

SUMMARY OF FINDINGS OF EARLIER OPERATIONS EVALUATION DEPARTMENT SOCIAL SAFEGUARD STUDIES

1. The Operations Evaluation Department carried out two evaluations: one on safeguards for hydropower projects in 1999,¹ and one on the impact of the policy in 2000.²

2. The Special Evaluation Study (SES) on **Social and Environmental Impacts of Hydropower Projects** (footnote 1) concluded that the study projects had not resulted in disastrous environmental and social impacts. However, several shortcomings occurred, most of which could have been avoided or compensated for with more diligence on the part of the project proponents, developing member countries' (DMC) agencies, and the Asian Development Bank (ADB). Identification and mitigation of project impacts improved in later study projects. The Hunan Lingjintan Project³ performed better than other study projects in terms of resettlement efforts due to institutional capabilities of the local agencies and the adoption of the development resettlement concept, wherein resettlement arrangements were imbedded in an integrated regional development program. The SES also concluded that (i) the consultation process was not very effective in most of the study projects; (ii) the preparation of study projects in terms of environmental and social concerns was weak due to the quality of baseline data and incompleteness of coverage; (iii) monitoring impacts was better during construction than in the operations phase due to the use of review missions, progress reports, and panels of experts; (iv) the institutional capabilities of DMC agencies responsible for enforcing environmental and social concerns varied substantially across countries; (v) ADB staff members' involvement in preparing project environmental and social documents and recommending their inadequacy to the Board created an awkward dual function; (vi) the project units responsible for implementing environmental and social mitigation measures, in some cases, were inappropriately staffed, inadequately funded, and established too late with insufficient authority; and (vii) at the time of the study, ADB policies and guidelines for incorporating social dimensions into ADB operations were still maturing, with ADB staff displaying a limited understanding of ADB's involuntary resettlement (IR) policy principles.

3. To address the weaknesses identified above, the SES recommended the need for (i) ADB to continue its technical assistance (TA) to help develop the consultation process in countries that need it; (ii) impact assessments to be prepared in local languages (where this was not yet being done); (iii) project preparatory work to include the collection of adequate baseline data; (iv) surveys of project-affected persons and public consultation meetings for all category A projects;⁴ (v) environmental and social scientists as an integral part of the design team for sensitive projects (which could be supplemented by a panel of experts); (vi) ADB's continued support, where needed, for the development of relevant enforcement agencies through TAs for long-term monitoring programs; (vii) multiskilled supervision teams (supplemented by external consultants or panels of experts where needed), at least during midterm review of category A projects, to evaluate the progress of environmental and social mitigation measures; (viii) a clearinghouse for all monitoring efforts, especially when several agencies carry out such monitoring (since environmental and social impacts are interrelated); (ix) the role of project environmental and social specialists and that of peer reviewers who ensure a project's adherence to ADB's guidelines to be separated (and ADB staff with such

¹ ADB. 1999. *Special Evaluation Study on Social and Environmental Impacts of Hydropower Projects*. Manila.

² ADB. 2000. *Special Evaluation Study on the Policy Impact of Involuntary Resettlement*. Manila. Available: <http://www.adb.org/Evaluation/reports.asp?s=1&wp=2&ps=25&type=4>

³ ADB. 1994. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to the People's Republic of China for the Hunan Lingjintan Hydropower Project*. Manila.

⁴ Projects that were expected to have significant adverse environmental impacts.

expertise augmented); and (x) local agencies, if adequate institutional capacity is prepared, to officially take over the responsibility of monitoring operational mitigation measures over a long period (if not, external audits were recommended).

4. The SES on the **Policy Impact of Involuntary Resettlement** (footnote 2) concluded that by 2000 there had been significant improvements to the preparation and implementation of resettlement operations after the approval of the IR policy in September 1995. This had led to enhanced payment of compensation for lost assets, providing improved housing and infrastructure, and restoring livelihoods for many resettled families. The study found new awareness in dealing with vulnerable groups, particularly the poor and informal dwellers. However, there were still many problems on the road to satisfactory resettlement results: (i) lack of appropriate and compatible national resettlement policies in most DMCs; (ii) inadequate social investigations at the project preparatory level; (iii) improperly identified impoverishment risks, resulting in inadequate restoration of income and livelihood and serious implications for the sustainability of resettlement programs;⁵ (iv) weak executing agency (EA) institutional capabilities and inadequate funding for resettlement activities; (v) weak supervision and monitoring of resettlement implementation; (vi) lack of consistency in capacity building and in the role of nongovernment organizations (NGOs) in project implementation and sustainability; and (vii) inadequate aid coordination among funding agencies. Nevertheless, the study concluded that the IR policy was adequate and relevant and that a revision was not necessary. The study suggested refinements to clarify specific policy elements, such as compensations, people directly affected by projects, and those of the vulnerable groups. Implementation practices were to be improved with a focus on income restoration in the post resettlement period. OED asked ADB to be more proactive in its cooperation with other agencies and NGOs, so that quicker progress could be made in improving and harmonizing resettlement standards.

5. Specific recommendations included the need to (i) streamline the Policy on Involuntary Resettlement implementation; (ii) adopt appropriate and improved national resettlement policies in individual DMCs; (iii) provide adequate funding for resettlement activities to prevent impoverishment of the affected people; (iv) strengthen supervision and monitor project resettlement activities by both ADB and EAs (v) strengthen and improve initial social assessment through comprehensive surveys of those affected, and improve disclosure and public consultation; (vi) strengthen ADB capacity for project resettlement activities by providing additional staff and consulting resources; (vii) strengthen the institutional capacity of the DMCs by providing technical assistance; and (viii) improve cooperation among multilateral and bilateral agencies within each DMC.

⁵ In field-based case studies from Bangladesh, Philippines, and Indonesia, the income of about one third of those affected by ADB projects was not restored after resettlement at the time of the survey.

SHIFTS IN OPERATIONALIZATION OF THE ASIAN DEVELOPMENT BANK'S INVOLUNTARY RESETTLEMENT POLICY

1. There have been shifts in the guidance given to the Asian Development Bank (ADB) staff related to the application of the 1995 Involuntary Resettlement (IR) Policy. In the view of this study, the emphasis of the 1995 Policy document and the 7 January 1997 Operations Manual (OM) was on significant displacement and resettlement,¹ while the focus of the last approved OM Sections F2/BP and F2/ OP, issued on 29 October 2003, was on recognizing and addressing all kinds of losses that people affected by projects can sustain, including those that do not engender involuntary displacement and require actual resettlement. This is clear mainly from the weight given in the 1995 Policy to population displacement and significant involuntary resettlement as the key triggers for starting ADB action. Various key statements across the document attest to this, and are reflected in Box 1.² The impression that the Policy is mainly about significant displacement is reinforced by its discussion in paragraph 21 of the well-known review of World Bank projects, which is quoted to demonstrate that, of the 1,900 ongoing projects in 1993, 146 (or less than 8%) involved IR, and displaced nearly two million people. In present day terms, this percentage is not very high, indicating the World Bank's focus on significant displacement at that time. ADB's proportion of projects supported that include resettlement planning is now almost 50%.

2. The 1995 Policy is somewhat vague about the nature and severity of the anticipated adverse impacts that projects need to address. For instance, the third principle mentioned in paragraph 34 has been argued as requiring projects to address all adverse impacts on people's livelihoods. This study, however, sees this is as necessary when combined with the previous passage. Paragraph 34 (iii) reads: "If individuals or a community must lose their land, means of livelihood, social support systems, or way of life in order that a project might proceed, they should be compensated and assisted so that their economic and social future will generally be at least as favorable with the project as without it." The previous passage, however, reads as follows: "For any project that requires relocating people, resettlement should be an integral part of project design and should be dealt with from the earliest stages of the project cycle, taking into account the following basic principles..." Even in isolation, the idea of paragraph 34 (iii) is more likely intended in this context to elaborate the consequences of displacement itself, as displacement indeed brings with it losing land, means of livelihood, social support systems, or way of life—and losing only part of the land would not normally mean loss of social support systems. The argument that the Policy is intended for all projects requiring one or more persons to relocate, and therefore requiring a resettlement plan, seems to rest on the wording "for any project that requires relocating people" as well, but has to be weighed against many other statements, in the 1995 Policy which require "significant displacement" or "significant resettlement" of "population".

3. A second reason for judging the 1995 Policy as somewhat vague also stems from paragraph 34, which subsequently formed the basis for Operations Manual (OM) Section 50/BP, issued on 7 January 1997. Different from the other statements in the 1995 Policy, it discusses

¹ OM Section 50/BP (3 pages) mainly repeats paragraph 34 of the 1995 Policy. Only one principle was removed, basic principle (viii). This specified that the costs of resettlement and compensation, including the costs of social preparation and livelihood programs, should be included in the preparation of the project costs and benefits. This was apparently recognized as a procedural issue and transferred to OM Section 50/OP.

² Other sentences focusing resettlement and significant displacement of people are in paragraphs 35 ("significant involuntary resettlement"), 36 ("displacement of people," "significant involuntary resettlement"), 38 ("where population displacement is unavoidable"), 42 ("if the project is likely to involve significant involuntary resettlement"), and 43 ("the project profile for each project involving significant involuntary resettlement").

(i) “displaced people,” (ii) “adversely affected population,” (iii) “resettlers,” (iv) “affected people,” (v) “affected groups,” and (vi) “affected persons,” perhaps implying differences between these categories. Whereas all are in the IR Policy’s purview, without defining a clear definition in the Policy, the reader remains with the impression that the different terms used are mainly there to avoid repetition of the same words over and over again. In this view, the focus is clearly on resettlement.

4. Lastly, different from the rest of the 1995 Policy, paragraph 34 distinguishes among resettlement, compensation, and rehabilitation in points (v), (vii), and (viii) in a way that could be construed as indicating that the Policy would have to deal with any of the three in isolation of the other two; or if any of the other two does not apply. Nevertheless, the study argues that this usage seems to be a reflection of loose terminology rather than a deliberate intent to distinguish among the three concepts. The interpretation of the clauses is dependent on the prior qualification that reads, “For any project that requires relocating people.”

Box 1: Quotes of the 1995 Involuntary Resettlement Policy Regarding its Focus

Italics added for clarity

Para. 2. This paper deals with proposed approaches to address involuntary resettlement, compensation, and rehabilitation of people *displaced* by development projects (...)

Para. 8. Many development projects that require *involuntary displacement of people* generally have adverse economic, social, and environmental impacts on the displaced people.” “The absence of appropriate development measures for compensation, resettlement, and rehabilitation of the *displaced people* may (i) cause severe long-term hardship, impoverishment, and even decimation of the affected communities; (ii) adversely affect the host populations; and (iii) lead to severe environmental damage.

Para. 28. Until recently, development-induced *displacement of population* was considered a “sacrifice” some people have to make for the larger good. Resettlement programs in general were limited to statutory monetary compensation for land acquired for the project, and occasionally development of a resettlement site.

Para. 29: However, perceptions are changing because of delays in project implementation and benefits foregone; growing awareness about the potential adverse economic, social, and environmental consequences of population *displacement*, and increasing concern about people’s welfare. Resettlement is viewed increasingly as a development issue.

Para. 33: Bank Policy. The objectives of the Bank’s policy on involuntary resettlement should be to (i) avoid involuntary resettlement where feasible; and (ii) minimize resettlement where *population displacement* is unavoidable, and ensure that *displaced* people 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, as contemplated in the following paragraphs.

Para. 34. Involuntary resettlement should be an important consideration in project identification. The three important elements of involuntary resettlement are (i) compensation for lost assets and loss of livelihood and income, (ii) *assistance for relocation* including provision of relocation sites with appropriate facilities and services, and (iii) assistance for rehabilitation to achieve at least the same level of well-being with the project as without it. Some or all of these elements may be present in projects involving involuntary resettlement. *For any project that requires relocating people*, resettlement should be an integral part of project design and should be dealt with from the earliest stages of the project cycle. (...)

5. In summary, as is also intuitively self-evident from the title of the IR Policy, the original 1995 Policy was about displacement and resettlement (with emphasis on significant resettlement), and the associated compensation and assistance for relocation, rehabilitation, and vulnerable people involved. When all of this is compared with the beginning statements of OM F2/BP (Box 2), then it is clear that OM F2/BP expanded the original meaning of the Policy is stretched considerably: The 1995 objective of the Policy talked about displaced people receiving assistance, not “affected people.” The new OM also talks about “people *dispossessed or displaced*.” The definition of involuntary resettlement has become convoluted, and no longer says what it is but rather what it “addresses.”

Box 2: Quotes in the OM/BP F2 of December 2003 on the Nature of the IR Policy

A. Introduction

1. The involuntary resettlement policy provides an effective opportunity for people who dispossessed or displaced to achieve development benefits. The policy that addresses losses of land, resources, and means of livelihood or social support systems, which people suffer as a result of an ADB projects and project components in its developing member countries (DMCs). The involuntary resettlement policy applies to all ADB’s operations in DMCs. The involuntary resettlement policy is a key ADB safeguard consonant with the Poverty Reduction Strategy and the Long-Term Strategic Framework. [footnotes deleted]

B. Definitions

2. “Involuntary resettlement” addresses social and economic impacts that are permanent or temporary and are (i) caused by acquisition of land and other fixed assets, (ii) by change in the use of land, or (iii) restrictions imposed on land as a result of an ADB operation. An “affected person” is one who experiences such impacts. [footnote quoted in text]

C. The Policy

3. The involuntary resettlement policy objectives are (i) to avoid involuntary resettlement wherever feasible; (ii) to minimize resettlement where population displacement is unavoidable by choosing alternative viable project options; and (iii) where involuntary resettlement is unavoidable, to ensure that affected people receive assistance, preferably under the project, so that they will be at least as well off as they would have been in the absence of the project. Where involuntary resettlement is unavoidable, the policy is designed to include any resulting losses in project budgets. The policy treats involuntary resettlement as a development opportunity and allows planners to manage impoverishment risks and turn the people dispossessed or displaced into project beneficiaries, particularly the poor and vulnerable, who may be disproportionately affected by resettlement losses.

6. Affected persons in the OM F2 Section are defined as those who experience social and economic impacts that are permanent or temporary and are caused by (i) acquisition of land and other fixed assets, (ii) change in the use of land, or (iii) restrictions imposed on land as a result of an ADB operation. A footnote, however, goes further by avoiding any reference to land or even asset impacts [italics added]: “The term affected person includes any people, households, firms, or private institutions who, on account of *changes that result from the project* will have their (i) *standard of living adversely affected*; (ii) right, title, or interest in any house, land (including residential, commercial, agricultural, forest, and/or grazing land), water resources, or any other moveable or fixed assets acquired, possessed, restricted, or otherwise adversely affected, in full or in part, permanently or temporarily; *and/or* (iii) business,

occupation, place of work or residence, or habitat adversely affected, *with or without displacement*.” OM F2/OP reinforces this, especially in paragraph 13, which says, “All eligible affected people, including tenants and employees of affected businesses who stand to lose their jobs, incomes, or livelihoods because of project impacts, are entitled to receive one-time financial assistance to cover losses of the move, as well as economic and social rehabilitation.”

7. There are other significant changes since the issuance of the 1995 Policy. The original Policy specified that a resettlement plan (RP) was needed “where population displacement is unavoidable,” but did not elaborate on the threshold for the numbers of displaced people, neither on the need for an RP in cases wherein affected people would lose a proportion of their land or livelihood, but did not need to resettle. This was to be clarified later through a Resettlement Handbook. The 1998 Resettlement Handbook specified that a full RP was needed when more than 200 people needed to be resettled (or 100 IPs or 50 very vulnerable affected persons [APs]). A rationale was not provided, other than that the thresholds were the same as those of the World Bank. A short RP would do in cases of lower numbers of APs. OM Section F2/OP2 of 2003 reflected these changes but specified that there was a need to categorize the resettlement impact of each project into three categories: A (full RP required), B (short RP required), and C (no RP required). This was reflected in an earlier decision taken by Management in 2002. It then went on to indicate that full or short RPs needed to be prepared in all cases where either people are displaced, *or* where people lose more than 10% of their livelihoods. A lower AP threshold (above 1 but below 200) for short RPs was not indicated, and an RP needs to be prepared wherever one person or more is affected beyond an equivalent of a loss of 10% of his/her livelihood. This has led to the production of RPs and enforcement mechanisms for cases where there are only one or a handful of APs.

8. F2/OP states, “In each DMC [developing member country], entitlements will generally be established in consultation with the affected people in accordance with applicable policies and laws, and ADB’s IR Policy standards.” The statement about the applicable policy and country laws suggests complementarity with ADB’s policy requirements, but in practice, ADB’s policy is comprehensive and overlapping, and mostly uses higher standards than those of the DMCs. What is more, ADB’s current compliance focus requires that the standards be enforced strictly. Again, the ambiguity may cause considerable uncertainty in ADB staff as to what can be demanded of executing agencies and DMCs, although in the larger countries with more resettlement operations, precedents have usually been set, and practical experience has given staff more confidence in putting the demands forward.

9. Box 3 shows that the bar was set higher as a result of the 2005 Public Communications Policy.³ As shown in Box 3, ADB has adopted higher standards that mandate consultation and public disclosure of RPs. The 1995 Public Communication Policy guidelines covered resettlement operations. The OP section in OM 50 of 1997 counted three pages and specified that the RP should be submitted by the government or the private project sponsors to ADB, “preferably together with the feasibility study for the project, but in any case, before project appraisal, as the costs and implementation of resettlement are likely to critically affect the overall costs and implementation schedule of the investment project.” It was not specified who would approve the plan, and the assumption was perhaps that a definitive plan could be submitted at that stage. Neither was it specified that a draft RP would have to be issued publicly and to APs. Figure A2.1 shows the current process for preparation and implementation of IR in ADB.

³ ADB. 2005. *The Public Communications Policy of the Asian Development Bank: Disclosure and Exchange of Information*. Manila.

