreciation and the value of salvaged materials were deducted from the compensation given for affected structures, affected trees and crops in the right of way were not paid for; income loss arising from business disruption during resettlement was insufficiently addressed; landless APs losing residential and/or productive land were not provided replacement

lots; grievance redress mechanisms were not set up; and (iv) with IRC in possession and control of all data and records on resettlement in Highway 1, it was not possible to assess the actual magnitude of social displacement.

The following recommendations are made based on the case studies:

- (i) Government must adopt the proposed National Resettlement Policy, to be codified later into a subdecree;
- (ii) Since the passage of the resettlement subdecree is expected to take time (at the earliest in 2008), Government should apply in the interim the proposed Resettlement Handbook prepared under this RETA;
- (iii) The roles and responsibilities of government bodies involved in various capacities in projects with involuntary resettlement should be clarified. Appropriate training in resettlement should be given to the personnel in these agencies;
- (iv) The external monitoring agency (EMA) should be free from pressures from Government, specifically from IRC. EMA should be contracted out of project funds and by the donor agency;
- (v) Project authorities should be more transparent in handling resettlement and should provide adequate information to the APs about the project and their rights under the resettlement policy; and
- (vi) Grievance redress mechanisms must be organized at the grassroots level, with the participation of NGOs and APs.

In addition to the country report, the Cambodia RETA team also prepared a handbook on resettlement for the road sector, a list of resettlement resources, and a case study report on Highway 1.

B. India

Currently in India, compensation at replacement value is more likely to be paid in projects which are financed or co-financed by financial institutions that have policy requirements for involuntary resettlement. Since “compensation at market value” is always less than the replacement value, the difference is paid by the National Highways Authority of India (NHAI) as resettlement assistance. Survey results show that the difference between compensation and replacement values possibly is about 2.5 times. Recently, land has been acquired through direct negotiation with APs in a road sector project in Uttar Pradesh. The process took only 5 months. NHAI has started using this method for its Allahabad Bypass project.

Compensation and other additional payments to APs in the highway sector are being made separately, and a big time lapse exists between these payments. Procedural requirements to prepare micro plans are the main cause of this delay. Micro plans are procedures adopted by NHAI and not a requirement of ADB.

Income restoration (IR) measures must be based on productive income-generating activities. Weak planning and inadequate funding are responsible for poor outcomes in income restoration in the case study projects. The current procedure for socioeconomic surveys has to be improved to generate more specific data on the social and economic status of project-affected people, so that better planning can be done. APs should be involved in this process. Training of APs for new jobs has to be better planned to ensure that they secure sustainable employment. A majority of APs in the case studies were dissatisfied with the training they received. Some useful lessons have been learned in relation to income restoration: Direct employment, rehabilitation grants, and support self-employment have been adopted in other sectors with varying degrees of success and there is recognition of the need to assist affected people to reestablish themselves. The basis on which the various allowances and other payments are decided on these projects is not very clear, and in most instances does not appear to have much relationship to the actual needs of the APs. Focused efforts to assist affected women have also proved effective. State government policies to reserve employment for APs are commendable. Providing cash grants to APs could have adverse impacts if no professional assistance to help them set up viable enterprises is available. If the productive potential of the project is used for

income generation through group-based activity, the sustainability of the program will be better.

At headquarters, NHAI’s environmental and social aspects are handled by the Environment and Social Development Unit (ESDU) headed by the General Manager (Environment) which is responsible for preparing and implementing resettlement plans (RPs) along with obtaining environmental clearances, and preparing and implementing management plans. There are only three officials for this work. Given the skeleton staff, NHAI outsources the preparation and implementation of RPs, but coordinates the activities.

To capture the gender dimensions of displacement realities and carry out gender-sensitive planning and implementation, the livelihood, risk, and vulnerability analyses need to be carried out with a gender perspective.

Land acquisition under the National Highways Act, 1956, has not proceeded at a fast enough pace as originally envisaged. The need to acquire additional land and the complexities of disbursement procedures are delaying payment of compensation to titleholders.

No laws clearly define the methodology to arrive at compensation and replacement value. The productivity method should be used instead of the current system.

The positive elements of NPRR should be integrated with the LAA. Replacement value should be substituted for market value in the LAA. Rules should be prepared under the LAA to clearly set out the valuation procedure to determine replacement value.

Risk analysis should be included in resettlement planning since the case studies clearly show that the risk of not restoring the livelihoods of affected people is real in highway projects.

The Indian RETA team also prepared a resettlement handbook for the highway sector.

C. People’s Republic of China

The country report was prepared based on existing research, pilot project experience, and an examination of other countries’ progressive concepts and practices in the management of impoverishment resulting from displacement and involuntary resettlement. The authors of the report conducted detailed studies on (i) the extent and scope of land expropriation in the PRC, (ii) national and international resettlement policies and procedures, (iii) and the risk management of poverty. Several recommendations have been made on the risk management of land acquisition and resettlement,

which can serve as the foundation for legislation, including the revision of the Land Administration Law and the drafting of Land Acquisition Regulations. The report covers the following:

- (i) Studies on the implementation of land acquisition, giving the theoretical definition of “public interests” compared with other countries’ definition of the concept, offering three reform plans for implementing land acquisition and relevant policies, and providing references for the compilation of land acquisition literature;
- (ii) Studies on the valuation methods for land acquisition compensation, putting forward some fundamental principles on land acquisition compensation in light of the PRC’s land ownership system, land-property relationship, socioeconomic development; and taking into consideration factors such as land market, land supply and demand, and land location when calculating compensation based on investigations and analyses on the compensation scheme in cities; testing and comparing four kinds of valuation methods;
- (iii) Studies on the resettlement policies and risk management of poverty: Through analysis of existing policy measures, the Government’s role has been clarified in the resettlement of displaced farmers, especially in the improvement of their housing conditions, job training, preferential employment policies, and relevant social security coverage; the various risks facing displaced farmers have been systematically analyzed; recommendations on the risk management

of displaced farmers have been made for the reference of national legislation in light of the relevant experience of ADB and the World Bank as well as specific studies.

Extensive land acquisition for public and private purposes has enabled rapid urbanization and industrialization in the PRC but has in turn required the involuntary resettlement of hundreds of thousands of people over the past decade. Involuntary resettlement, for many of those displaced, has exposed them to the risk of impoverishment due to the loss of land and other assets that adversely affects their ability to achieve secure livelihoods and alternative employment.

The present land acquisition system was created during the planned economy era, and thus cannot meet the demands of the current market economy. Three major problems have emerged: first, the right to acquire land has been exercised on a wide scale and in ways that often disregard genuine public interests; second, inappropriate valuation methodologies and other problems have resulted in low levels of compensation to those who lose assets as a result of land acquisition; and finally, resettlement policies have failed to guarantee farmers and other affected people the necessary long-term livelihood assistance. As a consequence, flawed land acquisition policy and resettlement practice have not only proved inefficient but have also exposed farmers whose land has been expropriated to the risk of impoverishment. Therefore, the Government should adopt rational and effective measures to resettle, compensate, and assist displaced farmers in a way that ensures they are protected from impoverishment risks and they have the necessary assets and resources to build sustainable livelihoods.