

Compensation Policy Framework and Procedural Guidelines

Resettlement Framework
Document Stage: Final
Project Number: INO 35183
October 2005

INO: Sustainable Aquaculture Development for Food Security and Poverty Reduction Project

Prepared by the Ministry of Marine Affairs and Fisheries for the Asian Development Bank (ADB).

The resettlement framework is a document of the borrower. The views expressed herein do not necessarily represent those of ADB's Board of Directors, Management, or staff, and may be preliminary in nature.

GOVERNMENT OF INDONESIA

**SUSTAINABLE AQUACULTURE DEVELOPMENT FOR FOOD SECURITY AND
POVERTY REDUCTION PROJECT**

COMPENSATION POLICY FRAMEWORK AND PROCEDURAL GUIDELINES

**Directorate General of Aquaculture
Ministry of Marine Affairs and Fisheries**

28 October 2005

TABLE OF CONTENTS

1. INTRODUCTION AND BACKGROUND	1
2. LAR PROCESSING REQUIREMENTS	2
3. LEGAL BACKGROUND	3
4. COMPENSATION ELIGIBILITY AND ENTITLEMENT FOR THE PROJECT	5
5. GENDER IMPACTS AND MITIGATION MEASURES	7
6. PUBLIC PARTICIPATION	8
7. INSTITUTIONAL FRAMEWORK	8
8. GRIEVANCE PROCEDURES	9
9. MONITORING AND EVALUATION	9
10. DOCUMENTS DISCLOSURE	10
11. RESETTLEMENT BUDGET AND FINANCES	10
APPENDIXES	
Appendix 1 TENTATIVE LIST OF CONSTRUCTION WORKS FOR THE DISTRICTS	11
Appendix 2 STANDARD LARAP OUTLINE	12
Appendix 3 OUTLINE FOR ABBREVIATED LAND ACQUISITION AND RESETTLEMENT PLAN (SHORT-TERM RESETTLEMENT PLAN)	13

LIST OF ABBREVIATIONS

ADB	Asian Development Bank
AF	affected family
AP	affected person
DGA	Directorate General of Aquaculture
CPFPG	Compensation Policy Framework and Procedural Guidelines
EA	executing agency
EMA	external monitoring agency
IMA	internal monitoring agency
SAVER	Sustainable Aquaculture Development for the Food Security and Poverty Reduction
IP	indigenous peoples
IPDF	indigenous people development framework
IPDP	indigenous peoples development plan
IPSA	initial poverty and social assessment
LAR	land acquisition and resettlement
LARP	land acquisition and resettlement plan
LARU	land acquisition and resettlement unit
MMAF	Ministry of Marine Affairs and Fisheries
NGO	nongovernment organization
PIO	project implementation office
PMO	project management office

DEFINITION OF TERMS

Beneficiary Community	all persons and households situated within the government-owned or acquired property who voluntarily seek to avail of and be part of the Project and represented by a community association that is duly recognized by the community residents, accredited by the local government and legally registered with the appropriate institutions (define)
Compensation	payment in cash or in kind of the replacement cost of the acquired assets
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 their economic and social base
Host population	community residing near the area where the project beneficiaries propose to voluntarily resettle as part of the Project
Improvements	structures constructed (dwelling unit, fence, waiting sheds, pig pens, utilities, community facilities, stores, warehouses, etc.) and crops/plants planted by the person, household, institution, or organization
Land Acquisition	the process whereby a person is compelled by a government agency to alienate all or part of the land a person owns or possesses, to the ownership and possession of the government agency, for public purpose in return for a consideration
Affected Person/People	any person affected by project-related changes in use of land, water, natural resources, or income losses
Affected Family	all members of a household residing under one roof and operating as a single economic unit, who are adversely affected by the Project, or any of its components. It may consist of a single nuclear family or an extended family group
Rehabilitation	compensatory measures provided under the Policy Framework on involuntary resettlement other than payment of the replacement cost of acquired assets
Relocation	the physical relocation of a PAP from her/his pre-Project place of residence
Replacement Cost	the value determined to be fair compensation for land based on its productive potential, the replacement cost of houses and structures (current fair market price of building materials and labor without depreciation or deductions for salvaged building material), and the market value of residential land, crops, trees and other commodities
Resettlement	all measures taken to mitigate any and all adverse impact of the Project on PAP's property and/or livelihood, including compensation, relocation (where relevant) and rehabilitation

1. INTRODUCTION AND BACKGROUND

1. This Compensation Policy Framework and procedural Guidelines (CPFPG) for the Sustainable Aquaculture Development for the Food Security and Poverty Reduction (SAVER) Project have been prepared by the Directorate General of Aquaculture (DGA) of the Ministry of Marine Affairs and Fisheries, the project executing agency (EA). The objective of this document is to establish principles and procedures fitting the ADB policy on involuntary resettlement (hereafter the ADB Policy) for the compensation of land, houses, buildings, crops and livelihood losses caused by the project.