10. The purpose of the Operations Evaluation Department (OED) raising the issue of differences in the 1995 IR Policy and OM F2/OP is not to dispute the desirability for raising the bar. A plausible case can be made for doing so. Rather, in OED's view, the issue relates to governance in ADB. The question is whether Management and staff, or the Board, should have made such decisions. While issuing OMs is clearly the prerogative of Management, OMs should not be a way to make new policies. Given the contentious nature of the issues and the wide variety of views among various stakeholders, it is OED's view that these decisions to raise the bar should have been taken by the Board and not by Management.

Box 3: Relevant Quotes in the Public Communications Policy 2005

Information for Affected People

74. To facilitate dialogue with affected people and other individuals and organizations, information about a public or private sector project or program under preparation (including social and environmental issues) shall be made available to affected people. ADB shall work closely with the borrower or project sponsor to ensure information is provided and feedback on the proposed project design is sought, and that a focal point is designated for regular contact with affected people. This should start early in project preparation, so that the views of affected people can be adequately considered in project design, and continue at each stage of project or program preparation, processing, and implementation. ADB shall ensure that the project's or program's design allows for stakeholder feedback during implementation. ADB shall ensure that relevant information about any major changes to project scope is also shared with affected people.

75. To support the requirements in paragraph 74, developing member country governments and ADB may jointly develop communications plans for certain projects and programs, particularly those likely to generate a high level of public interest. Such plans could, for example, recommend how to engage in dialogue with affected people, broaden public access to information on economic and legal reforms, help governments and project sponsors involve affected people in the design and implementation of ADB-assisted activities, and increase involvement of grassroots and civil society organizations in the development process.¹⁶

76. Private sector entities and implementing institutions are a diverse group, with varying capabilities, and ADB is generally flexible in dealing with them. The substance of ADB's environmental and social safeguard requirements for private sector investments is generally the same as for the public sector. ADB's safeguard policies require private sector sponsors to assess, manage, monitor, and disclose the social and environmental impacts of their projects. They include requirements for early engagement by the private sector sponsor with affected people, and the timely dissemination of relevant project information to such communities in an understandable and accessible form. Toward this end, the project sponsor shall inform ADB, before appraisal, how it intends to engage with affected people.

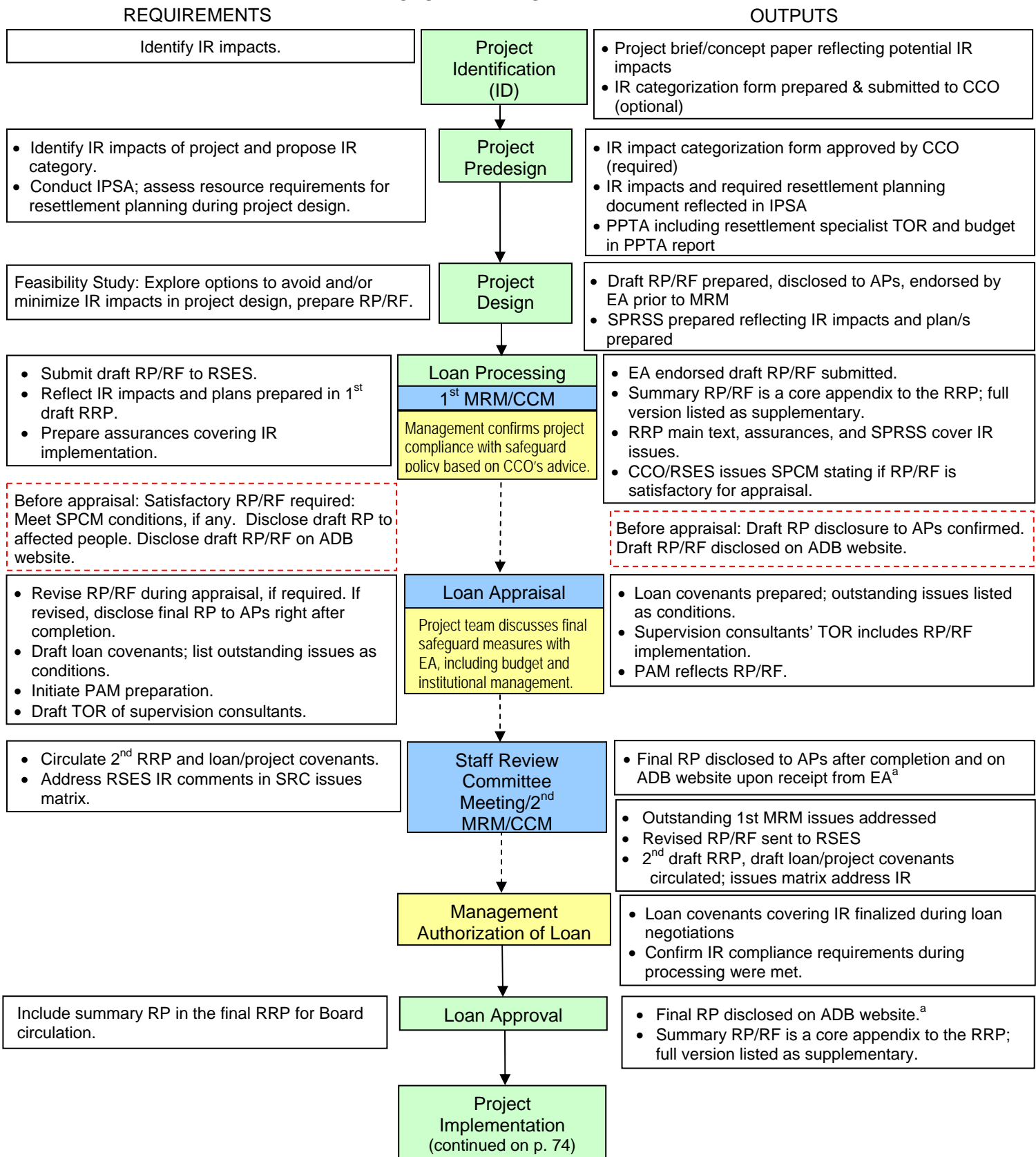
Resettlement Planning Documents

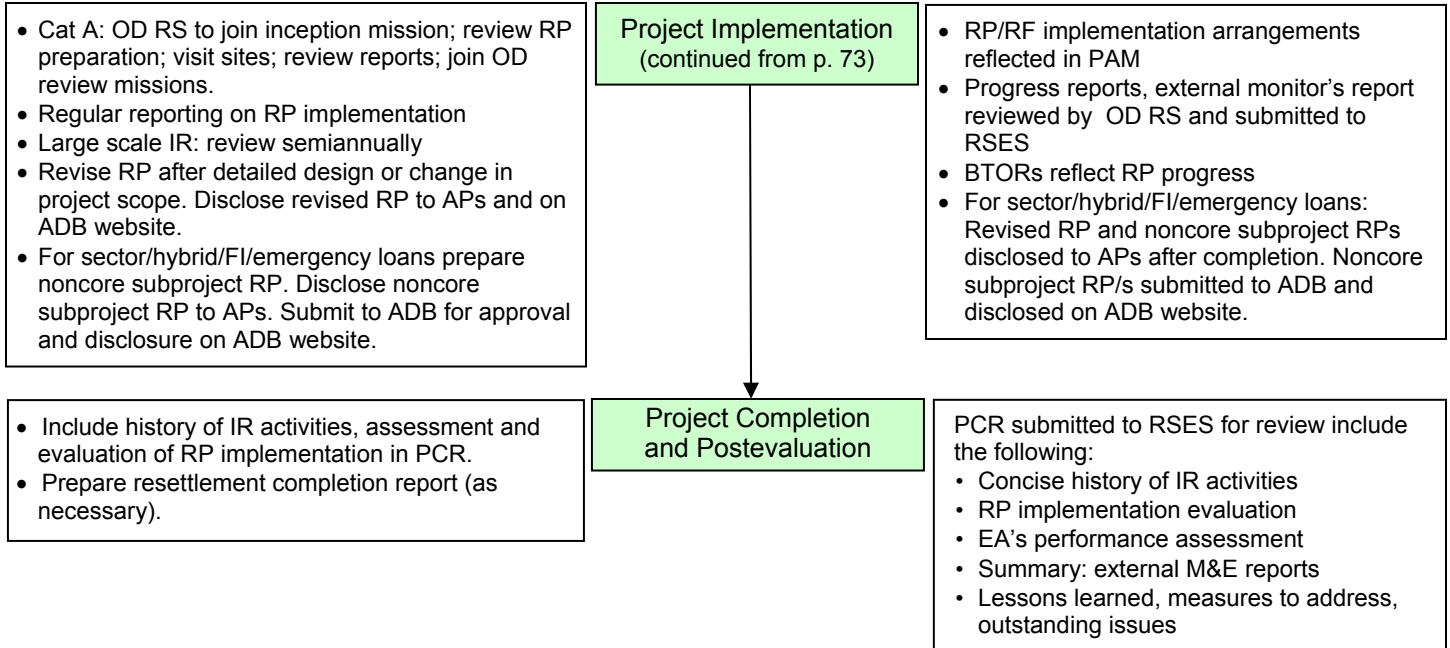
80. The borrower or private sector sponsor shall make available to affected people under Operations Manual section F2/BP on involuntary resettlement: (i) before appraisal-a draft resettlement plan; (ii) after completion of the final resettlement plan-such resettlement plan, and (iii) following revisions to the resettlement plan as a result of detailed technical design or change in scope in the program or project -the revised resettlement plan.

81. The information from the documents specified in paragraph 80 can be made available as brochures, leaflets, or booklets in local languages. For non-literate people, other communication methods will be appropriate.

82. ADB shall make publicly available: (i) before appraisal-a draft resettlement plan or framework (or both); (ii) upon receipt of the final resettlement plan-the final resettlement plan; and (iii) upon receipt of a revised resettlement plan-the revised resettlement plan.

Figure A2.1:
Safeguard Policy Compliance
INVOLUNTARY RESETTLEMENT





^a Disclosure of final RP should be done no later than upon Board approval.

ADB = Asian Development Bank, AP = affected person, BP = Bank Policy, BTOR = back-to-office report, CCO = chief compliance officer, EA = executing agency, FI = financial institution, IPSA = initial poverty and social analysis, IR = involuntary resettlement, M&E = monitoring and evaluation, MRM = Management review meeting, OD = operations department, PAM = project administration memorandum, PCR = project completion report, PPTA = project preparatory technical assistance, RF = resettlement framework, RP = resettlement plan, RRP = report and recommendation of the President, RS = resettlement specialist, RSDD = Regional and Sustainable Development Department, SPCM = Safeguard Policy Compliance Memorandum, SPRSS = summary poverty reduction and social strategy, TA = technical assistance, TOR = terms of reference.

INVOLUNTARY RESETTLEMENT BY THE WORLD BANK

1. The Asian Development Bank's (ADB) Involuntary Resettlement (IR) Policy is based in large part on World Bank experience and the World Bank's earlier IR Policy. Like ADB, the World Bank has changed its Operations Manual (OM) several times. OP 4.12 replaced OM 4.30 in December 2001 and was revised again in April 2004 to meet with the requirements of OP/BP 6.00 on Bank Financing.
2. The World Bank has 10 safeguard policies;¹ next to the IR it also has an Indigenous Peoples (IP) Policy, and has additional, related, policies for cultural properties and safety of dams. The World Bank's social safeguard policies on IR and IP are highly similar in their objectives, thresholds (200 affected persons [APs], 10%), and procedures. The differences are gradual: the World Bank states that resettlement activities should be conceived and executed as sustainable development programs, providing sufficient investment resources to enable the persons displaced by the project to share in project benefits. The World Bank seems to have more rules that apply in cases of projects that would restrict access to natural resources in legally designated parks and protected areas.
3. Overall, the procedures are specified in somewhat less detail than those of ADB, they leave more open for negotiations and discrete agreements. The World Bank is said not to approve projects before the point that they have been sufficiently designed in detail to cover at least one year of work. This also means that they will need to have prepared resettlement plans (RPs) that are fully final for those works, and do not need later updating, such as is generally the case with ADB RPs.
4. The World Bank has embarked on a pilot study on the use of "borrower" systems for its 10 policies. OP 4.00 to this effect was issued in March 2005.² If systems are deemed equivalent to World Bank standard, then executing agency (EA) documentation can be utilized, and there is no need for separate World Bank documents. Twelve projects are being selected worldwide, preceded by a thorough equivalence check in the host countries. Progress with this has been slow; no projects have been selected so far in Asia in as far as social safeguard equivalence is concerned.
5. In the Operations Evaluation Department's (OED) view, it is worth cooperating with the World Bank on expanded use of country systems, although this may yield results only in the medium term. ADB's South Asia Regional Department (SARD), for example, has been interacting with World Bank teams on resettlement issues. In Bhutan, the World Bank's preliminary assessment showed that the equivalence of the Bhutan system with the World Bank's IR policy was not high. The World Bank expressed general agreement with a resettlement framework prepared for an ADB-supported project. In Bangladesh, ADB was given the opportunity to comment on a resettlement framework prepared by the World Bank for an EA with which ADB also worked. This framework was prepared in response to the finding that the country's policy was deemed not equivalent to the World Bank's.

¹ Environmental Assessment, Natural Habitats, Pest Management, Indigenous People, Involuntary Resettlement, Forests, Safety of Dams, Projects on International Waterways, Projects in Disputed Areas, and Management of Cultural Property in Bank-Financed Projects.

² World Bank. 2005. *Piloting the Use of Borrower Systems to Address Environmental and Social Safeguard Issues in Bank-Supported Projects*. OP 4.00. Available on the World Bank website.

**ASIAN DEVELOPMENT BANK STATISTICS ON RESETTLEMENT PLANS
AND FRAMEWORKS**

Table A4.1: Number of Public and Private Sector Projects with Involuntary Resettlement Requirement, 1994–2005

Item	Public Sector		Private Sector		Total	% Total
	Total	%	Total	%		
		Public		Private		
A. Projects with Significant IR Requirement, Full Resettlement Plan	204	25	4	4	208	23
1. Agriculture and Natural Resources	26	3	0	0	26	3
2. Education	0	0	1	1	1	0
3. Energy	34	4	1	1	35	4
4. Health, Nutrition, and Social Protection	1	0	0	0	1	0
5. Industry and Trade	3	0	0	0	3	0
6. Multisector	32	4	0	0	32	3
7. Transport and Communications	88	11	0	0	88	10
8. Water Supply and Sanitation	20	2	1	1	21	2
9. Others (not categorized)	0	0	1	1	1	0
B. Projects with Insignificant IR Requirement, Short Resettlement Plan	37	5	1	1	38	4
1. Agriculture and Natural Resources	7	1	0	0	7	1
2. Education	1	0	0	0	1	0
3. Energy	5	1	1	1	6	1
4. Health, Nutrition, and Social Protection	2	0	0	0	2	0
5. Industry and Trade	1	0	0	0	1	0
6. Multisector	10	1	0	0	10	1
7. Transport and Communications	5	1	0	0	5	1
8. Water Supply and Sanitation	6	1	0	0	6	1
C. Projects with Resettlement Framework Only	15	2	8	8	23	2
1. Agriculture and Natural Resources	4	0	0	0	4	0
2. Education	0	0	0	0	0	0
3. Energy	1	0	1	1	2	0
4. Finance	0	0	6	6	6	1
5. Health, Nutrition, and Social Protection	1	0	0	0	1	0
6. Industry and Trade	0	0	0	0	0	0
7. Law, Economic Management, and Public Policy	0	0	0	0	0	0
8. Multisector	4	0	0	0	4	0
9. Transport and Communications	3	0	0	0	3	0
10. Water Supply and Sanitation	2	0	1	1	3	0
D. Projects with No IR Impact	563	69	91	89	654	71
1. Agriculture and Natural Resources	99	12	1	1	100	11
2. Education	76	9	0	0	76	8
3. Energy	48	6	9	9	57	6
4. Finance	69	8	20	20	89	10
5. Health, Nutrition, and Social Protection	35	4	2	2	37	4
6. Industry and Trade	23	3	7	7	30	3

Item	Public Sector		Private Sector		Total	% Total
	Total	%	Total	%		
		Public		Private		
7. Law, Economic Management, and Public Policy	49	6	0	0	49	5
8. Multisector	77	9	0	0	77	8
9. Transport and Communications	56	7	5	5	61	7
10. Water Supply and Sanitation	31	4	1	1	32	3
11. Others (not categorized)	0	0	46	45	46	5
Total	819	100	104	100	923	100

IR = involuntary resettlement.

Note: (i) 2005 loans with IR categorization from Regional and Sustainable Development Department database; (ii) 2002–2004 approved public and private sector projects (IR categorization A, B, C, and TBD); (iii) 1994–2001 public sector projects (with IR impact = A; no IR impact = C); (iv) 1995–2001 private sector projects (with IR impact = A; no IR impact = C; no sector classification and investment numbers); (v) Full resettlement plan category for public sector includes 21 projects categorized as “A/B”

Sources: Asian Development Bank Loan, Technical Assistance, Private Sector Approvals database, Regional and Sustainable Development Department database, Project Coordination and Procurement Division list of loans, and reports and recommendations to the President.

Table A4.2: Number and Percentage of Projects with Full/Short Resettlement Plans and Resettlement Framework, Approved from 1994–2005

	Full RP			Short RP		Only RF		Subtotal		No RP		Total
	No.	No.	%	No.	%	No.	%	No.	%	No.	%	
	(A)	(A/B)						A+B+RF				
Private Sector												
1994	0	0	0	0	0	0	0	0	0	0	0	0
1995	0	0	0	0	0	0	0	0	0	14	100	14
1996	0	0	0	0	0	0	0	0	0	13	100	13
1997	0	0	0	0	0	0	0	0	0	7	100	7
1998	0	0	0	0	0	0	0	0	0	8	100	8
1999	1	0	25	0	0	0	0	1	25	3	75	4
2000	1	0	9	0	0	0	0	1	9	10	91	11
2001	1	0	17	0	0	0	0	1	17	5	83	6
2002	0	0	0	0	0	1	13	1	13	7	88	8
2003	1	0	14	0	0	1	14	2	29	5	71	7
2004	0	0	0	1	7	1	7	2	14	12	86	14
2005	0	0	0	0	0	5	42	5	42	7	58	12
Total	4	0		1		8		13		91		104
Public Sector												
1994	10	1	22	0	0	0	0	11	22	39	78	50
1995	14	2	23	0	0	0	0	16	23	53	77	69
1996	19	4	27	0	0	0	0	23	27	61	73	84
1997	5	1	7	0	0	0	0	6	7	83	93	89
1998	15	2	28	0	0	0	0	17	28	43	72	60
1999	17	0	29	0	0	0	0	17	29	41	71	58
2000	15	2	20	0	0	0	0	17	20	68	80	85
2001	19	5	34	0	0	0	0	24	34	47	66	71
2002	18	0	26	6	9	5	7	29	41	41	59	70
2003	17	0	27	10	16	7	11	34	55	28	45	62
2004	16	0	27	10	17	1	2	27	46	32	54	59
2005	18	4	35	11	18	2	3	35	56	27	44	62
Total	183	21		37		15		256		563		819

IR = involuntary resettlement, RF = resettlement framework, RP = resettlement plan.