2. The SAVER Project aims at reducing poverty, ensuring food security and improving environmental protection of coastal and inland waters through the delivery in seven Indonesian districts of three components: (i) Aquaculture Production Enhancement; (ii) Aquaculture Support Services, and; (iii) Institutional Strengthening and Project Management. The targeted districts are: (i) Langkat, North Sumatra Province; (ii) Ogan Komering Ilir (OKI), South Sumatra Province; (iii) West Lampung, Lampung Province; (iv) Karawang and (v) Sumedang, West Java Province; (vi) Kapuas Hulu, West Kalimantan Province; and (vii) Buton, Southeast Sulawesi Province.

3. The Project civil works will partly involve the rehabilitation of existing facilities (fishponds, canals, access roads, hatcheries, and buildings) and partly the construction of new items (fishponds, access roads, hatcheries, and small buildings). While the rehabilitation civil works is not expected to cause Land Acquisition and Resettlement (LAR) impacts, construction activities will actually do so, albeit only at low or, as in the case of roads and fishponds, medium magnitude level. In this respect it can also be noted that in the case of the construction of buildings the needed plots may be procured in unoccupied government land or purchased on the open market thus not triggering the ADB policy. Resettlement is expected to be in any case minimal if not unlikely.

4. In view of the fact that project design will follow an intensive participatory approach directly involving the Project beneficiaries, and of the fact that community participation in project design can be triggered only once the loan is approved, the Project has been defined so far only at a feasibility study level. Detailed design, including the identification of community subprojects and the preparation of needed Land Acquisition and Resettlement Action Plans (LARAP) will be carried out at the beginning of project implementation. To fit the requirements of the ADB policy the preparation of needed LARAPs will be a condition for ADB approval of contracts while the implementation of LARAP provisions, including the delivery of compensation, will be a condition for ADB approval of the initiation of civil works.

5. In order to guarantee that the Project is implemented in accordance to ADB policy and provide general guidance for the preparation of needed LARAPs this document details the following:

- a) LAR Processing requirements;
- b) Legal Background;
- c) Compensation Eligibility and Entitlement for the Project
- d) Gender Impacts and Mitigation Measures;
- e) Public Participation
- f) Institutional framework
- g) Grievance Procedures
- h) Monitoring and Evaluation
- i) Documents Disclosure
- j) Resettlement Budget and Finances

2. LAR PROCESSING REQUIREMENTS

6. ADB's policy requires the preparation of (i) Compensation Policy Framework and Procedural Guidelines (CPFPG) for the whole Project and applicable to all subprojects; (ii) an Initial Poverty and Social Assessment (IPSA) indicating, for each subproject, whether LAR impacts are likely to occur, type of impacts, likely magnitude and whether there may be Indigenous Peoples (IP) affected; and (iii), if LAR will occur, the preparation of a LARAP for each specific subproject based on detailed design.

7. The LARAP will include detailed compensation and administration budgets and implementation schedules relating the compensation process with the initiation of civil works. Based on ADB policy (see: *ADB's Handbook on Resettlement: A Guide to Good Practice*) the content and the complexity of a LARAP may vary depending on the degree of severity caused by a subproject. When impacts are considered *severe* (more than 200 affected people (AP) or about 50 affected households (AF) to be resettled or suffering more than 10% of income losses) a full LARAP will be prepared (see appendix 2). When instead the losses are not *severe* (less than 200 AP or about 50 AF to be resettled or suffering less than 10% of income losses) only a short LARAP will have to be prepared (see appendix 3).¹

8. In two of the districts (Kapuas Hulu and Buton) targeted by the Project are present many Indigenous Peoples (IP). In case a subproject affects IPs the ADB policy on Indigenous Peoples will be triggered and an Indigenous peoples development Plan (IPDP) will have to be prepared (See the Project Indigenous Peoples Development Framework or IPDF for details). As detailed in the IPDF the IPDP will be integrated in the LARAP as a section of the text.

a. LARAP preparation and Implementation Plan

9. In all relevant districts detailed LARAP preparation activities will initiate as part of general detailed design tasks after the establishment of the local PMO and the identification of the subprojects. LARAP preparation will be carried out in accordance to the following work plan:

- (i) IPSA is prepared to determine the type of efforts needed for the task.
- (ii) PMO and consultants establish an action plan detailing the LARAP tasks to be assigned to local governments, NGO and Project consultants.
- (iii) Project consultants prepare a LARAP policy based on this CPFPG, discusses it with the relevant authorities and if necessary review before their approval.
- (iv) Project consultants prepare the Impacts and AP surveys forms, train local BPN offices on land survey requirements and participate with them in trials.
- (v) BPN prepares the needed cadastral maps and carries the land impacts surveys, an NGO will carry the surveys relative to other impacts; an independent assessor will evaluate land and house replacement values.
- (vi) Surveys are checked by the consultants, and if necessary improved with additional fieldwork.
- (vii) Public consultation and compensation negotiation is carried out based on the replacement costs assessed by the independent assessor.
- (viii) Information on impacts, the results of consultation and negotiations is integrated into a LARAP to be written by the consultants.

¹ In view of the type of impacts that will be caused by the project, it is expected that many subproject may need only a short LARAP.

- (ix) LARAP is submitted for approval to PMO and ADB.
- (x) LARAP and information pamphlets in Bahasa are distributed among the APs. The LARAP in English is disclosed on the ADB website.
- (xi) LARAP provisions and compensation are carried out.
- (xii) LARAP implementation is monitored by the PIU and by an external agency.
- (xiii) After its conclusion, LARAP implementation is evaluated and if found positive civil works can begin.
- (xiv) NGO will carry out an independent evaluation of the LARAP programs for the project. The evaluation will be submitted to PMO and ADB.
- (xv) During the entire process, progress in LARAP preparation and Implementation for the entire Project is communicated to ADB quarterly.

3. LEGAL BACKGROUND

a. Indonesia's LAR Law and Regulation

10. The key legal document for LAR in Indonesia today is the recent PERPRES 36/2005 which supersedes Presidential Decree No. 55/1993, on Land Acquisition for the Development of the Public Interest. In addition to the provisions of Decree 55, PERPRES 36 instructs that land compensation can be carried out based on market values based on the assessment of an independent assessor, modifies the definition of public projects and prescribes expropriation if after three months of negotiations the APs have not accepted the market value offered to them. The prescriptions of PERPRES 36 will be taken into account in the implementation of the compensation program for the project. However, since the implementing rules and regulations of PERPRES 36 are still unavailable and since PERPRES 36 is silent regarding the compensation of items different from land some reference still has to be made to Decree 55 and its implementing rules and regulations for all the items that the new legislation does not cover.

11. The Regulation of the State Minister of Agrarian Affairs and National Land Agency No. 1 of 1994 on Operational Directive of the Decree 55/93 on the Acquisition of Land for the Construction in the Public Interest is the enabling regulation for implementing the Decree. This specifies that each Provincial Governor establish a Land Acquisition Committee (the so-called committee of 9) in each *kabupaten* (District) and *kota* (municipality) to be chaired by the *Bupati* or *Walikota*. The Committee also includes representatives of the Level II Land Office, Tax Office, buildings office, agriculture office, the heads of the district and village, and two other non-members. The Governor will establish a Provincial Land Acquisition Committee if the development covers more than one Level II territory. Governors can also issue project-specific decrees with guidelines on specific procedures and entitlements for compensation and rehabilitation for people affected, as a basis for planning, implementing and monitoring resettlement according to Presidential Decree No. 55/93. The Committees have the mandate to make inventories of land and other assets, investigate the legal status of the land; inform and negotiate with the APs and with the agency acquiring the land; estimate compensation; and document/ witness the compensation payments.

b. The ADB'S Involuntary Resettlement Policy

12. The ADB Policy on Involuntary Resettlement establishes the following principles:

- (i) Involuntary resettlement is to be avoided or at least minimized.
- (ii) Compensation will ensure the maintenance of the APs pre-project standards of living.
- (iii) The APs should be fully informed and consulted on LAR compensation options.
- (iv) APs' socio-cultural institutions should be supported and used as much as possible;

- (v) Compensation will be carried out with equal consideration of women and men.
- (vi) Lack of formal legal land title should not be a bar to rehabilitation.
- (vii) Particular attention should be paid to households headed by women and other vulnerable groups, such as indigenous peoples and ethnic minorities, and appropriate assistance should be provided to help them improve their status.
- (viii) LAR should be conceived and executed as a part of the project and the full costs of compensation should be included in project costs and benefits.
- (ix) Compensation and resettlement subsidies will be fully provided prior to ground leveling and demolition.