Sources: (i) 2002–2004 approved public and private sector projects (IR categorization A, B, C, and TBD); (ii) 1994–2001 public sector projects (IR categorization “with full RP” = A, “with short RP” = B); (iii) 1995–2001 private sector projects (with IR impact = A; no IR impact = C; no sector classification and investment number); (iv) Masterlist 2005 Projects–IR categorization only from Regional and Sustainable Development Department; and (v) Project Coordination and Procurement Division list of loans for other projects previously not included.

Table A4.3: Projects Approved from 1994–2005 by Country, by Five Main Infrastructure-Related Sectors

Country	1994–2001						2002–2005					
	Infrastructure Sectors ^a			Infrastructure Sectors without ANR ^b			Infrastructure Sectors ^a			Infrastructure Sectors without ANR ^b		
	Projects ^c	with RP ^d	% with RP	Projects ^c	with RP ^d	% with RP	Projects ^c	With RP ^d	% with RP	Projects ^c	with RP ^d	% with RP
China, People's Republic of	58	45	78	53	43	81	28	28	100	26	26	100
India	20	10	50	20	10	50	17	17	100	16	16	100
Sri Lanka	20	4	20	10	2	20	11	11	100	9	9	100
Bangladesh	24	12	50	17	11	65	12	11	92	10	9	90
Pakistan	19	3	16	13	3	23	11	9	82	10	9	90
Lao People's Democratic Republic	14	5	36	12	5	42	7	7	100	5	5	100
Viet Nam	19	12	63	15	9	60	9	8	89	6	5	83
Indonesia	32	8	25	17	4	24	10	8	80	7	5	71
Afghanistan	0	0	0	0	0	0	7	5	71	6	4	67
Cambodia	11	7	64	11	7	64	6	6	100	3	3	100
Nepal	15	7	47	10	7	70	4	4	100	2	2	100
Philippines	26	8	31	21	7	33	2	2	100	2	2	100
Fiji Islands	1	0	0	1	0	0	3	3	100	2	2	100
Regional	0	0	0	0	0	0	2	2	100	2	2	100
Uzbekistan	5	0	0	4	0	0	3	2	67	2	2	100
Federated States of Micronesia	1	0	0	1	0	0	1	1	100	1	1	100
Papua New Guinea	6	0	0	4	0	0	2	2	100	1	1	100
Republic of Marshall Islands	2	0	0	2	0	0	1	1	100	1	1	100
Samoa	1	0	0	1	0	0	1	1	100	1	1	100
Thailand	8	1	13	8	1	13	1	1	100	1	1	100
Azerbaijan	0	0	0	0	0	0	3	1	33	2	1	50
Bhutan	4	0	0	4	0	0	2	1	50	2	1	50
Kyrgyz Republic	8	0	0	7	0	0	1	1	100	2	1	50
Maldives	4	0	0	4	0	0	2	1	50	2	1	50
Mongolia	9	0	0	8	0	0	2	1	50	2	1	50
Tajikistan	5	1	20	5	1	20	5	4	80	2	1	50
Cook Islands	3	0	0	2	0	0	1	0	0	1	0	0

	1994–2001						2002–2005					
	Infrastructure Sectors ^a			Infrastructure Sectors without ANR ^b			Infrastructure Sectors ^a			Infrastructure Sectors without ANR ^b		
	Projects ^c	with RP ^d	Projects ^c	with RP ^d	Projects ^c	with RP ^d	Projects ^c	With RP ^d	Projects ^c	with RP ^d	Projects ^c	with RP ^d
Kazakhstan	4	0	0	3	0	0	0	0	0	1	0	0
Kiribati	1	0	0	1	0	0	0	0	0	0	0	0
Malaysia	2	1	50	0	0	0	7	0	0	0	0	0
Solomon Islands	1	0	0	1	0	0	0	0	0	0	0	0
Tonga	3	0	0	3	0	0	0	0	0	0	0	0
Vanuatu	2	0	0	2	0	0	0	0	0	0	0	0
Total	328	124	38	260	110	42	156	138	88	127	112	88

ANR = agriculture and natural resources, RP = resettlement plan, RRP = report and recommendation of the President, TA = technical assistance.

Note: Source list excludes all non-infrastructure sectors (law, economic management, and public policy, health, nutrition, and social protection, industry and trade, education, finance, etc.), program loans, TA loans, credit lines, and (for 2000–2005) other projects appearing to have little or no civil works. The listing of countries is based on the number of RPs from 2002–2005 for infrastructure sectors excluding ANR.

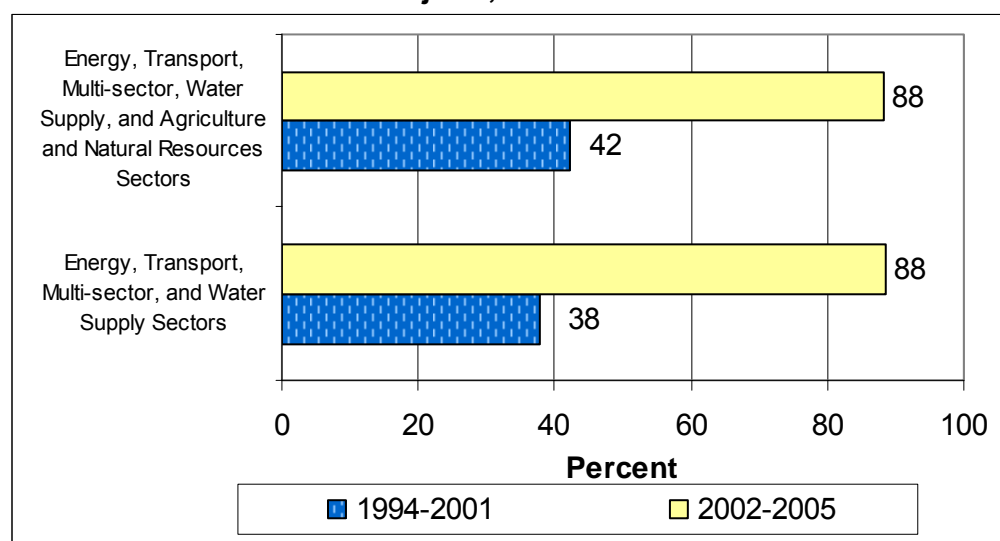
^a Infrastructure sectors refer to ANR, energy, multisector, transport and communications, and water supply and sanitation sectors.

^b Total of major infrastructure sectors without ANR sector.

^c Total of major infrastructure sector projects, excluding credit lines, TA loans, and programs.

^d Projects with RPs/resettlement frameworks/land acquisition and RP, as per project's RRP.

Sources: Regional and Sustainable Development Department, Project Coordination and Procurement Division list of loans, and RRP.

Figure A4.1: Growth of Resettlement Plan (RP) Inclusion in Infrastructure Sector Projects, 1994–2005

Sources: Environment and Social Safeguards Division, Project Coordination and Procurement Division list of loans, and reports and recommendations of the President.

Table A4.4: Infrastructure Projects without Resettlement Planning (Category C), 1994–2005, for Indonesia, Pakistan, and Philippines

No.	Year	Project Name	Country	Loan No.	Sector
6	1994	Capacity Building in the Water Resources Sector	INO	1339	ANR
7	1994	Second Integrated Irrigation Sector	INO	1296	ANR
11	1994	Sumatra Power Transmission	INO	1320	EN
23	1994	West Lampung Emergency Reconstruction	INO	1321	TC
24	1994	Eastern Islands Roads (Sector)	INO	1335	TC
28	1995	Sulawesi Rainfed Agriculture Development	INO	1351	ANR
31	1995	Farmer Managed Irrigation Systems	INO	1378	ANR
37	1995	Gas Transmission and Distribution	INO	1357	EN
46	1995	Sumatra Urban Development	INO	1383	MS
47	1995	West Java Urban Development	INO	1384	MS
58	1995	Rural Water Supply and Sanitation Sector Project	INO	1352	WS
63	1996	P.T. Banjarmasin Agrojaya Mandiri	INO	7129	ANR
67	1996	Bapedal Regional Network	INO	1449	ANR
71	1996	Integrated Pest Management for Smallholder Estate Crops	INO	1469	ANR
99	1997	Participatory Development of Agricultural Technology	INO	1526	ANR
103	1997	Coastal Community Development and Fisheries Resources Management	INO	1570	ANR
105	1997	Northern Sumatra Irrigated Agriculture Improvement Sector	INO	1579	ANR
120	1997	Belawan, Balikpapan and Banjarmasin Ports	INO	1559	TC
121	1997	Eastern Islands Air Transport Development	INO	1586	TC
130	1997	Capacity Building of Water Supply Enterprises for Water Loss Reduction Sector	INO	1527	WS
134	1998	Central Sulawesi Integrated Area Development and Conservation	INO	1605	ANR
182	2000	Community Empowerment for Rural Development	INO	1765	MS
186	2000	Community Empowerment for Rural Development	INO	1766	MS
193	2000	Road Rehabilitation (Sector)	INO	1798	TC
220	2005	Rural Infrastructure Support Project	INO	2221	MS

No.	Year	Project Name	Country	Loan No.	Sector
221	2005	Road Rehabilitation-2 Project	INO	2184	TC
10	1994	KESC Sixth Power (Sector Loan) Project	PAK	1314/1315	EN
15	1994	Social Action Program	PAK	1301	MS
26	1995	National Drainage Sector	PAK	1413	ANR
35	1995	Forestry Sector	PAK	1403	ANR
59	1995	Punjab Rural Water Supply and Sanitation	PAK	1349	WS
70	1996	Bahawalpur Rural Development	PAK	1467	ANR
77	1996	Fauji Kabirwala Private Sector Power Project	PAK	7126	EN
86	1996	Social Action Program (Sector) II	PAK	1493	MS
104	1997	Second Flood Protection Sector	PAK	1578	ANR
116	1997	Dera Ghazi Khan Rural Development	PAK	1531	MS
131	1997	Korangi Wastewater Management	PAK	1539	WS
153	1999	Punjab Farmer Managed Irrigation Project	PAK	1679	ANR
158	1999	Malakand Rural Development	PAK	1672	MS
184	2000	North-West Frontier Province Barani Area Development Phase II	PAK	1787	MS
199	2001	North-West Frontier Province Urban Development Sector	PAK	1854	MS
211	2004	Sustainable Livelihood in Barani Areas Project	PAK	2134	ANR
218	2005	New Bong Escape Hydropower Project	PAK	2198/7222/	EN
16	1994	Rural Infrastructure Development	PHI	1332	MS
27	1995	Second Irrigation Systems Improvement	PHI	1365/1366	ANR
61	1995	Umiray-Angat Transbasin	PHI	1379	WS
65	1996	Cordillera Highland Agricultural Resource Management	PHI	1421	ANR
85	1996	Bukidnon Integrated Area Development	PHI	1453	MS
93	1996	Small Towns Water Supply Sector Project	PHI	1472	WS
94	1996	Rural Water Supply and Sanitation Sector	PHI	1440/1441	WS
102	1997	Fisheries Resource Management	PHI	1562	ANR
115	1997	Subic Bay Area Municipalities Infrastructure Improvement	PHI	1599	MS
123	1997	Third Airports Development (Southern Philippines)	PHI	1536	TC
142	1998	Clark Area Municipal Development	PHI	1658	MS
145	1998	Metro Manila Air Quality Improvement (Investment Loan)	PHI	1665	MS
164	1999	Philippine International Air Terminals Co., Inc. (PIATCO)	PHI	7155	TC
168	1999	Maynilad Water Services Incorporated (MAYNILAD)	PHI	7154	WS
169	2000	Grains Sector Development Program (Project)	PHI	1740	ANR
181	2000	Infrastructure for Rural Productivity Enhancement Sector Project	PHI	1772	MS
188	2000	North Luzon Expressway Rehabilitation and Expansion	PHI	7162	TC

ANR = agriculture and natural resources, EN = energy, MS = multisector, RRP = report and recommendation of the President, TC = transport and communications, WS = water supply and sanitation.

Note: List excludes all non-infrastructure sectors (education, finance, law, economic management and public policy, health, nutrition and social protection, and industry and trade), program loans, technical assistance loans, credit lines, and (for 2000–2005) other projects appearing to have little or no civil works as per their RRP.

Sources: Regional and Sustainable Development Department database, Project Coordination and Procurement Division list of loans, and RRP.

**ASIAN DEVELOPMENT BANK STATISTICS ON NUMBER AND PERCENTAGE OF
AFFECTED PERSONS IN PROJECTS WITH INVOLUNTARY RESETTLEMENT**

Table A5.1: Number and Percentage of Affected Persons in Projects with Involuntary Resettlement for the Period 1994–2005, Estimated at Time of Project Approval

Item	Number of Projects^a	% of Projects	Number of APs	% of APs
By Year				
1994	10	5	305,613	17
1995	13	7	53,900	3
1996	18	9	78,235	4
1997	5	3	69,065	4
1998	14	7	342,994	19
1999	17	9	79,384	4
2000	14	7	256,445	14
2001	18	9	110,123	6
2002	20	10	94,614	5
2003	24	13	151,091	8
2004	21	11	120,108	7
2005	18	9	117,178	7
Total	192	100	1,778,750	100
By Sector				
Agriculture and Natural Resources	25	13	109,054	6
Energy	32	17	124,567	7
Health, Nutrition, and Social Protection	2	1	225	0
Industry and Trade	4	2	1,815	0
Multisector (mainly urban development)	26	14	48,652	3
Transport and Communications	80	42	1,360,495	76
Water Supply and Sanitation	2	12	133,942	8
Total	192	100	1,778,750	100
By Country				
People's Republic of China ^b	71	37	1,088,158	61
Bangladesh	19	10	153,043	9
Viet Nam	19	10	156,242	9
India	14	7	99,676	6
Philippines	8	4	74,664	4
Nepal	6	3	64,341	4
Indonesia	10	5	45,281	3
Cambodia	11	6	42,419	2
Pakistan	11	6	23,623	1
Sri Lanka	5	3	15,946	1
Lao People's Democratic Republic	10	5	14,576	1
Afghanistan	1	1	196	0
Tajikistan	3	2	173	0
Uzbekistan	1	1	275	0
Federated States of Micronesia	1	1	60	0

	Number of Projects ^a	% of Projects	Number of APs	% of APs
Fiji Islands	1	1	40	0
Samoa	1	1	37	0
Total	192	100	1,778,750	100

AP = affected person, PCR = project completion report, RP = resettlement plan, RRP = report and recommendation of the President.

^a Projects whose RPs (from RRP) indicated the number of APs as a result of involuntary resettlement.

^b If ADB's more strict categorization of severely affected peoples, those affected beyond 10% of their livelihood, is used, then the actual numbers for road and railway projects (37% of the total number of projects in PRC, with 922,640 APs counted by their RPs) could possibly be still many times higher for that country. This is because of the nature of land ownership in rural areas, which is collective ownership by registered village collectives with use rights arranged for named families and individuals. Especially until 2004, land takings from rural collectives for railways and roads used to be meticulously recorded, but not numbers of APs. Chinese authorities have left it at the discretion of village collectives to decide whether to "redistribute" land taken from individual farm lands within collectives in the right of way, among all members of the collective (each losing a small part of their land, rather than some farmers losing all), or to compensate individual members for actual land loss. Most of the AP figures in RRP and even PCR for new road and railway projects in the PRC seem to be based on numbers derived from aggregate land takings divided by the average area per farmer in a collective. The true picture that prevailed in the past is then very different from the APs reported in the RRP and even PCR, and many more people got affected, although most in minor ways.

Table A5.2: Resettled and Not-Resettled Affected Persons, Estimates and Actuals, in Infrastructure Projects Approved in the Period 1994–2005, and with Project Completion Reports

Number of Completed Projects	PRC	IND	PHI	VIE	Others	Total
	33	2	4	4	8	51
APs as estimated in RRP/RP						
Number of APs	212,891	800	5,833	6,905	42,032	268,461
- Number of APs to be resettled	145,257	800	5,833	6,356	5,362	163,608
- Number of APs with no need for resettlement	67,634	0	0	549	36,670	104,853
Actual APs as estimated by PCR/PPER						
Number of APs	292,308	435	8,171	86,064	56,287	443,265
- Number of APs resettled	164,729	0	8,171	5,336	1,256	179,492
- Number of APs with no need for resettlement	127,579	435	0	80,728	55,031	263,773
% Change - APs (Actual vs. Estimate)						
Number of APs (%)	37	(46)	40	1,146	34	65
Number of APs resettled (%)	13	(100)	40	(16)	(77)	10
Number of APs with no need for resettlement (%)	89	0	0	14,605	50	152

AP = affected person, IND = India, IR = involuntary resettlement, PCR = project completion report, PHI = Philippines, PPER = project performance evaluation report, PRC = People's Republic of China, RP = resettlement plan, RRP = report and recommendation of the President, RSDD = Regional and Sustainable Development Department, TA = technical assistance, VIE = Viet Nam.