c. Comparison of Indonesian Law and ADB Policy

13. In general Indonesian Law and ADB Policy are consistent with each other except for a few basic provisions. These are:

- (i) Whereas Indonesian law sets the tax value (N.J.O.P.) as one of the basic parameters for determining market value and relies on negotiation with the AP to define final compensation rates, the ADB policy requires that the APs are offered immediately replacement rates (with negotiation as a secondary instrument for minor adjustments).
- (ii) Whereas based on Indonesian law informal settlers are ineligible to compensation or rehabilitation, the ADB policy requires the rehabilitation of these people.
- (iii) Whereas Indonesian practice tends to apply depreciation discounts to house compensation rates, ADB policy require full compensation at replacement cost.
- (iv) Whereas Indonesian law does not compensate business or severe losses, ADB policy provides for the compensation of such losses and special allowances to severely affected APs.
- (v) Whereas Indonesian law does not provide for relocation subsidies, ADB policy requires that the APs are indemnized for transfer costs.
- (vi) Whereas Indonesian law provides for the compensation of adat land² in form of collective compensation to the affected communities, ADB policy requires also direct compensation to the single land users.

14. The Indonesian Legal Framework for LAR and ADB's Involuntary Resettlement Policy tend to be generally consistent with each other. In principle, both of them adhere not only to the objective of compensation for affected families but also to the objective of rehabilitation. However, Indonesian laws are unclear on how rehabilitation is to be achieved. In particular, Indonesian law stresses, in several points, that the affected families' post-project livelihood conditions need to be comparable to their pre-project levels, but it does not offer clear indications on the actions needed to rehabilitate non-physical impacts such as income losses or severely impaired livelihoods.

15. To fill these minor gaps between Indonesian regulations and ADB Policy, the Project and the local governments will set up a compensation policy for the Project, ensuring compensation at replacement cost of all items and including subsidies or allowances for AFs that may be relocated, suffer business losses, or may be severely affected by land acquisition. In addition to these provisions, the Project's compensation policy will ensure that the land acquired will be compensated regardless of its legal status to its individual users as long these are not professional squatters.

² Land held on collective property bases in accordance to traditional land tenure principles; this form of land tenure is prevalent in indigenous peoples (IP) communities.

Such adjustments are legally possible since Indonesian law include the possibility of interpretation and allows local governments a certain degree of authority in establishing special compensation provisions for projects implemented in their jurisdictions.

4. COMPENSATION ELIGIBILITY AND ENTITLEMENTS FOR THE PROJECT

16. LAR tasks under the project will be implemented according to a compensation eligibility and entitlements framework fitting both Indonesian law/regulation and ADB Policy. A summary entitlements matrix is included on Table 1.

a. Eligibility

17. Affected People (AP) entitled for compensation or at least rehabilitation provisions under the Project are:

- (i) APs losing land under *Hak Milik* (title right), *Guna Usaha* (usufruct right), *Ulayat* (traditional rights) or *Wakaf* (Religious endowment land);
- (ii) Informal settlers with no legal status on the affected land;
- (iii) Tenants and Wage laborers
- (iv) Owners of buildings, plants, or other objects attached to the land
- (v) APs losing business income.

18. Eligibility to compensation will be limited by a cut-off date to be set for each subproject on the day corresponding to the beginning of the impacts assessment. APs who settle in the affected areas after the cut-off date will not be eligible to compensation.

b. Compensation Entitlements

19. Entitlement provisions for APs losing land, houses and income losses and rehabilitation subsidies will include provisions for: Permanent and temporary land losses, house and buildings losses, Crops and trees losses, a Relocation subsidy and a Business losses allowance based on tax declarations and/or lump sums. These entitlements are detailed below:

- (i) **Permanent Agricultural Land Impacts** will be compensated at replacement cost rates without deductions for transition costs either in: (i) cash at market rates (if in project areas there are active land markets); (ii) cash based on the reproduction cost of the affected plot based on productivity (when in project areas there are no active land markets); or (iii) through the provision of replacement land equal in value/productivity to the plot lost. Eventual taxes and fees will be paid or waived by the LGUs. When more than 10% of an AP agricultural land is affected s/he will receive an additional allowance for *severe impacts* corresponding to a year produce of the land lost.³
- (ii) **Temporary Agricultural Land Impacts** will be compensated with 1 year allowance corresponding to the produce of the affected land.
- (iii) **Residential land** will be compensated at replacement cost at market rates.
- (iv) **Houses, Buildings and Structures** will be compensated in cash at replacement cost free of deductions for depreciation and transaction costs.
- (v) **Crops.** Cash compensation at market rates to be paid to landowners and tenants based on their specific sharecropping agreements.
- (vi) **Trees.** Cash compensation at replacement cost reflecting type, age and productivity.