Notes: (i) IR categories are based on RSDD; (ii) Actual IR categories are based on the actual number of APs and retrofitted in the IR category definitions in the Operations Manual (Section F2/OP); (iii) not included in the listing were Loan 1553-PRC: Shenmu-Yanan Railway, (approved 29 September 1997) which was closed on 30 June 2003 but did not have a PCR; Loan 1305-PRC: Jing Jiu Technical Enhancement, as the 212,000 APs were not directly due to the loan's equipment provision for the railroad (Beijing–Hong Kong) built by the government; and Loan 1638-PRC: Chengdu-Nanchong Expressway Project, where 188,000 secondary APs identified in the RRP were not included in the calculations, as the PCR did not discuss these. Infrastructure projects in sectors of (i) transport, (ii) energy, (iii) water, (iv) multisector, and (v) agriculture and natural resources.

Sources: Fifty-one PCRs issued for infrastructure projects approved from 1994 onwards. The PCR for the equipment financing loan for the Jing-Jiu Railway Technical Enhancement was excluded (Loan 1305-PRC, for \$200 million, approved 14 July 1994); RSDD IR database; various RRP/RPs; various PCRs; loans, TA, grants, and equity approvals database.

**Table A5.3: Ongoing Infrastructure Projects with IR Impacts Approved
Between 1994–2005, in Four Countries**

Item	PRC	IND	PHI	VIE	Total
Number of Ongoing Projects	31	19	7	11	68
% of total	45.6	27.9	10.3	16.2	100.0
APs (based on RRP/RP)					
Number of APs	422,942.0	102,691.0	76,169.0	135,013.0	736,815.0
% of total	57.4	13.9	10.3	18.3	100.0
Number of APs to be resettled	159,173.0	14,943.0	45,176.0	17,354.0	236,646.0
% of total	67.3	6.3	19.1	7.3	100.0
Number of APs with no need for resettlement	263,769.0	87,748.0	30,993.0	117,659.0	500,169.0
% of total	52.7	17.5	6.2	23.5	100.0

AP = affected person, IND = India, IR = involuntary resettlement, PHI = Philippines, PRC = People's Republic of China, RP = resettlement plan, RRP = report and recommendation of the President, VIE = Viet Nam.

Sources: Regional and Sustainable Development Department database involuntary resettlement database; various RRP/RPs; loans, technical assistance grants, and equity approvals database.

**Table A5.4: Resettled and Not Resettled Affected Persons by Country and Sector,
Estimates and Actuals, for Infrastructure Projects Approved Since 1994
with Project Completion Reports Issued Before 2006**

Timing/Sector	PRC	IND	PHI	VIE	Others	Total
	APs	APs	APs	APs	APs	
At Appraisal						
Agriculture and Natural Resources	0	0	0	3400	0	3,400
Energy	57,875	0	300	0	1,025	59,200
Water Supply, Sanitation and Waste Management	56,789	0	0	45	113	56,947
Transport and Communications	93,491	0	3,800	3,460	40,719	141,470
Multisector	4,736	800	5,833	6,905	43,032	268,461
Total	212,891	800	9,933	10,410	84,889	318,923
At Completion						
Agriculture and Natural Resources	90	0	0	4,248	0	4,338
Energy	55,754	435	2,217	0	375	58,781
Water Supply, Sanitation and Waste Management	61,374	0	0	200	960	62,534
Transport and Communications	170,743	0	5,277	81,616	54,952	312,588
Multisector	4,347	0	677	0	0	5,024
Total	292,308	435	8,171	86,064	56,287	443,265

AP = affected person, IND = India, PHI = Philippines, PRC = People's Republic of China, VIE = Viet Nam.

Source: All project completion reports which allowed for comparisons of estimated and actual APs (51).

Table A5.5: Resettled and Not-Resettled Affected Persons by Sector, Estimates and Actuals, for Infrastructure Projects Approved Since 1994 with Project Completion Reports Issued Before 2006

	ANR	EN	MS	TC	WS	Total
	APs	APs	APs	APs	APs	APs
APs (Appraised based on RRP/RP)						
APs	3,400	59,200	7,444	141,470	56,947	268,461
To be resettled	2,860	41,131	7,444	65,438	46,735	163,608
No need for resettlement	540	18,069	0	76,032	10,212	104,853
APs (Actual based on PCR/PPER)						
APs	4,338	58,781	5,024	312,588	62,534	443,265
Resettled	4,338	44,315	5,024	67,719	58,096	179,492
Not resettled	0	14,466	0	244,869	4,438	263,773

ANR = agriculture and natural resources, AP = affected person, EN = energy, MS = multisector, PCR = project completion report, PPER = project performance evaluation report, RP = resettlement plan, RRP = report and recommendation of the President, TC = transport and communications, WSS = water supply, sanitation and waste management.

Sources: Regional and Sustainable Development Department database; loans, technical assistance, grants, and equity approvals database; RRP and PCRs of 51 projects.

Table A5.6: List of Infrastructure Projects Approved Since 1994 with Project Completion Reports Issued Before 2006, with Estimated and Actual APs

Year	Loan No.	Project Name	AP (Appraisal)	AP (Actual)
People's Republic of China				
1994	1304	Yunnan-Simao Forestation and Sustainable Wood Utilization	0	90
1994	1313	Dalian Water Supply Project	1,800	1,036
1994	1318	Hunan Lingjintan Hydropower	3,412	6,100
1994	1324	Heilongjiang Expressway	1,100	786
1994	1325	Yunnan Expressway	2,300	1,780
1994	1336	Beijing Environmental Improvement	2,393	3,374
1995	1386	Fujian Soil Conservation and Rural Development	308	480
1995	1387	Hebei Expressway	3,662	3,910
1995	1388	Liaoning Expressway (Tieling -Siping)	2,993	855
1995	1411	Second Yantai Port	0	300
1995	1417	Fujian Mianhuatan Hydropower	41,054	39,393
1995	1419	Ping Hu Oil and Gas Development	40	40
1996	1427	Fangcheng Port	188	188
1996	1436	Second Industrial Energy Efficiency and Environment Improvement	200	0
1996	1439	Daxian-Wanxian Railway	11,290	17,570
1996	1470	Chongqing Expressway	11,200	9,381
1996	1483	Shenyang-Jinzhou Expressway	465	1,320
1996	1484	Jiangxi Expressway	1,494	2,069
1996	1490	Anhui Environment Improvement Project-Water	35	362
1997	1543	Xi'an-Xianyang-Tongchuan Environment Improvement	2,200	11
1998	1644	Yunnan Dachaoshan Power Transmission	869	492
1997	1553	Shenmu-Yanan Railway	12,518	0
1997	1582	Northeast Power Transmission	10,100	9,718
1998	1617	Hebei Roads Development	12,814	37,932
1998	1626	Guizhou-Shuibai Railway	2,466	29,653
1998	1636	Fuzhou Water Supply and Wastewater Treatment	514	521
1998	1641	Changchun-Harbin Expressway:Hashuang Expressway	2,250	4,006
1998	1638	Chengdu-Nanchong Expressway (direct APs)	17,517	34,196
1998	1642	Changchun-Harbin Expressway:Changyu Expressway	5,858	5,468
1997	1544	Zhejiang-Shanxi Water Conservancy	36,888	37,199

Year	Loan No.	Project Name	AP (Appraisal)	AP (Actual)
1999	1685	Northeast Flood Damage Rehabilitation	2,035	493
1999	1691	Southern Yunnan Road Development	5,376	21,329
1999	1692	Suzhou Creek Rehabilitation	17,552	22,256
Vietnam				
1994	1344	Red River Delta Water Resources Sector	540	652
1995	1361	Provincial Towns Water Supply and Sanitation	45	200
1995	1404	Fisheries Infrastructure Improvement	2,860	3,596
1996	1487	Second Road Improvement (Phase I)	3,460	81,616
Philippines				
	1042	Sixteenth Power (Masinloc Thermal Power)	0	1,089
1994	1333	Airport Development	3,800	5,277
1995	1367	Regional Municipal Development	1,733	677
1995	1398	Northern Luzon Transmission and Generation (19th Power)	300	1,128
India				
1995	1405	Power Transmission (Sector)	0	435
1995	1415/1416	Karnataka Urban Infrastructure Development (Government of India and HDFCL)	800	0
Other Countries				
1995	1369-LAO	Champassak Road Improvement	259	260
1996	1424-PAK	Ghazi Barotha Hydropower	650	0
1996	1428-INO	North Java Road Improvement	40,000	53,375
1996	1452-NEP	Kali Gandaki-A Hydroelectric	375	375
1996	1468-CAM	Phnom Penh Water Supply and Drainage	80	930
1996	1478-BAN	Jamuna Bridge Access Roads	460	1,317
1998	1666-BAN	Flood Damage Rehabilitation	175	0
2001	1852-TAJ	Emergency Restoration of Yavan Water Conveyance System	33	30

AP = affected person, BAN = Bangladesh, CAM = Cambodia, INO = Indonesia, LAO = Lao People's Democratic Republic, NEP = Nepal, No. = number, PAK = Pakistan, PCR = project completion report, TAJ = Tajikistan.

Note: For the Chengdu-Nanchong Expressway Project, only the direct APs were counted, as the PCR did not record the numbers of indirectly affected people that were anticipated by the Report and Recommendation of the President.

Source: All fifty-one project completion reports which allowed for comparisons of estimated and actual APs.

Table A5.7: Summary of Estimated and Actual Numbers of Affected Persons by Country and Sector, Infrastructure Projects Approved Since 1994, and with Project Completion Reports, All Countries

Item	Total Affected Persons		
	At Appraisal	At Closing	% Difference
By Country			
People's Republic of China	212,891	292,308	37
Viet Nam	6,905	86,064	1,146
Philippines	5,833	8,171	40
India	800	435	(46)
Other Countries	42,032	56,287	34
By Sector			
Agriculture and Natural Resources	3,400	4,338	28
Energy	59,200	58,781	(1)
Multisector and Industry	7,444	5,024	(33)
Transport and Communications	141,470	312,588	121
Water Supply and Sanitation	56,947	62,534	10
Total Affected Persons	268,461	443,265	65

Source: All 51 project completion reports issued until end 2005 for projects in transport, energy, water, urban/multisector, and agriculture and natural resources.

**THIRTY PROJECTS APPROVED BETWEEN 1994 AND 2005 WITH HIGHEST NUMBER OF
AFFECTED PERSONS, AS ANTICIPATED BY RESETTLEMENT PLANS**

Loan No.	Year	Project Name	DMC	Sector	No. of APs	
1	1305	1994	Jing-Jiu Railway Technical Enhancement	PRC	TC	210,000
2	1638	1998	Chengdu-Nanchong Expressway ^a	PRC	TC	205,500
3	1298	1994	Jamuna Multipurpose Bridge	BAN	TC	77,200
4	1748	2000	Hefei-Xi'an Railway	PRC	TC	76,500
5	1653	1998	Third Road Improvement	VIE	TC	71,400
6	1745	2000	Pasig River Environmental Management and Rehabilitation Sector Development Program	PHI	ANR	55,000
7	1417	1995	Fujian Mianhuatan Hydropower	PRC	EN	41,000
8	1820	2000	Melamchi Water Supply	NEP	WS	40,913
9	2182	2005	Zhengzhou-Xi'an Railway	PRC	TC	37,000
10	2089	2004	Hunan Roads Development II	PRC	TC	36,978
11	1544	1997	Zhejiang-Shanxi Water Conservancy	PRC	WS	36,888
12	1784	2000	Chongqing-Guizhou Roads Development: Guizhou Component (Chongzun Expressway)	PRC	TC	31,800
13	1851	2001	Guangxi Roads Development	PRC	TC	31,700
14	1428	1996	North Java Road Improvement	INO	TC	31,300
15	2024	2003	Xi'an Urban Transport Project	PRC	TC	29,044
16	1660	1998	GMS: Phnom Penh-HCMC Road Improvement	VIE	TC	27,925
17	2051	2003	Yichang-Wanzhou Railway	PRC	TC	25,175
18	1839	2001	Western Transport Corridor	IND	TC	24,012
19	2181	2005	Central Sichuan Roads Development	PRC	TC	22,871
20	1850	2001	Ganzhou-Longyan Railway	PRC	TC	19,340
21	2029	2003	National Highways Sector I	IND	TC	17,088
22	1945	2002	GMS: Cambodia Road Improvement	CAM	TC	16,665
23	1732	1999	Rural Electrification, Distribution and Transmission	NEP	EN	16,000
24	2094	2004	Guangxi Roads Development II	PRC	TC	15,519
25	2004	2003	Ningxia Roads Development	PRC	TC	14,800
26	2125	2004	Gansu Roads Development	PRC	TC	14,750
27	1701	1999	Shanxi Roads Development	PRC	TC	13,900
28	2103/ 2104	2004	NWFP Road Development Sector and Subregional Connectivity	PAK	TC	13,590
29	2219	2005	Hunan Roads Development III	PRC	TC	13,078
30	1944	2002	East West Corridor	IND	TC	13,064

ADB = Asian Development Bank, ANR = agriculture and natural resources, AP = affected person, BAN = Bangladesh, CAM = Cambodia, DMC = developing member country, EN = energy, IND = India, INO = Indonesia, MS = multisector, NEP = Nepal, No. = number, PAK = Pakistan, PHI = Philippines, PRC = People's Republic of China, TC = transport and communications, VIE = Viet Nam, WS = water supply and sanitation.

^a This project anticipated 17,517 direct APs and made an estimate of 188,000 APs with "secondary" resettlement impact. The document explained this as follows: "The primary resettlement impacts include permanent loss of farmland, housing, other assets, tree crops, and other crops. A further 188,000 people live in the villages along the road alignment, and will experience secondary resettlement impacts as each village adjusts agricultural land contracts to accommodate land losses and to replace housing." As Table A5.6 demonstrates, the project completion report determined the final number of APs as 34,196.

Note: Loan 1305-PRC: Jing-Jiu Railway Technical Enhancement, approved in 1994, was exclusively for equipment purchase. The number of resettled people prior to loan approval because of construction unrelated to the ADB loan has not been added to the totals for the tables regarding estimated and actual number of APs.

Sources: (i) 1994–2005 data from the Environment and Social Safeguards Division of the Regional and Sustainable Development Department of ADB; (ii) 2002–2005 number of APs data from resettlement plans posted in the ADB Involuntary Resettlement website, and reports and recommendations of the President.

DAMS IN ASIAN DEVELOPMENT BANK-SUPPORTED PROJECTS

Table A7.1: ADB Loans with Dam Component to Overall Portfolio

	No. of Loans			Amount (\$ million)		
	With Dams	All Loans	%	With Dams	All Loans	%
1970–1979	36	422	8.5	771.43	5,707.70	13.5
1980–1989	27	538	5.0	1,347.48	18,226.35	7.4
1990–1999	19	665	2.9	1,937.53	43,571.14	4.4
2000–2005	7	413	1.7	583.30	26,827.78	2.2
Total	89	2,038	4.4	4,639.74	94,332.98	4.9

ADB = Asian Development Bank, No. = number.

Source: ADB portal and ADB website on water resources. Available: <http://www.adb.org/water/topics/dams/pdf/Dams-Database.pdf>

Table A7.2: Completed ADB-Financed Large Dams Since 1994

Loan No.	DMC	Project	Amount (\$ million)	Year Approved
1318	PRC	Hunan Lingjintan Hydropower	116.0	1994
1329	LAO	Theun-Hinboun Hydropower	60.0	1994
1386	PRC	Fujian Soil Conservation and Rural Development	65.0	1995
1417	PRC	Fujian Mianhuatan Hydropower	170.0	1995
1424	PAK	Ghazi Barotha Hydropower	300.0	1996
1452	NEP	Kali Gandaki "A" Hydroelectric Power	160.0	1996
1456	LAO	Nam Leuk Hydropower	52.0	1996
1462	SRI	North Central Province Rural Development	20.0	1996
1544	PRC	Zhejiang-Shanxi Water Supply Project (Phase I)	100.0	1997
1668	PHI	Southern Philippines Irrigation Sector	60.0	1998
Ongoing:				
1757	SRI	Water Resource Management	30.0	2000
1814	PRC	West Henan Agricultural Development Project	64.3	2000
1922	PRC	Hebei Zhanghewan Pumped Storage Project	144.0	2002
1995	PRC	Harbin Water Supply	100.0	2003
2025	VIE	Phuoc Hoa Multipurpose Water Resources	90.0	2003
2032	PRC	Gansu Clean Energy Development	35.0	2003
2162	LAO	GMS Nam-Theun II Hydropower Development	120.0	2005

ADB = Asian Development Bank, DMC = developing member country, NEP = Nepal, No. = number, PAK = Pakistan, PDR = People's Democratic Republic, PHI = Philippines, PRC = People's Republic of China, SRI = Sri Lanka, VIE = Viet Nam.

Sources: ADB portal and ADB website on water resources. Available: <http://www.adb.org/water/topics/dams/pdf/Dams-Database.pdf>

Table A7.3: Large Dams in the Loan Pipeline

DMC	Title	Amount (\$ million)	Year to be Approved
IND	Uttaranchal Power Sector Development	300	2006
PRC	Rural Electrification Development Project (formerly Renewable Energy in Rural Areas)	100	2006
PRC	Guiyang Integrated Water Resources Management	150	2006
SAM	Savaii Renewable Energy	10	2006
NEP	Rural Electrification and Renewable Energy	40	2006
AFG	Hydropower and Transmission Project	100	2007

DMC	Title	Amount (\$ million)	Year to be Approved
IND	Kerala Power Sector Development Project	200	2007
VIE	Song Bung 4 Hydropower Project	180	2007
PHI	Metropolitan Waterworks and Sewerage System - New Water Source Development ^a		

AFG = Afghanistan, DMC = developing member country, IND = India, NEP = Nepal, PHI = Philippines, PRC = People's Republic of China, SAM = Samoa, VIE = Viet Nam.

Note: Pipeline list based on the Project Performance Information System as of 26 August 2005; Dam details based on report and recommendation of the President and/or project completion report.

^a Tentative depending on outcome of feasibility study.