³ Market rates will be assessed through a survey of prevalent land prices in sub-project areas. The assessment will be carried out by local government financing institutions.

- (vii) **Businesses.** If the business is lost permanently it will be compensated in cash equal to 1 year income based on tax declaration or, if this is unavailable, 1 year income based on local minimum salary; temporary business losses will be compensated in cash for the business interruption period based on tax declaration or, when this is not available, local minimum salary;
- (viii) **Agricultural land tenants, sharecroppers and workers.** Affected tenants or sharecroppers will receive cash compensation equal to 1 full year of income from the lost land. Agricultural workers whose contract will be interrupted will receive an indemnity corresponding to 3 months of income.
- (ix) **Relocation Subsidy.** APs forced to relocation will receive a relocation subsidy sufficient to cover transport costs and living expenses for one month.
- (x) **House renters.** House renters who have leased a house for residential purposes will be provided with a cash grant of three months rental fee at the prevailing market rate in the area, and will be assisted in identifying alternative accommodation.

Table 1: Compensation Matrix

Asset	Impact Category	Affected People	Compensation Entitlements
Arable Land	Less than 10% of land loss with remaining land still economically viable	Farmer/Titleholder	• Cash compensation for affected land at full replacement cost free of taxes, registration, and transfer costs
		Tenant/Leaseholder/ Informal settlers	• Cash compensation equivalent to market value of gross harvest of the affected land for one
	More than 10% of land loss	Farmer/Titleholder	• Cash compensation of affected land at full replacement cost free of taxes, registration, and transfer costs • Additional Severe impact allowance equal to market value of gross harvest of the affected land for one year.
		Tenant/Leaseholder	• Additional Severe impact allowance equal to market value of gross harvest of the affected land for one year.
Residential/ commercial land		Titleholder	• Cash compensation for affected land at full replacement cost free of taxes, registration, and transfer costs
		Rental/Leaseholder	• 3 months rental allowance
		Informal settlers	Accommodation in a government resettlement area or a self-relocation allowance
Houses and Structures		All relevant APs (including informal settlers)	• Cash compensation for affected structure and other fixed assets. In case of partial impacts full cash) assistance to restore the remaining structure
Crops	Crops affected by LAR	All APs(including informal settlers)	• Cash compensation at full market value.
Trees	Trees affected by LAR	All APs(including informal settlers)	• Cash compensation based on type, age, and productive value of affected trees.
Business/ employment	Temporary/permanent loss of business, or employment	All APs(including informal settlers)	• Cash compensation equal to 1 year income, if the loss is permanent • Cash compensation for the period of business interruption, if the loss is temporary
Relocation	Transport and transitional livelihood costs	All APs affected by relocation	• Sufficient finances to cover transport expenses and livelihood expenses for 1 month

c. Land Donations

20. In the cases where LAR is directly linked to the provision of immediate benefits to the APs land may be procured through voluntary donations as long as the following conditions are observed:

- (i) The APs have decided to swap, reorganize for free or donate their land based on an informed consent, that is: prior to this decision they have been (a) informed of their compensation entitlement at market rates; and (b) actually offered the relative compensation amounts.
- (ii) Land redistribution or donations do not affect the donor's livelihood.
- (iii) Land redistribution or donations will be based on a land titling system, be as it may formal or informal, accepted by the beneficiary communities.
- (iv) The voluntary aspect of land redistributions or donations is documented by a documents signed by the donor that she/he is aware of the above conditions. The inclusion of the document in the LARAP will base for its approval by ADB.

d. Special Provisions for Indigenous Peoples (IP)

21. IP compensation for land and other losses will be both compatible with their adat land tenure systems and consuetudinary property rights and with the right to equitable compensation of single households or individuals. For instance, when land rights are communal, appropriate compensation will be given in form of collective community provisions and in form of specific provisions for the households or individual using the affected land.