Source: Asian Development Bank website on water resources. Available: <http://www.adb.org/water/topics/dams/pdf/Dams-Database.pdf>

LAND ACQUISITION AND RESETTLEMENT ISSUES DISCUSSED IN PROJECT COMPLETION REPORTS

A. Loan 1318-PRC: Hunan Lingjintan Hydropower Project

- (i) Slow disbursement and shortfall in the release of the resettlement budget to the affected people;
- (ii) Diversion of CNY19 million from the Taoyuan County finance department's resettlement budget to pay alleged shortfalls in the cultivated land tax;
- (iii) Slow progress of evaluation and acceptance of resettlement completion;
- (iv) Landslide along the bank reservoir, which may require further household relocations;
- (v) Occasional flooding of the reservoir area, which makes restoration of livelihood and income difficult for certain households (flooding threatens about 700 persons near the reservoir shore). Also, no funding has been made available from the project profits (the reservoir development fund). Thus, further measures are urgently needed to ensure that the incomes of affected persons do not continue to be reduced.

B. Loan 1417-PRC: Fujian Mianhuatan Hydropower

- (i) In April 2000, one of the senior officials supervising relocation was accused of receiving bribes, and received a court sentence. The Asian Development Bank (ADB) promptly requested the government to carefully review the implementation of the resettlement plan (RP) and ensure that all funds are used for the purpose intended;
- (ii) In April 2002, the external monitor reported that many of the affected people had still not been restored to their preproject income levels. The Fujian Provincial Government and Longyan Municipal Resettlement Office disputed the findings of the external monitor. The Shanghang and Yongding County Statistics Bureaus conducted a survey in early 2003 that revealed that incomes were much higher on average, but still an estimated 25% of households had not restored their preproject income levels.

C. Loan 1439-PRC: Daxian-Wanxian Railway

- (i) Two main problems were observed regarding housing. The first was the small average size of affected persons' (APs) new houses as a result of low compensation standards. Small house size makes it difficult for APs to lease their houses to earn extra income. The second problem was that some APs were relocated to remote areas with few business opportunities. However, when APs' concerns are given full attention by village leaders and local government, the resettlement problems can be resolved in a fair and timely manner.
- (ii) Relocation of affected persons in Wanzhou was tougher than in other areas, because a previous resettlement program related to the Three Gorges Water Resources Project was already making it difficult for the people of Wanzhou to find jobs. Therefore, APs relocated from areas around the Wanzhou railway station were less satisfied than others surveyed.

D. Loan 1484-PRC: Jiangxi Expressway

- (i) While the land prices and resettlement compensation rates paid to affected persons were in line with the Land Administration Law of the PRC, the government has revised rates upwards on a number of occasions since the resettlement plan was completed. Many of the relocated households had either used up their lifetime savings or borrowed from relatives and friends in order to construct better and bigger housing. This created dissatisfaction among 24% of the relocated persons, who said that cash compensation for housing should be sufficient to build bigger and better housing. More frequent dialogue with affected persons and clearer explanations on compensation entitlement would have minimized their dissatisfaction.

E. Loan 1544-PRC: Zhejiang-Shanxi Water Conservancy

- (i) About 11% of affected households have not been able to restore their 1996 income level. The worst-off households in this group resettled in villages around the reservoir or in self-selected relocation sites.

F. Loan 1626-PRC: Guizhou-Shuibai Railway

- (i) Appraisal figures were very low compared with actual figures, due to many design changes to the railway after ADB's approval of the loan.

G. Loan 1641-PRC: Changchun-Harbin Expressway:Hashuang Expressway

- (i) ADB was not kept regularly informed of the resettlement activities. Also, no external monitor was engaged as required by the loan agreement.

H. Loan 1642-PRC: Changchun-Harbin Expressway:Changyu Expressway

- (i) The provincial audit office identified some resettlement issues, such as delays in the compensation payments during implementation, though the necessary mitigation measures were adopted on a timely basis.

I. Loan 1644-PRC: Yunnan Dachaoshan Power Transmission

- (i) One factor in the slow improvement of farmers' incomes was that there were few local enterprises in the rural mountain areas. In addition, most of the affected households lived in mountain areas with tenuous road access to agricultural markets in large towns or cities.

J. Loan 1691-PRC: Southern Yunnan Road Development

- (i) The main concern in relation to resettlement implementation was the lack of funding, which resulted in serious delays in land compensation payments. Compensation was paid in a timely manner for house reconstruction, but payments for land losses were delayed for 1 to 2 years.

K. Loan 1333-PHI: Airport Development

- (i) Land acquisition and resettlement (LAR) activities were among the major issues during project implementation and the main reason for the delay experienced by the project. The Department of Transportation and Communications (DOTC) entered into three Memoranda of Agreement (MOAs) with the City of Davao for LAR. The land acquisition and resettlement plan could have been completed sooner if DOTC and the project implementation unit (PIU) had maintained full control over the resettlement process rather than delegated it to the City of Davao, which had different priorities from those of DOTC/PIU. The LAR process could also have been speeded up if DOTC/PIU had followed a clearer and more systematic project planning and implementation process. The implementation of MOA 3 encountered complications involving mortgaged properties of APs. To solve the issue, an ADB review mission fielded in February 2002 requested DOTC to (i) prepare a full RP based on ADB's resettlement policy for LAR activities still to be carried out under MOA 3; (ii) provide an assessment of past LAR compensation; and if necessary; (iii) provide additional compensation for past land acquisition to ensure replacement value as provided for by ADB policy. DOTC agreed to the first request, but rejected all retroactive action on technical grounds (a retroactive assessment of market value was unfeasible because of ongoing, rapid changes in the real estate market) and legal grounds (the ADB policy was not included in the loan covenants).

L. Loan 1367-PHI: Regional Municipal Development

- (i) "Over time, the settlers established their livelihoods, though for many this meant coping with high transportation costs for commuting to and from Illigan. However, 20% of the original families have moved on, or even moved back to the city center, because they could not cope with the isolation and the 12 km travel from this hillside resettlement colony to the city. Transport costs, lack of income opportunities, and shortage of water supply and electricity were the major problems. This experience suggests that this resettlement project faced sustainability problems."

M. Loan 1398-PHI: Northern Luzon Transmission and Generation (19th Power) Project

- (i) [Stage 2 of Masinloc Project] Project implementation delay was encountered due to delay in acquisition of land.

N. Loan 1042-PHI: Sixteenth Power (Masinloc Thermal Power) Project (Stage 1 of Loan 1398)

- (i) IR, land acquisition, right of way payment, and payment of compensation have delayed implementation of the project. The government and the National Power Corporation should have a more effective strategy for dealing with such issues.

O. Loan 1344-VIE: Red River Delta Water Resources Sector

- (i) Families whose houses were damaged due to nearby piling operations for structures complained that they faced difficulties in receiving compensation

- payments, as the resettlement and compensation plan did not foresee such damage. These families did receive compensation, but with a delay.
- (ii) One adverse impact observed by the PCR Mission has been the reduction and loss of income of families engaged in fishing activities in one of the subprojects due to the reduction of saline water intrusion as a result of the project.

P. Loan 1404-VIE: Fisheries Infrastructure Improvement

- (i) APs at the Ca Mau Port submitted the following issues to the provincial authorities: (i) the compensation rate was lower than the local authority promised at the beginning; (ii) some people got higher compensation for the same item; and (iii) the land at new resettlement zone was sold to only some people, not to everyone as committed by the local authority. The resettlement for Ca Mau Port was completed in 2002, when provincial authorities had resolved all resettlement issues.

Q. Loan 1487-VIE: Second Road Improvement (Phase I)

- (i) Resettlement in connection with upgrading of the 16 kilometers of connecting roads was carried out according to national standards, rather than the standards agreed to under the project. The national resettlement standard is less advantageous to those being resettled than ADB's, but the differences are minor. The nongovernment organization appointed to monitor resettlement—the Research Center for Gender, Family, and Environment in Development (CGFED)—informed the Project Completion Report Mission that they had not noted the deviation but found that all affected people had been fully compensated. The mission believes the deviation was accidental.

DAMS AND RESETTLEMENT

1. Because of their scale, scope, and impacts, dams are often at the center of controversy between governments, multilateral development banks, affected persons (APs) and nongovernment organizations (NGOs). Resettlement issues associated with large dams are of particular concern to NGOs.¹ The report of the World Commission on Dams² identified several reasons for this: (i) worldwide, resettlement associated with large dams accounts for a significant part of total resettlement associated with all public infrastructure development; (ii) once constructed, dams are irreversible; (iii) large dams are generally justified by national economic benefits, while their adverse impacts on APs are local within the confines of the river valleys—the mismatch between benefits and costs contributes to confrontation; (iv) resettlement for large dams is more complex than that associated with roads, railways, canals, thermal and water plants—usually more people are involved, whole communities are moved and APs lose both their homes, livelihoods, and cultural assets; (v) the more APs, the more difficult are resettlement issues; (vi) dams can affect both the upstream and downstream populations; (vii) the APs are often poor and indigenous peoples, and gender issues are not properly considered; (viii) alternatives are not investigated to minimize resettlement and adverse social impacts; (ix) the entitlements of APs to improve their livelihoods and quality of life are often not recognized, and negotiations with APs do not result in mutually agreed upon and legally enforceable mitigation and development provisions; and (x) agreed upon mitigation measures are not implemented or are not adequate to offset the actual adverse impacts on people—payment of cash compensation is often delayed, mitigation efforts are often insufficient to replace lost livelihoods, and resettlement budgets are frequently underestimated.

2. The report concluded, “Pervasive and systematic failure to assess the range of potential negative impacts and implement adequate mitigation, resettlement and development programs for the displaced, and the failure to account for the consequences of large dams for downstream livelihoods have led to the impoverishment and suffering of millions, giving rise to growing opposition to dams by affected communities worldwide.” Some of the key resettlement issues as identified by World Commission on Dams are summarized in Box 1.

¹ NGOs are also concerned about environmental and many other issues associated with large dams, but this report focuses on resettlement issues.

² World Commission on Dams. 2000. *The Report of the World Commission on Dams. Dams and Development: A New Framework for Decision-making*. Earthscan Publications Ltd, London and Sterling, VA.

Box 1: Summary of World Commission on Dams Findings on Resettlement

- 40–80 million people have been physically displaced by dams worldwide.
- Millions of people living downstream from dams—particularly those reliant on natural floodplain function and fisheries—have suffered serious harm to their livelihoods and have had the future productivity of their resources put at risk.
- Many of the displaced were not recognized (or enumerated) as such, and therefore were not resettled or compensated.
- Where compensation was provided it was often inadequate, and where the physically displaced were enumerated, many were not included in resettlement programs,
- Resettlers rarely had their livelihoods restored, as resettlement programs have focused on physical relocation rather than on the economic and social development of the displaced.
- Even in the 1990s, impacts on downstream livelihoods were not adequately assessed or accounted for in the planning and design of large dams.
- There is a clear relationship between the magnitude of displacement and the ability to rehabilitate and restore livelihoods adequately—the larger the number of displaced people, the less likely it is that livelihoods can be restored.

Source: World Commission on Dams. 2000. *The Report of the World Commission on Dams. Dams and Development: A New Framework for Decision-Making*. Earthscan Publications Ltd., London and Sterling, VA.

3. An NGO Forum on an Asian Development Bank (ADB) report³ examined ADB's support for dam projects, particularly those involving large dams, and included case studies for three projects: (i) Theun-Hinboun Hydropower in the Lao People's Democratic Republic (Lao PDR), for which ADB approved a loan on 8 November 1994; (ii) Nam Leuk Dam in the Lao PDR, with a loan approved 10 September 1996; and (iii) Kali Gandaki "A" Hydroelectric Project⁴ in Nepal, with a loan approved 23 July 1996. Major issues related to resettlement included (i) resettlement programs focused predominantly on physical relocation rather than restoring the livelihoods of displaced people; (ii) not all affected people were identified and adequately compensated, particularly communities downstream of the dam, those without land or legal title, and those affected by project infrastructure other than the reservoir; and (iii) indigenous people were adversely affected by a loss of their livelihoods and cultural way of life. Some Operations Evaluation Department (OED) reports have reached similar conclusions:

- (i) **Theun-Hinboun Hydropower Project:** The major conclusions of the ADB NGO Forum report about the resettlement aspects of this project were (i) a lack of prior consultation with APs, (ii) insufficient plans for direct compensation for APs, and (iii) adverse livelihood impacts on APs living in the upstream and downstream areas. The results of independent investigations and work of NGOs contributed to the preparation of a Mitigation and Compensation Program Report in 2000, two years after project completion. ADB's evaluation of this project⁵ rated it as successful. It was well designed, generated substantial foreign exchange earnings, was financially and economically viable, and was physically sustainable. However, the evaluation documented adverse environmental and social impacts and reached broadly similar conclusions as those of the NGO Forum on ADB. The project was approved before ADB had adopted its

³ Nuera, Auturo. *The Asian Development Bank and Dams. NGO Forum on ADB*. November 2005. Manila.

⁴ OED selects at 25% random sample of projects for independent evaluation. Although the Kali Gandaki "A" Hydroelectric Project was in the population of projects considered for evaluation in 2006, it was not selected.

⁵ ADB. 2002. *Project Performance Audit Report on the Theun-Hinboun Hydropower Project*. Manila.

Resettlement Policy. Due to the lack of baseline data on environmental and social impacts, issues related to fisheries, riverbank erosion, and sedimentation and the potential number of affected villages were not well understood. A lack of attention to resettlement matters during project formulation resulted in adverse impacts on APs. Independent third party monitoring reported that, while progress was being made after the adoption of the mitigation and compensation program, there remained concerns over the restoration of livelihoods. This experience underscores the difficulties of replacing natural resource and river-based livelihoods with agricultural-based livelihoods. NGOs continue to follow up with ADB and the government on the implementation of mitigation measures.

- (ii) **Nam Leuk Hydropower Project:** The report of the NGO Forum on ADB concluded that the Nam Leuk dam had adversely affected APs, both upstream and downstream, through increased health problems, food shortages, flooding, damage to fisheries and livestock, poor water quality and lack of potable water, illegal logging, and corruption associated with the project. The overall conclusion was that APs, including indigenous people, had not been adequately compensated for the losses caused by the project, and that some were poorer after Nam Leuk was built. The OED evaluation of the Nam Leuk project⁶ rated it as successful for reasons similar to the Theun-Hinboun Hydropower Project. The physical relocation was limited (16 families) and was generally successful. Many of the families were happier with their new lifestyle and with the facilities available at their new location. However, consistent with the findings of the NGO Forum on ADB, the evaluation documented adverse impacts on upstream and downstream APs after plant startup. Mitigation measures relating to reduced water quantity and impact on quality of fisheries were not fully addressed. Baseline data and monitoring of water quality and fisheries were not adequate to ascertain the project impacts, and mitigation measures were not developed. Institutional weaknesses and inadequate funds led to incomplete mitigation measures in some surrounding villages. Mitigation measures were managed effectively during project implementation, but more attention should have been paid to the mitigation measures after plant startup. NGOs remain concerned about the implementation of agreed upon mitigation measures. Their attention has provided incentives for ADB to continue monitoring the Nam Leuk Project.

4. Because of the concerns about environmental and social impacts of dams, OED undertook a special evaluation study (SES) of this topic.⁷ The four case studies⁸ examined were designed before the IR policy was adopted in 1995. When this study began in 1998, projects approved after ADB adopted the IR policy had not reached sufficient progress in implementation to draw meaningful assessments or recommendations. Although the evaluation concluded that the projects had not resulted in disastrous social impacts, there were shortcomings observed, most of which could have been avoided or mitigated with more diligence. Identification, and mitigation of project impacts improved in the later projects. The SES concluded that (i) the consultation process was not very effective in most of the study projects; (ii) the preparation of study projects in terms of social and resettlement concerns was weak due to the quality of baseline data and incompleteness of coverage; (iii) monitoring impacts was better during

⁶ ADB. 2004. *Project Performance Audit Report on the Nam Leuk Hydropower Project*. Manila.

⁷ ADB. 1999. *Special Evaluation Study on the Social and Environmental Impacts of Selected Hydropower Projects*. Manila.

⁸ Batang Ai Hydropower Project in Malaysia, approved in 1981; Power XX (Singkarak) Project in Indonesia, approved in 1990; Hunan Lingjintan Hydropower Project in the PRC, approved in 1994; and Theun-Hinboun Hydropower Project in Lao PDR, approved in 1994.

construction than in the operations phase; (iv) the institutional capabilities of agencies dealing with social concerns varied across countries; (v) ADB staff members' involvement in preparing project social documents and recommending their inadequacy to the Board created an awkward dual function;⁹ (vi) some of the project units responsible for implementing environmental and social mitigation measures were inappropriately staffed, inadequately funded, and established too late, with insufficient authority; and (vii) at the time of the study, ADB policies and guidelines for incorporating social dimensions into ADB operations were still maturing, with ADB staff displaying a limited understanding of ADB's involuntary resettlement policy principles.

5. More recent evaluation findings, including work undertaken for this study, regarding resettlement associated with dams in the People's Republic of China (PRC) are summarized below:

- (i) **Hunan Lingjintan Hydropower Project:**¹⁰ The project was technically sound, economically viable, and rated as successful. However, there were resettlement weaknesses. Approximately 3,587 people were resettled, and there were 6,100 APs, including those that required livelihood restoration. The evaluation found that (i) more than 50% of those who had resettled reported a decline in nominal income and attributed this to the shortage of farmland and ineffective production rehabilitation; (ii) only 8% of survey respondents were satisfied with the outcome of the economic rehabilitation; (iii) relocation was not completed because of financing constraints and cumbersome procedures; and (iv) while the majority of APs were happy with their new houses, many were dissatisfied with livelihood restoration and with compensation policies. There was a lack of follow up by ADB and the government on recommendations to address these issues. ADB needs to be more proactive in pursuing the recommendations after projects are completed.
- (ii) **Fujian Mianhuatan Hydropower Project:**¹¹ The project was rated as successful and appears to be financially viable. Resettlement has been implemented in accordance with PRC regulations and the provisions of the ADB-approved Resettlement Plan. Actual people affected by the project were 39,393, of whom 30,640 lost farmland and 36,913 lost housing. Figures are lower than the initial estimate of 41,000 affected people. Training programs were arranged by the local government to enhance resettlement management; and physical resettlement of people was quite successful. However, despite these, the restoration of livelihood of affected persons remains an issue. Regulations and compensation standards have limited the ability to restore livelihoods. Another possible reason was the APs' decision to spend more money on housing rather than on means of production. ADB has already intervened to increase the provision of resettlement budget, but this may not have been adequate to address the needs of all people.
- (iii) **Zhejiang Shanxi Water Supply Project:**¹² The project was rated as successful, and resettlement was carried out successfully in accordance with the ADB-approved resettlement plan and local regulations. APs were estimated to be 37,256 at project appraisal; at completion actual APs slightly decreased to 37,199. These people were moved to 123 resettlement sites in 10 counties or

⁹ This issue was addressed during the 2002 reorganization and changes in ADB's business processes.