5. GENDER IMPACT AND MITIGATION MEASURES

22. At present, women are involved in aquaculture-related activities like fish feeding, fry/fingerling collection from the wild, and seaweed culture. However, they are more prominently involved in fish processing, marketing, and financial management of their aquaculture businesses. More often than not, women's involvement in these activities is unrecognized or perceived as extensions of their work in their households or in support of the businesses of their husbands. In terms of decision-making regarding aquaculture activities, decisions of the infusion of additional capital, expansion of current business, marketing or products, land utilization, and benefit distribution tend to be taken by the male household head. It is therefore notable that men, more than women, are favored in the aquaculture subsector, as reflected in their differential access to resources and services.

23. The prevailing impression that women play only secondary roles in the aquaculture industry could be an obstacle to the provision of compensation, especially when their properties are affected by land acquisition. Since they are regarded as members of AFs, results of negotiations with the household heads (who are mostly men) are assumed to be applicable and amenable to their situations. Moreover, women who perform most of the household work and the caring for younger children are also likely to be more adversely affected when relocation is implemented as they are drawn away from their informal support networks and their sources of livelihood.

24. To ensure that the process of land acquisition and resettlement does not disadvantage women, the following actions will be considered:

- (i) Impact assessment of AFs/APs indicating the total number of families and people must be gender-disaggregated to pinpoint how many women are likely to be affected by the Project and establish their pre-Project conditions.
- (ii) Women should be major participants in the consultation processes to determine and negotiate for compensation entitlements and implement the LARP.
- (iii) Special attention should be given to the impact of resettlement on women and other vulnerable groups during monitoring and evaluation of the LARP.
- (iv) Women government officials should be represented in the Land Acquisition Committee.
- (v) In terms of replacement or relocation, land and/or house titles should be in the name of both spouses.

6. PUBLIC PARTICIPATION

25. Participation provides the occasion and process by which stakeholders influence and become co-responsible for development initiatives and decisions affecting them. The involvement of the public, especially the APs, is critical to reach unity on issues that are not dependent on technical solutions.

26. Provincial, district, subdistrict, and village officials will be informed about the Project and assistance from them will be solicited in the conduct of the inventory of affected assets and the census of APs. Also, prior to the finalization of the LARP and its submission to Project authorities, the APs will be informed about the results of the census and inventory of impacts, and their suggestions and preferences on compensation and other resettlement assistance will be heard and given due consideration. The processes and mechanisms that will help ensure the active involvement of APs and other stakeholders will be provided in detail in the LARP. The IARPs will also include an appendix with the date, list of participants, and minutes of the consultation meetings.

7. INSTITUTIONAL FRAMEWORK

27. The Project Management Office (PMO) has overall coordination responsibility for LAR tasks, and matters need reporting to ADB. The core responsibility for the implementation of the LARP in subproject areas will rest with the districts targeted by the Project. As the overall coordination unit, the PMO has the following responsibilities:

- (i) Provide technical guidelines and training to participating district and sub-district governments on LARP preparation and implementation;
- (ii) Review each LARP and endorse it to DGA for approval and transmittal to ADB;
- (iii) Monitor the timely allocation of resources and budgetary provisions of district governments for use in the preparation and implementation of the LARP; and
- (iv) Review monitoring reports on LARP implementation to ascertain compliance and ensure that the objectives of the LARP are met.

28. The Project Implementation Units (PIU), being based in the districts, will relate closely with sub-districts and village governments. They will serve as the local arm of the PMO and they will:

- (i) inform the local governments and relevant government offices about the LARP;
- (ii) train of personnel of the provincial and district governments on LARP preparation, including members of the LARU; and
- (iii) monitor the implementation of the LARP.

29. The district governments (headed by *Bupatis*) will spearhead the preparation and

implementation of the LARP, with guidance and assistance from the PIUs. They will be responsible for the timely allocation of compensation finances, including the expeditious processing of compensation claims of APs, to ensure that the same are paid at the shortest time possible. The district governments will set-up a resettlement Committee (the Committee of 9) which will be responsible for policy, valuation, and compensation issues.

30. In order to manage/coordinate these activities efficiently and effectively in the field, a Land Acquisition and Resettlement Unit (LARU) will be established in each sub-district prior to LARP preparation. The LARU will manage all LAR issues and will be established by the Bupati to which it will report. A memorandum of understanding between DGA districts and other concerned local governments will be executed to vest the LARU with legal personality and ensure that the provisions of this CPFPG and the ADB Policy are reflected in LARAP preparation and implementation. The LARU will be composed of the following members: (i) district head (*Bupati*); (ii) village heads of the affected communities or his/her representative; (iii) representative of the APs in each affected village; (iv) representative of women's groups; (v) representative of NGOs that are presently working in the affected areas; and (vi) representative of the indigenous people (IP) within the Project area, if any. The functions of the LARU include:

- (i) validating the list of APs and the assets to be affected by the Project;
- (ii) assist the conduction of information campaigns, public participation, and negotiations;
- (iii) assist in the delivery of compensation and entitlements to APs;
- (iv) receive complaints and grievances of APs and other stakeholders and act on them as provided for in this policy framework; and
- (v) maintain a record of all public meetings, complaints, and actions taken to address complaints and grievances.