¹⁰ ADB. 2005. *Project Performance Evaluation Report on the Hunan Lingjintan Hydropower Project in the People's Republic of China*. Manila.

¹¹ Loan 1417-PRC: *Fujian Mianhuatan Hydropower Project*, for \$170 million, approved 14 December 1995.

¹² Loan 1544-PRC: *Zhejiang-Shanxi Water Supply Project*, for \$100 million, approved 23 September 1997.

districts within Wenzhou city. The implementation of the resettlement plan was highly participatory, which led to its success. The plan's resettlement strategy emphasized relocation of APs to the coastal plain to improve their socioeconomic conditions and reduce poverty. Another resettlement strategy was to allow the host community residents to transfer their registration from farm to nonfarm status and become urban residents. Contracted farmlands were then returned to the village collective to make way for resettlers. A ten-year post resettlement rehabilitation plan is currently under implementation by a very dedicated Resettlement Office in Wenzhou. This policy was a first for the PRC. The resettlement is successful as most APs (89%) have restored and improved their income.

6. Dam projects that result in complex resettlement and livelihood issues need to be carefully prepared. Overall, ADB-financed hydropower projects have been rated as successful and have been technically and economically sound. However, there have been problems associated with resettlement and livelihood restoration. There is some evidence to suggest that, after ADB began paying more attention to resettlement issues, more effective plans have been developed to identify and mitigate resettlement and livelihood restoration risks. However, it is too early to draw firm conclusions about the results achieved, as most of the dam projects financed after the policy was adopted have not been evaluated.

7. Experience in the Lao PDR suggests that some of the recommendations of project evaluations have resulted in improvements in the design and delivery of more sustainable social and environmental mitigation programs in hydropower projects, including the development of baseline data against which to monitor impacts. ADB now includes covenants that provide for long-term monitoring. The design of the Nam Theun 2 hydropower project,¹³ which reached financial closure in May 2005, incorporated recommendations made by OED, including a comprehensive consultation process with the local population, studies of the environmental and social effects of the project and mitigation measures. However, NGOs remain concerned that there will be inadequate implementation of the measures needed to offset potential adverse environmental and resettlement impacts, particularly on the poor.

8. ADB's experience with hydropower projects in the Lao PDR illustrates that NGOs can play a role in identifying impacts and mitigation measures on APs and strengthening the monitoring of the implementation of the mitigation measures, particularly in the post operation phase, when ADB's monitoring and follow up activities normally cease. However, the Lao PDR experience also indicates that the transaction costs to ADB and the executing agency can be very high when international NGOs strongly oppose large dam projects (see also the Nam Theun 2 example in Section B of Chapter V in the main text). Ways need to be developed to reduce such transaction costs. If both ADB and NGOs are working to achieve the same objective (i.e., to identify and mitigate adverse impacts on APs) it should be possible to find ways to cooperate in a less antagonistic manner.

¹³ Loan 2162-LAO: *Greater Mekong Subregion Nam Theun 2 Hydroelectric Project*, for \$20 million, approved 4 April 2005.

ASIAN DEVELOPMENT BANK INSPECTIONS AND COMPLIANCE REVIEWS

A. Samut Prakarn Wastewater Management Project

1. The inspection was the result of a request made on 5 April 2001 to the Board Inspection Committee (BIC) from complainants represented by the Mayor of Klong Dan and two other Klong Dan residents. The complaint concerned the relocation of the treatment plant as a result of the Pollution Control Department's (the Executing Agency [EA]) decision to allow bids for a single plant site instead of the two planned originally. Due to various circumstances, the project cost had increased, which led to supplementary financing from the Asian Development Bank (ADB) in December 1998, but without the project being subjected to reappraisal.

2. The complainants raised several issues, among which were environmental issues and ADB's noncompliance with its policies on Involuntary Resettlement (IR), Incorporation of Social Dimensions in Bank Operations, and Supplementary Financing of Cost Overruns. There were alleged to be also irregularities in land acquisition. The complainants argued that ADB violated its Policy on Supplementary Financing of Cost Overruns by not reappraising the project, and alleged that ADB violated its IR Policy, not having prepared a social impact analysis or a Resettlement Plan (RP). Neither had there been any consultation or discussion with the community. Management's response was initially that there was indeed no RP for the Project but (i) the relevant policy was issued after loan approval, and the reappraisal for the supplementary loan focused on the cost overrun; (ii) the treatment plant site acquired did not involve any resettlement, and was located well away from any community; and (iii) it was necessary to complete detailed design work to determine the exact size and location of the economic exclusion zone around the marine outfall before the affected persons (APs) could be identified. Management also responded that the detailed design work was not completed until 2000 and that the final boundaries were determined only in 2001. By that time, due to contractor problems, a draft compensation plan¹ (also referred to as the RP), had not been submitted to ADB for review. ADB approved an inspection, and the inspection panel confirmed that there were indeed breaches of the policies on IR, incorporation of social dimensions, and supplementary cost financing, which essentially followed from the incorrect decision not to reappraise the project at the time of the request for supplementary financing.

3. The Inspection Panel confirmed that, although there was no need for resettlement under the project, the new site had adverse effects on the livelihood of some of the people in the surroundings. As a result of the establishment of an exclusion zone, certain mussel farmers—it was never established how many—would be excluded from their usual fishing grounds. The Inspection Panel also found no evidence that the community had been involved in a meaningful negotiation process over compensation, although it had been informed that compensation had been given to some of these farmers. The potential impacts of the plants on the fish farmers in the vicinity were identified as changes in salinity, or contamination with pathogens or heavy metals. The community near the treatment plant was also judged to be affected by the odor from industrial activities, sludge management, and adverse effect on property values.

4. The complainants alleged that the process of compensation for land had been infected by corruption. The purchase price had been inflated and the fact that the actual purchase price was equal to the maximum allowed under the contract was deemed an indication of collusion

¹ Based on the Fourth Semiannual Report on Implementation of the Recommendations of the BIC, "following the decision to declare the turnkey contract null and void, and the subsequent cessation of all project activities, no further action or progress has occurred on the compensation plan, monitoring activities, community involvement initiatives, or odor and effluent management".

between the buyer and the seller. The Thai National Counter Corruption Commission and the Thai Senate Environment Committee independently investigated the irregularities related to land acquisition. Based on an investigation of the project's single turnkey contract by a committee constituted by the Minister for Natural Resources and Environment in the Government of Thailand, the presence of irregularities was confirmed, resulting in the EA declaring the contract null and void. With respect to the fraud charges the EA laid against several individuals associated with the acquisition of the land for the wastewater treatment plant, a few key personnel in EA have been cleared, while others are still under investigation. The project has been suspended in a state of 95% completion and has not been operational up to the date of this study. No further action is likely to be taken until the contractual dispute between the EA and the turnkey contractor is resolved.

B. Chashma Right Bank Irrigation Project Stage III

5. Alleged violation of the IR and Indigenous Peoples policies was also part of the justification of this inspection. In November 2002, BIC received a request for this on account of material harm to APs, including, involuntary resettlement; inadequate compensation for the loss of land, other assets, and livelihood; and adverse impacts on traditional hill torrent farmers. The complaint was mainly a result of the change in the final realignment/location and detailed design of the main canal and distributaries, which implied a shift in the alignment of the main canal of up to two kilometers, and new designs for a number of cross drainage structures. Again, ADB had approved a supplementary loan without a full reappraisal of the project.

6. Complaints related to IR concerned the identification of the need for resettlement and resettlement planning. According to the request for inspection, at least 22 villages were subject to the risk of flooding, a situation overlooked at the time of appraisal. The Social Survey and Action Plan proposed in 1997 had not been delivered until 2001. APs had not been properly informed and consulted. Meanwhile, the indigenous hill torrent irrigation systems were negatively affected by diversions and disturbances to the flow of water. The Panel concluded that ADB had breached its policies on IR and incorporation of social dimensions. In addition, the feasibility study and appraisal document that were the bases for approving the loan did not address the issues of "rights of tribal/ethnic minorities, cultural integrity and traditional land use control," as specified in the 1986 Staff Instructions on Socio-cultural Impacts of Bank Projects.

7. The recommendations, approved by the Board, included some that were addressed exclusively to ADB and went beyond the Chashma project itself, raising the bar for safeguard compliance within ADB, and essentially demanding from ADB Management the reallocation of staff to resettlement and anticorruption supervision of canal irrigation projects:

- (i) "with respect to ongoing and future large-scale canal irrigation projects of ADB, ADB [must] ensure that appropriate, reliable, transparent and participatory mechanisms are in place, so that the requirements under ADB's Policy on Involuntary Resettlement and Anticorruption Policy, specifically with regard to the following, can be carried out:
 - (a) adequate compensation for land acquisition on a land-for-land basis or, when not possible, on a cash compensation basis at levels that enable the affected households to buy land of equivalent value;
 - (b) any issues relating to corruption; and
 - (c) the borrowing country's carrying out of any resettlement in accordance with requirements under ADB's Policy on Involuntary Resettlement; and

- (ii) ADB [must] ensure that (a) sufficient ADB human resources are available to ensure a satisfactory level of support for, and monitoring of, the implementation of any resettlement plans, environmental management plans or other measures required under ADB's safeguard policies; and (b) ADB staff are aware of their duties and obligations in the formulation, processing and implementation of ADB-assisted projects pursuant to ADB's operational policies and procedures."

C. Southern Transport Development Project

8. The compliance review for this project was essentially about violation of the IR Policy. The Joint Organization of the Affected Communities of the Colombo-Matara Highway (JO) had filed a request for such a review with ADB's Compliance Review Panel (CRP) on 14 November 2004. The complaint mainly concerned the change in the trace or alignment of the highway from the combined trace to the final trace (FT). The required studies and consultations for the FT were allegedly not done in accordance with ADB policies. JO claimed that APs were suffering or were to suffer, among others, in the form of (i) loss of homes, (ii) loss of livelihood, (iii) dispersion of integrated communities, (iv) damage to five temples, and (v) negative effects of resettlement. The CRP, which determined that the request was eligible, received authorization from the Board on 11 January 2005 to conduct a compliance review, selected findings of which were as follows:

- (i) **Operations Manual (OM) Section 47: Incorporation of Social Dimensions in Bank Operations.** The breach of compliance with this OM section results from shifting of the trace, in the absence of a serious analysis of the Galle access road. The weak management information system (MIS), which did not identify vulnerable people, and the rudimentary income restoration program were seen as serious breaches of compliance.
- (ii) **OM Section 50: Involuntary Resettlement.** The CRP concluded that there had been no public participation in the decision making regarding the significant shifts of the trace. The CRP was also concerned about Management's lack of attention to independent monitoring and the need for supporting performance in the areas of compensation and resettlement.

9. The following resettlement-related recommendations were accepted by the Board:

- (i) require that all APs be fully compensated by actual payment before they are moved;
- (ii) assist in the income restoration program and the establishment of household benchmarks through the MIS for the APs as called for in the Resettlement Implementation Plan (RIP);
- (iii) ensure that full project information, especially the essential elements of the RIP, be provided in an appropriate language to each affected household, rather than simply making it available at the district offices;
- (iv) help establish well-staffed monitoring of resettlement activities by an independent institution, forwarding concerns to the Road Development Authority for urgent action from the APs;
- (v) require immediate provision of utilities and infrastructure to resettlement sites; and
- (vi) require a special emphasis in the RIP and the income restoration program for women, if necessary by the allocation of additional staff to track their recovery as APs.

**PROJECTS WITH RESETTLEMENT/LAND ACQUISITION CONCERNS FROM NONGOVERNMENT ORGANIZATIONS/
COMMUNITY-BASED ORGANIZATIONS^a**

Project Title		Concern/s		Reaction of ADB/Other Agencies
A. Central and West Asia Regional Department				
1. Chashma Right Bank Irrigation Project (Stage III) (Pakistan)	(i)	No comprehensive resettlement plan for compensated APs;	(i)	ADB Board mandated the CRP to monitor implementation progress of recommendations made by the Inspection Panel.
	(ii)	Process for determining compensation neither transparent nor conclusive, characterized by corruption;		
	(iii)	Inadequate compensation; livelihood disruption		
2. Ghazi Barotha Hydropower Project (Pakistan)	(i)	Functioning of resettlement sites;	(i)	Infrastructure in resettlement villages completed; girls school functional;
	(ii)	land acquisition and compensation for transmission line component and payment of compensation to Tarbela Dam APs	(ii)	
B. South Asia Regional Department				
3. Kolkata Environmental Improvement Project (India)	(i)	Understated number of APs; delay in relocation of APs	(i)	Kolkata Municipal Corporation was advised to devise and implement a communications and education strategy for new encroachments, and APs not recorded in the census.
4. Melamchi Water Supply Project (Nepal)	(i)	Project's impact on traditional livelihood of residents;	(i)	ADB explained the process followed in preparing RAP. An NGO was to be engaged to carry out external monitoring of the RAP.
	(ii)	Residents not consulted when RAP was prepared	(ii)	
	(iii)	Negative impacts due to relocation of homes or acquisition of land		
5. Kali Gandaki "A" Hydroelectric Project (Nepal)	(i)	Objective of rehabilitating the livelihood of APs not achieved;	(i)	ESSD was to carry out a reassessment of the livelihoods of APs and develop a program of sustainable livelihoods based on provision of a microcredit facility.
	(ii)	Impaired fishermen's livelihood		
6. Southern Transport Development Project (Sri Lanka)	(i)	Change in alignment;	(i)	The ADB Management prepared a course of action to implement the CRP's recommendations, which the latter is monitoring.
	(ii)	Land acquisition and resettlement impacts		

Project Title		Concern		Reaction of ADB/Other Agencies
C. Southeast Asia Regional Department				
7. Chong Kneas Environmental Improvement Project (Cambodia)	(i) (ii)	Impact on traditional livelihood of APs; Equitable treatment of APs	(i)	Broad endorsement was given to the proposed approach of resettling APs, including those of Vietnamese origin.
8. East-West Transport Corridor (GMS)	(i)	Dislocation and involuntary resettlement of APs	(i) (ii) (iii)	RIPs were prepared. An international consulting firm was engaged to monitor implementation of resettlement. Beneficiary participation in the process of land acquisition and resettlement encouraged.
9. Metro Medan Urban Development (Indonesia)	(i)	Coercive land acquisition practices (complaint received in early 2003)	(i)	A special administration review mission was fielded. No evidence or coercive practices found.
10. Tangguh LNG Project (Indonesia)	(i)	Resettlement concerns (no details given)	(i)	The Project committed to implement the IR plan in accordance with local regulations and ADB guidelines.
11. Nam Theun 2 Hydropower (Lao People's Democratic Republic)	(i)	Risks associated with livelihood programs for resettled communities on the Nakai Plateau	(i) (ii)	Availability of livelihood options Livelihood programs designed with participatory inputs from community
12. Pasig River Environmental and Rehabilitation Management Program (Philippines)	(i)	Rejection of the 10-meter environmental preservation area zone; need for near-site relocation options; lack of physical progress on URAs	(i) (ii)	Alternatives to off-site relocation identified and evaluated Develop and fund URA strategies that take into account needs of poor communities
13. MWSS New Water Source Development Project (Philippines)	(i)	Resettlement of indigenous people	(i)	Dialogue with complainants held
14. Sixth Road (Philippines)	(i)	Outstanding issues related to land acquisition and resettlement	(i)	ADB is closely monitoring the LAR activities of DPWH for a successful completion of compensation of APs.

ADB = Asian Development Bank, AP = affected person, CBO = community-based organization, CRP = Compliance Review Panel, DPWH = Department of Public Works and Highways, ESSD = Environmental and Social Studies Division, GMS = Greater Mekong Subregion, LAR = land acquisition and resettlement, LNG = liquefied natural gas, NGO = nongovernment organization, RAP = resettlement action plan, RIP = resettlement implementation plan, URA = urban renewal area.

^a As published in the NGO Concerns Briefing Paper, 2004 and 2005 only.

NOTES ON CORRUPTION AND RESETTLEMENT

1. Corruption in resettlement operations can be a serious phenomenon as in any other project operations. Such operations have the potential to provide officials with multiple opportunities to shift cash funds around and coerce affected persons (APs) into paying kickbacks for the timely award of cash compensation. With proper public disclosure of compensation rates and assistance packages and monitoring by civil society, the risk of corruption can, to some extent, be mitigated. The Asian Development Bank (ADB) Involuntary Resettlement (IR) Policy of 1995 and later Operations Manual sections emphasized public disclosure. The rules were sharpened with the promulgation in 2005 of ADB's Policy on Public Communication.

2. The project case studies conducted for this special evaluation study did not focus on corruption. If information was volunteered by APs or others, then this would be recorded, but this was seldom the case in the 16 case studies conducted. There was one exception—in the Fujian Mianhuatan Hydropower Project, a senior project officer was dismissed by the government and convicted of embezzlement of project funds for resettlement operations. The People's Republic of China (PRC) Government systems uncovered this corruption, which did not involve the use of ADB funds. In the study of grievance letters conducted as part of some of the case studies, corruption allegations did not surface.

3. A review of general sources available on the Internet found statements and allegations regarding resettlement-related corruption, particularly for high-profile projects such as the Sardar Sarovar Dam Project in the Narmada Valley in India, and the Three Gorges Project in the PRC. The World Commission on Dams¹ had studied the phenomenon and concluded that corruption sometimes affected some resettlement programs. Some of its findings are included in Box 1. As resettlement operations including land acquisition are seldom financed by ADB loans, the Integrity Division of the Office of the Auditor General (OAGI) has not opened investigations into corruption in resettlement so far. However, as the financing of land acquisition is now permissible, this should become an issue of increasing concern for ADB.