8. GRIEVANCE PROCEDURES

31. APs consultation and participation mechanisms should provide an effective ground to minimize the occurrence of major grievances. However, in order to ensure that the APs have avenues for addressing grievances related to any aspect of the preparation, implementation and monitoring of the LARAPs, specific procedures have been established for the Project. These procedures are described below:

- (i) Any grievances should first be addressed within the LARU.
- (ii) If the issue cannot be resolved satisfactorily, the APs can then appeal to the Land Acquisition Committee for assistance in the negotiation.
- (iii) If the AP is still not satisfied with the response then he has the legal right to submit the appeal to the Governor of the Province.
- (iv) Finally if also at the Provincial level the complaint cannot be solved, the AP will may if they wish seek satisfaction through the appropriate court of law.

32. The AP may request their village leader or an NGO to assist them in lodging complaints

9. MONITORING AND EVALUATION

33. LAR and CAP tasks under the Project will be subjected to both internal and external monitoring. Internal monitoring will be conducted by the LARU. External monitoring will be assigned to an External Monitoring Agency (EMA) to be hired by the EA and approved by ADB. The EMA will be chosen among non-governmental organizations, academic Institutions or consulting firms.

Depending on the EA decision one EMA may cover the entire Project or several EMAs may monitor subprojects in different kabupaten. ADB will prepare the terms of reference for the EMAs once the Project implementation has begun.

34. Internal Monitoring Tasks will be carried out routinely by the LARUs. Their results will be communicated to ADB through the quarterly project implementation report. External Monitoring tasks will be carried out twice a year and the results communicated to the PMO and ADB through a semi-annual report. Subprojects whose implementation time-frame will be under the six months period will be monitored only once.

35. In addition to monitoring LAR implementation the EMA(s) will be assigned with evaluation tasks. Following the conclusion of LAR for a subproject the EMA will prepare an evaluation report for each subproject and at the end of the Project will prepare a comprehensive evaluation covering LAR implementation for the project in general.

10. DOCUMENTS DISCLOSURE

36. This CPFPG in Bahasa Indonesia will be distributed to all concerned IP communities once the subprojects are identified. Its version in English will be instead disclosed on the ADB website after its endorsement by the Project Executing agency.

37. LARAPs in Bahasa will be made available to the IP beneficiaries of the Project at the Desas Offices and a primer in local language summarizing compensation eligibility and entitlement provisions will be sent to all AP/AFs. The LARAP translations in English will be disclosed on the ADB website prior to contract signing and LARAP implementation.

11. RESETTLEMENT BUDGET AND FINANCING

38. All LAR preparation and implementation costs including cost of compensation and LAR administration will be considered as an integral part of Project costs. Each LARAP will include a budget section indicating (i) unit compensation rates for all affected items and allowances; (ii) Methodology followed for the computation of unit compensation rates, and (iii) a cost table for all compensation expenses including administrative costs and contingencies.

39. Finances for compensation, allowances and administration of LARAP preparation and implementation will be provided by the Government as counter-part funds. Costs for external monitoring tasks can be instead allocated under the Loan. In order to ensure that sufficient finances are available for LAR tasks, the local governments will have to allocate 100% of the cost of compensation at replacement cost and expected allowances estimated in each LARAP plus 5% of contingencies before LARAP implementation.