4. Chris de Wet has given an interesting explanation for the occurrence of corruption in resettlement operations:²

“Resettlement and rehabilitation policies are coordinated and implemented at the level of government departments and district administration. There are weaknesses in the chains of communication and decision making due to work pressures, insufficient capacity and problems of coordination between agencies. Though resettlement officers cope as best they can, the result is invariably the development of *ad hoc* institutional arrangements. Local officials exercise considerable discretion as they develop operational routines. This allows for cutting corners and corruption. For the affected population, the local resettlement officer is the government; his or her decisions *are* policy. Implementation takes on a life of its own.”

¹ World Commission on Dams. 2000. *The Report of the World Commission on Dams. Dams and Development: A New Framework for Decision-Making*. Earthscan Publications Ltd, London and Sterling, VA.

² De Wet, Chris. Not dated. *Improving Outcomes in Development-Induced Displacement and Resettlement Projects*. Available: <http://www.fmreview.org/FMRpdfs/FMR12/fmr12.2.pdf>

Box 1: Findings of the World Commission on Dams in 2000

“Corruption is another malaise that has dogged resettlement programmes, as usual at the expense of the displaced people. To consider just one example: ‘According to National Audit Office, officials had embezzled 323 million yuan from funds earmarked for resettlement in the Three Gorges Area’ (China Report 1999: 32). Without a doubt every case of misappropriation would inevitably eat into the already insufficient funds for resettlement, further weakening the programme. Corruption is of course widespread ... and this simply highlights the need for transparency and people’s involvement in every aspect of the resettlement programme.” “... the main complaint of people affected by the Three Gorges Project is corruption among local resettlement officials which has deprived resettlers of large amounts of funds for which they are eligible.”

Comments by resettlement authority Christopher McDowell in the same report sum up corruption in resettlement:

“Corruption by local officials in China and elsewhere has resulted in the siphoning off of hundreds of thousands of dollars intended to be used in Resettlement and Rehabilitation schemes associated with dam development. As a result displaced populations do not have the infrastructure or the financial assistance necessary to pursue livelihood strategies essential for re-establishment; (b) Corruption in the contracting and sub-contracting procedures have resulted in sub-standard constructions. In the Three Gorges project roads and bridges essential for both the projects and the resettlement sites are so shoddily constructed that many are collapsing. Resettled populations are consequently isolated from other population centers, markets and resources, making almost impossible the pursuit of economic strategies essential for re-establishment. (c) Corruption in bidding for contracts, tender procedures and the granting of contracts increases the overall costs of projects (some estimates by 15–30% on average). The ‘corruption levy’ has to be found from somewhere and invariably, though evidence is only now being gathered, the budget first targeted for funds diversion is the resettlement and rehabilitation budget. Thus a direct consequence of corruption is the reduction in funds available for resettlement and rehabilitation. (d) Obfuscating deals between developers and governments [...], is resulting in irregular resettlement occurring outside legal norms. Irregular resettlement results in increased displacement, minimized protection and knock-on displacement where land for resettlers has been secured by unfair means.”

Source: World Commission on Dams. 2000. *The Report of the World Commission on Dams. Dams and Development: A New Framework for Decision-Making*. Earthscan Publications Ltd, London and Sterling, VA.

ASIAN DEVELOPMENT BANK STAFF QUESTIONNAIRE FINDINGS

Number of possible respondents: 641

Number of respondents: 61¹

A. Personal background

A1. What is your current position?

	N	%
Project Officer	44	72
Environmental Specialist	3	5
Social Specialist	3	5
Director/DG	6	10
Other	2	3
No Answer	3	5
Total Respondents	61	100

A2. In which region(s) have you worked?

	N	%
South Asia	30	49
East and Central Asia	18	30
Mekong	19	31
South East Asia	26	43
Pacific	14	23
Total Respondents	61	

A3. In which sector(s) do you principally work?

	N	%
Agriculture and Natural Resources	11	18
Transport	17	28
Energy	14	23
Water Supply/Urban	14	23
Private Sector	6	10
Other	12	20
No Answer	5	8
Total Respondents	61	

¹ Some responses under sections B and C were filtered based on the response to question A6, to reflect only those with experience in the specific safeguard. As a result, the number of valid responses for many questions under sections B and C was 55 for environmental safeguards, 56 for involuntary resettlement safeguards, and 54 for indigenous peoples safeguards. For questions B10, C2, C3, C4, and C5, respondents could give more than one answer per question, and as a result to total number of answers added up to more than 61.

A4. How many years have you been working for ADB?

Years	N	%
< 1	3	5
1–3	19	31
4–6	12	20
7–9	12	20
10–12	5	8
13–15	3	5
> 15	3	5
No answer	4	7
Total Respondents	61	100

A5. What was your experience with safeguard issues before you came to ADB?

	Environment		Involuntary Resettlement		Indigenous Peoples	
	N	%	N	%	N	%
None	13	21	23	38	33	54
Limited	8	13	19	31	13	21
Some	21	34	11	18	9	15
Significant	12	20	4	7	1	2
No answer	7	11	4	7	5	8
Total Respondents	61	100	61	100	61	100

A6. What is your experience in ADB with the safeguard policies?

	Environment		Involuntary Resettlement		Indigenous Peoples	
	N	%	N	%	N	%
None	6	10	5	8	7	11
Limited	9	15	7	11	21	34
Some	18	30	25	41	21	34
Significant	23	38	20	33	8	13
No answer	5	8	4	7	4	7
Total Respondents	61	100	61	100	61	100

A7. How many projects (category A or B) did you prepare and/or administer in which there were (to be) safeguard plans or frameworks

	Prepared		Under Preparation		Administered		Under Administration	
	No. of Projects	No. of Responses	No. of Projects	No. of Responses	No. of Projects	No. of Responses	No. of Projects	No. of Responses
Environment	1	5	1	10	1	1	1	4
	2	7	2	7	2	10	2	2
	3	2	3	3	3	1	3	4
	4	1	5	1	5	2	4	1
	5	3	9	1	7	3	5	3
	6	3			11	1	6	1
	15	2						
	20	1						
	30	1						
Average:	5.7		2.1		3.7		3.0	

	Prepared		Under Preparation		Administered		Under Administration	
	No. of Projects	No. of Responses	No. of Projects	No. of Responses	No. of Projects	No. of Responses	No. of Projects	No. of Responses
Involuntary resettlement	1	6	1	7	1	4	1	2
	2	2	2	6	2	6	2	5
	3	4	3	3	3	3	3	1
	10	1	4	1	5	1	4	1
	20	2			7	1	5	1
					9	1	6	1
							30	1
Average:	4.8		1.9		3.1		6.0	
Indigenous peoples	1	7	1	9	1	2	1	3
	2	4	2	3	2	1	2	5
	4	1	3	1	3	3	5	1
	5	1						
	10	1						
Average:	2.4		1.4		2.2		2.0	

B. How efficient and effective are ADB's safeguard policies?

B1. How useful has been ADB's staff training on safeguard policy issues?

	Environment		Involuntary Resettlement		Indigenous Peoples	
	N	%	N	%	N	%
Not aware of training	2	4	2	4	1	2
Never had any training	10	18	12	21	16	28
Not useful	2	4	2	4	5	9
Somewhat useful	28	50	23	40	19	33
Very useful	7	13	10	18	7	12
No answer	6	11	7	13	6	11
Total Respondents	55	100	56	100	54	100

B2. How clear, useable, and complete are the Operations Manuals (OMs) for implementing each of the safeguard policies?

	Environment		Involuntary Resettlement		Indigenous Peoples	
	N	%	N	%	N	%
Not aware of OMs	1	2	1	2	1	2
I did not read them	5	9	3	5	4	7
Unclear, confusing	4	7	6	11	8	14
Did not resolve all my issues	28	50	32	56	27	47
Usable; resolved all my issues	10	18	6	11	6	11
No answer	7	13	8	14	8	15
Total Respondents	55	100	56	100	54	100

Note: Those not answering the question were deemed to be others than mission leaders

B3. Have you generally been able to mobilize (i) sufficient and (ii) satisfactory consultants to PREPARE safeguard assessments and plans?

	Environment		Involuntary Resettlement		Indigenous Peoples	
	N	%	N	%	N	%
<i>Consultant Inputs:</i>						
Not needed any	8	15	8	14	13	24
Insufficient consultant inputs planned	3	5	4	7	4	7
Sufficient consultant inputs planned	20	36	16	29	11	20
No answer	24	44	28	50	26	48
<i>Consultant Quality:</i>						
Consultants employed not satisfactory	3	5	2	4	4	7
Consultants employed satisfactory	16	29	13	23	8	15
Variable experiences with consultants	17	31	22	39	14	26
No answer	19	35	19	34	28	52
Total Respondents	55	100	56	100	54	100

Note: Those not answering the question were deemed to be others than mission leaders

B4. Have you generally been able to mobilize (i) sufficient and (ii) satisfactory consultants to help IMPLEMENT safeguard assessments and plans?

	Environment		Involuntary Resettlement		Indigenous Peoples	
	N	%	N	%	N	%
<i>Consultant Inputs:</i>						
Not needed any	14	25	12	21	18	33
Insufficient consultant inputs planned	6	11	9	16	3	6
Sufficient consultant inputs planned	10	18	8	14	7	13
No answer	25	45	27	48	26	48
<i>Consultant Quality:</i>						
Consultants employed not satisfactory	1	2	1	2	1	2
Consultants employed satisfactory	11	20	11	20	7	13
Variable experiences with consultants	13	24	17	30	12	22
No answer	30	55	27	48	34	63
Total Respondents	55	100	56	100	54	100

Note: Those not answering the question were deemed to be others than mission leaders

B5. For mission leaders only: Have you generally received sufficient specialist advice from within your department during project PREPARATION?

	Environment		Involuntary Resettlement		Indigenous Peoples	
	N	%	N	%	N	%
Not aware of any advice	1	2	1	2	2	4
No specialist in division, so no access	3	5	7	13	9	17
Did not need any	1	2	1	2	3	6
Insufficient (specialist too busy)	7	13	4	7	3	6
Variable	4	7	7	13	6	11
Sufficient	14	25	10	18	5	9
No answer/non-mission leaders	25	45	26	46	26	48
Total Respondents	30	100	30	100	28	100

B6. For mission leaders only: Have you generally received sufficient specialist advice from within your department during project ADMINISTRATION?

	Environment		Involuntary Resettlement		Indigenous Peoples	
	N	%	N	%	N	%
Not aware of any advice	1	2	1	2	1	2
No specialist in division, so no access	3	5	5	9	8	15
Did not need any	4	7	3	5	5	9
Insufficient (specialist too busy)	7	13	5	9	2	4
Variable	4	7	9	16	4	7
Sufficient	10	18	6	11	6	11
No answer/non-mission leaders	26	47	27	48	28	52
Total Respondents	55	100	56	100	54	100

B7. For mission leaders only: Have you received sufficient specialist advice from RSDD during project PREPARATION?

	Environment		Involuntary Resettlement		Indigenous Peoples	
	N	%	N	%	N	%
Not aware of any advice	1	2	0	0	1	2
Did not need any	2	4	3	5	5	9
Insufficient (specialists too busy)	4	7	6	11	7	13
Variable	13	24	12	21	7	13
Sufficient	9	16	8	14	7	13
No answer/non-mission leaders	26	47	27	48	27	50
Total Respondents	55	100	56	100	54	100

B8. For mission leaders only: Have you received sufficient specialist advice from RSDD) during project ADMINISTRATION?

	Environment		Involuntary Resettlement		Indigenous Peoples	
	N	%	N	%	N	%
Not aware of any advice	1	2	1	2	2	4
Did not need any	8	15	10	18	13	24
Insufficient (specialists too busy)	7	13	9	16	6	11
Variable	9	16	7	13	5	9
Sufficient	3	5	1	2	1	2
No answer/non-mission leaders	27	49	28	50	27	50
Total Respondents	55	100	56	100	54	100

- B9. During project preparation, does ADB give you sufficient (i) resources and (ii) time to properly consider project alternatives with less adverse social/environmental impacts?

	Environment		Involuntary Resettlement		Indigenous Peoples	
	N	%	N	%	N	%
<i>Sufficiency of Resources:</i>						
Generally insufficient resources	14	25	18	32	16	30
Sometimes insufficient resources	17	31	13	23	11	20
Always sufficient resources	4	7	3	5	5	9
No answer	20	36	22	39	22	41
<i>Sufficiency of Time Available:</i>						
Generally insufficient time	12	22	16	29	13	24
Sometimes insufficient time	19	35	17	30	15	28
Always sufficient time	7	13	4	7	5	9
No answer	17	31	19	34	21	39
Total Respondents	55	100	56	100	54	100

Note: High non-response is considered partly due to lower suitability of the question for non-mission leaders.

- B10. In which stages/forums should safeguard issues in category A or B projects receive more attention (if at all)?

	Environment		Involuntary Resettlement		Indigenous Peoples	
	N	%	N	%	N	%
PPTA	37	67	37	66	36	67
Processing missions	20	36	16	29	16	30
MRM/SRC	7	13	5	9	5	9
Board	4	7	3	5	3	6
Review missions	17	31	17	30	18	33
PCRs	10	18	8	14	8	15
Total Respondents	55		56		54	

Note: Question may have more than one answer.

- B11. Do you have sufficient time and resources to satisfactorily supervise the PREPARATION of safeguard assessments/plans?

	Environment		Involuntary Resettlement		Indigenous Peoples	
	N	%	N	%	N	%
Not enough mission resources	22	40	25	45	16	30
Enough mission resources	11	20	7	13	8	15
No answer	22	40	24	43	30	56
Not enough time for missions	20	36	22	39	16	30
Enough time for missions	10	18	5	9	7	13
No answer	25	45	29	52	31	57
Not enough time for supervision	24	44	21	38	17	31
Enough time for supervision	7	13	6	11	6	11
No answer	24	44	29	52	31	57
Total Respondents	55	100	56	100	54	100

Note: High non-response is considered partly due to lower suitability of the question for non-mission leaders.

B12. Do you have sufficient time and resources to satisfactorily supervise the ADMINISTRATION of safeguard plans?

	Environment		Involuntary Resettlement		Indigenous Peoples	
	N	%	N	%	N	%
Not enough mission resources	23	42	24	43	16	30
Enough mission resources	8	15	6	11	5	9
No answer	24	44	26	46	33	61
Not enough time for missions	20	36	21	38	17	31
Enough time for missions	7	13	5	9	5	9
No answer	28	51	30	54	32	59
Not enough time for supervision	20	36	19	34	13	24
Enough time for supervision	8	15	7	13	7	13
No answer	27	49	30	54	34	63
Total Respondents	55	100	56	100	54	100

Note: High non-response is considered partly due to lower suitability of the question for non-mission leaders

B13. If you had any problems in ensuring the application of safeguards during project administration, then please indicate this:

	Environment		Involuntary Resettlement		Indigenous Peoples	
	N	%	N	%	N	%
No problems so far	15	27	9	16	18	33
Problems in some projects	23	42	25	45	13	24
Problems in all projects	2	4	4	7	2	4
No answer	15	27	18	32	21	39
Total Respondents	55	100	56	100	54	100

B14. Among the factors listed below, which FOUR related to ADB would contribute most to better safeguard policy outcomes?

	Environment		Involuntary Resettlement		Indigenous Peoples	
	N	%	N	%	N	%
More funds for preparation	18	33	18	32	13	24
More time taken for preparation	28	51	29	52	24	44
ADB funding of land acquisition costs	3	5	11	20	3	6
More consultants assigned	7	13	8	14	7	13
More training provided to EAs by ADB	20	36	20	36	19	35
More time/staff for project administration	24	44	24	43	22	41
ADB streamlines its safeguard policies	28	51	28	50	23	43
ADB divisions streamline their interpretation	12	22	13	23	15	28
Streamlined ADB procurement processes	4	7	6	11	6	11
Other streamlined ADB processes	6	11	5	9	4	7
Others			See below			
Total Respondents	55		56		54	

Note: Question may have more than one answer.

Other factors:

Training in social assessment
 Aligning impacts to project benefit stream
 EA being more accountable to ADB for safeguards outcomes
 More training to EAs by ADB
 Government's policy more in line with ADB's policies
 Better explanation by ADB with a reality check if human resources are available at all
 Resolve differences between ADB safeguard policies and government policies

B15. Among the factors listed below, which FOUR related to country or EA would contribute most to better safeguard policy outcomes?

	Environment		Involuntary Resettlement		Indigenous Peoples	
	N	%	N	%	N	%
More internally consistent government regulations	19	35	20	36	15	28
More progressive government regulations	16	29	16	29	13	24
Better enforcement of government policies/regulations	38	69	35	63	25	46
More time taken for project preparation.	18	33	20	36	16	30
More political will and less political interference	24	44	23	41	22	41
Combating of corruption or other irregularities	20	36	23	41	20	37
No answer	1	2	3	5	0	0
Other			None			
Total Respondents	55		56		54	

Note: Question may have more than one answer.

C. What differences do the safeguard policies make?

C1. How have ADB's safeguard procedures added value to your project(s)?

	Environment		Involuntary Resettlement		Indigenous Peoples	
	N	%	N	%	N	%
No added value	6	11	5	9	10	19
Added value in some projects	25	45	27	48	22	41
Added value in all projects	15	27	15	27	9	17
No answer	9	16	9	16	13	24
Total Respondents	55	100	56	100	54	100

C2. For those projects where the safeguards have added value, can you specify the type of added value?

	Environment		Involuntary Resettlement		Indigenous Peoples	
	N	%	N	%	N	%
Improved project design	21	38	13	23	9	17
More due diligence	18	33	13	23	11	20
More experience in EA	14	25	11	20	7	13
Environment/APs suffer less than otherwise	22	40	28	50	18	33
Demonstration effect beyond project	14	25	11	20	7	13
Others			See below			
No answer	15	27	28	50	26	48
Total Respondents	55		56		54	

Note: Question may have more than one answer.