APPENDIX 1: TENTATIVE LIST OF CONSTRUCTION WORKS FOR THE DISTRICTS

Districts	Type of Construction Work
OKI, South Sumatra	<ul style="list-style-type: none"> • Renovation of canals • Rehabilitation of <i>tambaks</i> • Provision/construction of access roads • Construction of feed mill • Construction of deep wells
Langkat, North Sumatra	<ul style="list-style-type: none"> • Rehabilitation of idle <i>tambaks</i> • Rehabilitation of canals and pathways • Construction of deep wells • Construction of feed mill
West Lampung, Lampung	<ul style="list-style-type: none"> • Construction of hatcheries, nurseries, and grow-out ponds for demonstration purposes • Upgrading of DFS Freshwater hatchery in Sumber Jaya into a Fisheries Freshwater Fisheries Support Center • Construction of Ranau Aquaculture Station • Construction of feed mill • Construction of deep wells
Karawang, West Java	<ul style="list-style-type: none"> • Rehabilitation of 60 km of supply/drainage canals • Rehabilitation of <i>tambaks</i> • Renovation and/or construction of pathways • Construction of deep wells • Construction of feed mill
Sumedang, West Java	<ul style="list-style-type: none"> • Upgrading of DFS hatchery and nursery • Construction of feed mill
Kapuas Hulu, West Kalimantan	<ul style="list-style-type: none"> • Improvement, upgrading, and expansion of the District's hatchery and demonstration facilities in Kalis • Construction of feed mill
Buton, Southeast Sulawesi	<ul style="list-style-type: none"> • Construction of a Marine Awareness Center • Construction of demonstration facilities • Construction of feed mill • Construction of deep wells

APPENDIX 2: STANDARD LARAP OUTLINE

1. LAR issues for the scheme

- This chapter describes the scheme activities and items requiring LAR; alternative options, if any, considered to minimize land acquisition and its effects; and why remaining effects are unavoidable.

2. Scope of land acquisition and resettlement

- This chapter describes the preparation of the impacts (who carried it out and when it was initiated); provides a full assessment of each type of impacts and a census of affected peoples as described in the CPFPG. The chapter includes also a description of the methodology followed to determine unit-compensation rates for each affected item and subsidy/allowance.

3. Objectives, policy framework, and entitlements

- Based on the CPFPG this chapter outlines the eligibility and compensation framework for the scheme.

4. Consultation and grievance redress participation

- This chapter summarizes procedures for redress of grievances by people affected described in CPFPG and describes the consultation/participation process and grievance redress that occurred in sub-project at hand.

5. Compensation, relocation, and income restoration

- This chapter outlines the income restoration measures to be implemented.

6. Institutional framework

- This chapter outlines the institutional arrangements for the scheme based on this CPFPG. Issues to be included in the chapter are responsibilities for main tasks and for planning, negotiating, consulting, approving, coordinating, implementing, financing, monitoring and evaluating land acquisition and resettlement.

7. Resettlement budget and financing

- This chapter provides the unit compensation rates for each affected item and assesses the LAR budget for the scheme. The LAR budget will include Land acquisition and eventual land acquisition costs, amounts due for crop compensation and for the subsidies and allowances, monitoring and evaluation costs, administrative costs and. Will be adjusted for inflation and applicable taxes.

8. Implementation schedule

- This chapter provides a time schedule showing the LAR process and linking LAR tasks with civil-works implementation.

9. Monitoring and evaluation

- This chapter specifies arrangements for Routine and Independent monitoring and evaluation activities.

APPENDIX 3: OUTLINE FOR ABBREVIATED LAND ACQUISITION AND RESETTLEMENT PLAN (SHORT-TERM RESETTLEMENT PLAN)

A. Introduction

1. Brief description of the Project (provide map of Project areas)
2. Types of impacts (summary description of and acquisition and other assets)

B. Description of Affected Persons

1. Description of APs including their spatial distribution
2. Gender-disaggregated socioeconomic characteristics of Project AFs
 - Total number of families affected by the Project
 - Employment types and major sources of income
 - Tenure status (land and house/structures)
 - Affected land and assets: areas, types of structures, and conditions
3. Categories and numbers of affected households by type and degree of impacts
 - Affected households with loss of entire holdings are required to relocate
 - Affected households with loss of partial holdings and not required to relocate
 - Tenants, landless laborers, informal settlers, etc. affected by the Project
 - Affected households with loss of incomes and employment

C. Compensation and Policy Entitlement Criteria

1. Elements of compensation policy: objectives and entitlement criteria
2. Compensation entitlements for each category of APs
3. Other assistance (transport allowance, rehabilitation assistance, etc.)

D. Cost estimates and Budget

- Aggregate costs for each type of asset loss and implementation arrangements

E. Public Participation, Consultation, and Grievance Resolution

1. Consultation with stakeholders at the different stages of the Project
2. Existing and Project-specific mechanisms for grievance resolution procedures

F. Organizational Set-up

1. Organizational structure of the unit/division within the local government at the district level that is responsible for management, supervision, and implementation of LAR

G. Implementation Schedule

1. Implementation schedule for land acquisition and compensation for each component of the Project, including description of different activities and their sequence
2. Timetable for implementation of different land/asset acquisition activities in relation to the Project.