Others:

Environment: Setting examples of sustainable and responsible development

Involuntary Resettlement: APs benefit

Indigenous Peoples: APs benefit

C3. If delays in implementation of your project(s) had to do with safeguard issues, what were main factors?

	Environment		Involuntary Resettlement		Indigenous Peoples	
	N	%	N	%	N	%
Never any delays/no experience	6	11	2	4	3	6
Problems with (hiring of) consultants underestimated	4	7	8	14	6	11
Consultation processes difficult to manage	9	16	14	25	8	15
EA country system different: more time needed	10	18	19	34	11	20
EA not committed: hidden agenda	0	0	10	18	10	19
Safeguard issues misdiagnosed during preparation	6	11	10	18	7	13
ADB processes/internal disagreements	17	31	0	0	16	30
No answer	19	35	20	36	24	44
Total Respondents	55		56		54	

Note: Question may have more than one answer. The high non-response is considered partly due to lower suitability of the question for non-mission leaders or for staff not involved in project administration.

C4. What are incremental/transaction costs incurred as a result of applying the ADB safeguards beyond the requirements of the country system?

	Environment		Involuntary Resettlement		Indigenous Peoples	
	N	%	N	%	N	%
Have not added to cost of project for DMC	4	7	3	5	3	6
Have added to cost of project 1%–3% for DMC	10	18	5	9	9	17
Have added to cost of project 4%–10% for DMC	6	11	9	16	6	11
Have added to cost of project > 10% for DMC	4	7	8	14	2	4
Do not know what was added cost for DMC	13	24	12	21	9	17
Usually add to project delays	18	33	30	54	13	24
Unusual amount of ADB time and mission cost	11	20	18	32	9	17
Unusual amount of consultant cost for PPTA	6	11	8	14	6	11
Do not know about cost for ADB	4	7	3	5	5	9
Unharmonized donor safeguards are confusing	7	13	8	14	5	9
More inconsistent application of country system	3	5	4	7	3	6
No answer	9	16	10	18	8	15
Total Respondents	55		56		54	

DMC = developing member country, PPTA = project preparatory technical assistance.

Note: Question may have more than one answer.

- C5. In your experience, in which countries have the safeguard policies been a major factor in ADB declining to fund specific (sub) projects?

Environment	No. of Responses	Involuntary Resettlement	No. of Responses	Indigenous Peoples	No. of Responses
VIE	2	INO	3	VIE	2
BHU	1	BHU	1	IND	1
IND	1	IND	1	INO	1
INO	1	PHI	1	PHI	1
LAO	1	VIE	1		
MAL	1				
PHI	1				
Total	8	Total	7	Total	5

VIE = Viet Nam, BHU = Bhutan, IND = India, INO = Indonesia, LAO = Lao People's Democratic Republic, MAL = Malaysia, PHI = Philippines.

- C6. In your experience, in which countries have the Safeguard Policies been a major factor in EAs declining ADB loans or parts of loans?

Environment	No. of Responses	Involuntary Resettlement	No. of Responses	Indigenous Peoples	No. of Responses
BHU	2	BHU	2	IND	1
IND	1	IND	2	INO	1
KAZ	1	INO	2	KAZ	1
MAL	1	VIE	2	LAO	1
NEP	1	KAZ	1	MAL	1
PAK	1	MAL	1	VIE	1
PRC	1	SRI	1		
SRI	1				
VIE	1				
Total	10	Total	11	Total	6

BHU = Bhutan, IND = India, INO = Indonesia, KAZ = Kazakhstan, LAO = Lao People's Democratic Republic, MAL = Malaysia, NEP = Nepal, No. = number, PAK = Pakistan, PHI = Philippines, PRC = People's Republic of China, SRI = Sri Lanka, VIE = Viet Nam.

- C7a. What main differences have you had with EAs while administering projects with significant resettlement issues?

	N	%
Cost of RP preparation in sector projects	11	20
Cost of RP implementation	18	32
Definition of encroachers/squatters	19	34
Treatment of encroachers/squatters	25	45
Extent of consultation process	22	39
Definition/level of compensation	24	43
Determination of rehabilitation program	15	27
No answer	20	36
Total Respondents	56	

Note: Question may have more than one answer.

C7b. Frequency of reported differences in administering projects with significant resettlement issues

	N	%
Reported more than one	34	61
Reported only one	2	4
No answer	20	36
Total Respondents	56	100

**ASIAN DEVELOPMENT BANK STAFF SUGGESTIONS FOR IMPROVING SOCIAL
SAFEGUARD POLICIES AND THEIR APPLICATION**
(SUMMARY OF RESPONSES, FOCUSING ON DIVERSITY OF VIEWS)¹

A. Change the Nature of the Policies (12 responses in original):

- (i) The Involuntary Resettlement (IR), Gender, and Indigenous Peoples (IP) policies should be merged into one Social Safeguard Policy.
- (ii) The Policy should acknowledge that there are instances wherein certain individuals would be worse off if the project provided overall benefits to the country. We are spending too much time and effort trying to identify each and every individual affected by the project, and that results in delays and cost overruns.
- (iii) This policy should focus on high-risk projects, but currently, many low-risk projects could be defined as category A. Low-risk projects should be removed from the safeguards, and procedures should be classified as good practices.
- (iv) The present policy is unclear and impractical. Often the result of applying the policy is the inclusion of small elements in projects to meet policy requirements, but these elements are unsustainable and unlikely to be implemented effectively. The policy needs radical reformulation.
- (v) Return to reality. Legitimate landowners and squatters within the project area, including too many opportunistic squatters, are too often treated like lottery winners with their compensation and resettlement package, at the government's expense.
- (vi) Policies have to be more flexible, as countries are not willing to work with the Asian Development Bank (ADB) under the current set of rules. ADB processes have to be streamlined so we need not wait for RSES staff to take 2 weeks to provide comments back to staff at each stage of compliance reviews (checklists, draft resettlement plans [RPs], final RPs, compliance memos, reports and recommendations of the President [RRPs], etc.)—it TAKES TOO LONG to go through this procedure, especially for private sector projects, which have deadlines to meet.
- (vii) Revise the Operations Manual to get away from the current guidance on IP, which is based on the World Bank approach to projects in South America.
- (viii) The definition of IP should be modified. IP should be considered as a vulnerable group and be entitled to specific compensation.
- (ix) We need a clear definition of IP across DMCs, mainstreaming of IP development plans.
- (x) Admit that for most Pacific countries, all the people (with the possible exception of the Fiji Islands) are indigenous. And stop trying, for the sake of ticking off boxes, to create "sub-groups" or otherwise.
- (xi) Indigenous people want to mainstream and improve their lives. They should not be encouraged to maintain their subsistence lifestyle.

¹ These are responses in the ADB Staff Questionnaire Survey for this study.

B. Harmonize Country Policy with ADB Policy (10 responses)

- (i) The policy is radically different from government practices and those of other funding agencies. They need to be harmonized.
- (ii) We need to evaluate the country safeguard system and, if found acceptable to ADB, apply it to ADB-funded projects.
- (iii) Abandon the policy of compensation of squatters, as in many countries this is illegal; ADB's positive treatment causes resentment.
- (iv) Provide clarity and details at the project preparatory technical assistance (PPTA) and processing stage, due consideration of national legislation and of the difference between it and ADB policies, and clarity upfront on how these would be resolved.
- (v) Streamline ADB's policy and make it consistent with DMC practices. Should be country specific and practicable.
- (vi) For countries like the People's Republic of China, using the country system with regular external monitoring should be sufficient during project administration, although due diligence in preparation of RPs during project processing needs to be more thorough.

C. More Emphasis on Resettlement Frameworks and Implementation Supervision (8 responses)

- (i) There is too much emphasis on extensive, detailed reporting at the project preparation stage. The result is often the need for extensive rewrites during implementation. During preparation, focus on agreeing on procedures and entitlements. Detailed surveys of affected people should be left until design work is complete and undertaken during implementation. Give project divisions responsibility for review, approval, and monitoring of plans.
- (ii) There should be adoption of a resettlement framework approach to IR and negotiating such frameworks with each DMC, greater attention to IR during implementation, and more IR specialists in resident missions (RMs).
- (iii) There should be equal emphasis on outcomes, systematic monitoring, preparing RPs based on detailed design, sufficient resources, and experienced IR specialists in ADB.
- (iv) Some flexibility is required to allow timely preparation of RPs; however, ADB should be more flexible in the provision of support (if PPTA is too early, TA resources should be provided between loan negotiations and loan effectiveness).

D. Increase Capacity Building Efforts for Better Project Implementation (7 responses)

- (i) ADB systems are satisfactory, but more training is required for staff responsible for project administration.
- (ii) We need field-oriented specialists who are practical.
- (iii) EAs need to be better aware and trained
- (iv) More expert resources for project processing and implementation are needed.
- (v) Social development specialists need training to improve their capacity to deal with IP issues.

E. ADB Staff Survey Narratives Regarding Delays Associated with IR Policy²

The following views were volunteered on the question of what constitutes adequate consultation with Affected Persons (APs):

- (i) Consultation needs to be appropriate—e.g., the present resettlement policy focuses on copies of RPs being made available to APs. Most APs cannot understand these documents, as they are barely literate. There is a need to focus more on main principles and allow a bigger role for community leaders as mediums for transfer of information.
- (ii) It is important to go beyond consultation of the elites, the village leaders.
- (iii) Simple—ask the APs if they are satisfied.
- (iv) Have one meeting prior to the start of construction where views are taken into consideration.
- (v) Consultation with APs should be carried out throughout the different stages of the project cycle.
- (vi) At least 10% of AP should be consulted.
- (vii) Follow the new consultation handbook in this regard.¹
- (viii) Provisions under the new ADB public communications policy are adequate, in that notice is made of projects before they are even "hard" parts of country strategy and programs. This provides opportunity for early input into project design, to which lip service is currently paid. The current provisions under the safeguards OMs do not really cater to meaningful stakeholder input that can lead to changes in project design.
- (ix) ADB should try to contact as many people as possible, while recognizing that there will always be people left out of the process through no one's fault.

² These are responses in the ADB Staff Questionnaire Survey for this study.

EXECUTING AGENCY QUESTIONNAIRE FINDINGS

EA Survey Respondents Profile by Country

	Environment	Involuntary Resettlement	Indigenous Peoples
Afghanistan	1	1	0
Bangladesh	4	1	3
Cambodia	4	2	1
China, People's Republic of	17	17	5
India	5	5	1
Indonesia	1	2	1
Kyrgyz Republic	1	0	0
Lao People's Democratic Republic	7	5	3
Nepal	2	1	0
Pakistan	2	1	1
Philippines	4	2	3
Sri Lanka	1	0	0
Tajikistan	2	1	1
Viet Nam	10	9	5
Total Respondents	61	47	24

Note: The total number of responses received was 67.

1. Respondent's title/position in the project

Title/Position	Total
No answer	12
Additional General Manager	1
Assistant Chairman of the Board Directors	1
Chief Health Program Officer	1
Deputy Director	1
Deputy General Director	2
Deputy Project Director	1
Deputy Project Manager	1
Director	7
Director of Project Construction Office	1
General Manager	2
Department Head	1
Principal Secretary	1
Project Coordinator	1
Project Director	23
Project Head	2
Project Manager	8
Vice General Director	1
Total Respondents	67

2. Number of years in charge of/ managing the project

	Total
Average number of years	4.6
Valid Responses	57
Minimum number of years	0.3
Maximum number of years	15.0

3. Previous Experience with ADB-supported projects, Before the Project

	N	%
Yes	30	45
No	26	39
No answer	11	16
Total Respondents	67	100

4. Average number of safeguard documents in the project

	IEE	EIA	EMP	RF	LARP	LAP	RP	IPDF	IPDP	Others
Mean	4	2	4	2	2	2	3	3	3	2
Median	1	1	1	1	1	1	1	1	1	1
N	46	35	36	38	27	26	41	18	13	5
% of response	69	52	54	57	40	39	61	27	19	7

IEE = initial environmental examination, EIA = environmental impact assessment, EMP = environmental management plan, IPDF = indigenous peoples development framework, IPDP = indigenous peoples development plan, N = number of projects with such document LARP = land acquisition and resettlement plan, RF = resettlement framework, RP = resettlement plan.

Note: The questions requested specification of status of each safeguard document, whether (1) fully implemented, (2) updated but not fully implemented, (3) being updated, (4) not updated, and (5) planned. Above figures refer only to the total of these documents. Two questionnaires with large number of safeguard documents were excluded as the presentation was unclear. These cases concerned two sector projects: Loans 1831-BAN: Second Small-Scale Water Resources Development Sector and 1950-PAK: Punjab Community Water Supply and Sanitation Sector. For Loan 1831-BAN, the Project Director indicated 125 fully implemented IEEs, 10 updated IEEs but not fully implemented, 45 IEEs not updated, and 180 IEEs planned. Also indicated were 75 fully implemented EIAs, 5 updated but not fully implemented EIAs, 10 not updated EIAs, and/or 90 planned EIAs. Also indicated were 171 fully implemented EMPs, 15 updated EMPs but not fully implemented, and/or 270 planned EMPs. In addition there were 6 fully implemented LAPs, 41 updated LAPs but not fully implemented, 33 being updated, and/or 115 planned LAPs. In addition there was one Indigenous Peoples Specific Action Plan being updated. For Loan 1950-PAK, the Project Director indicated that the project has 455 fully implemented IEEs and/or 316 IEEs being updated.

5. Average number of staff and consultant positions filled, and NGOs involved for social and environmental safeguard measures at this stage

	Environment			Involuntary Resettlement			Indigenous Peoples		
	Staff	Consultants	NGOs	Staff	Consultants	NGOs	Staff	Consultants	NGOs
Mean	13	7	4	12	4	1	6	2	4
Median	3	2	1	3	2	1	2	2	1
Minimum	1	1	1	1	1	1	1	1	1
Maximum	90	76	20	50	20	2	20	5	10
N	37	36	15	27	28	12	11	10	3
% of all 67 Responses	55	55	22	40	42	19	18	16	4

NGO = nongovernment organization, N = number of respondents indicating a number for their project.

Note: Valid responses: Environment = 61; Involuntary Resettlement = 47; and Indigenous Peoples = 24.

6. Stage of implementation of main/oldest plan

	Environment		Involuntary Resettlement		Indigenous Peoples	
	N	%	N	%	N	%
Not yet started	11	18	7	15	5	21
0 to 6 months	7	11	7	15	6	25
7 to 12 months	2	3	1	2	2	8
1 to 2 years	6	10	9	19	1	4
More than 2 years	30	49	21	45	7	29
No answer	5	8	2	4	3	13
Total Respondents	61	100	47	100	24	100

N = number of valid responses.

Note: This question was used to determine the number of valid responses for each safeguard.

7. Did any of your staff participate in training workshops or programs provided by ADB?

	Environment		Involuntary Resettlement		Indigenous Peoples	
	N	%	N	%	N	%
Not aware of ADB training workshops/programs	10	16	6	13	4	17
Never had any ADB trainings	12	20	12	26	6	25
No staff participated in ADB trainings	12	20	6	13	4	17
Only one staff/rep participated in ADB trainings	4	7	2	4	1	4
Some staff participated in ADB trainings	14	23	13	28	5	21
All relevant staff participated in ADB trainings	4	7	6	13	3	13
No answer	5	8	2	4	1	4
Total Respondents	61	100	47	100	24	100

ADB = Asian Development Bank, N = number of valid responses, as determined by question 6.

8. How clear, usable and complete are the guidelines available for implementing each of the ADB safeguard requirements?

	Environment		Involuntary Resettlement		Indigenous Peoples	
	N	%	N	%	N	%
Not aware of any guidelines	5	8	1	2	1	4
Did not read any guidelines	2	3	0	0	1	4
Safeguard requirements are unclear/confusing	0	0	1	2	3	13
Safeguard requirements did not resolve all our issues	3	5	9	19	4	17
Safeguard requirements are somewhat usable	32	52	25	53	10	42
Safeguard requirements are usable, resolved issues	17	28	9	19	4	17
No answer	2	3	2	4	1	4
Total Respondents	61	100	47	100	24	100

N = number of valid responses, as determined by question 6.

9. Do you find you get sufficient help from ADB project officers and country offices with respect to the safeguard requirements?

	Environment		Involuntary Resettlement		Indigenous Peoples	
	N	%	N	%	N	%
From ADB Project Officers:						
Not enough missions	8	13	4	9	2	8
Sufficient missions	20	33	15	32	5	21
Too many missions	1	2	1	2	1	4
Not applicable	23	38	18	38	10	42
No answer	9	15	9	19	6	25
From Country Office:						
No help from country office	9	15	5	11	4	17
Sufficient help from country office	22	36	19	40	9	38
Not applicable	21	34	14	30	5	21
No answer	9	15	9	19	6	25
Total Respondents	61	100	47	100	24	100

ADB = Asian Development Bank, N = number of valid responses, as determined by question 6.

10. How easily can you apply ADB's Safeguard requirements?

	Environment		Involuntary Resettlement		Indigenous Peoples	
	N	%	N	%	N	%
Our laws and bylaws require more than ADB requires	3	5	2	4	0	0
ADB safeguard requirements and country laws are the same	12	20	5	11	2	8
Easy; we meet additional ADB requirements	7	11	2	4	2	8
Not easy, but we meet additional ADB requirements	29	48	26	55	14	58
Not easy; we have to follow country/agency system	4	7	11	23	5	21
Do not know/not yet clear	4	7	1	2	0	0
No answer	2	3	0	0	1	4
Total Respondents	61	100	47	100	24	100

ADB = Asian Development Bank, N = number of valid responses, as determined by question 6.

11. Are you reporting to ADB on safeguard issues as per the covenants in the Loan Agreement?

	Environment		Involuntary Resettlement		Indigenous Peoples	
	N	%	N	%	N	%
Never any reporting	3	5	3	6	5	21
Not regularly, inadequate	6	10	4	9	0	0
Not regularly, but adequate	9	15	7	15	5	21
Regularly, but inadequate	3	5	4	9	2	8
Regularly, adequately	31	51	21	45	5	21
Not applicable	1	2	1	2	1	4
No answer	8	13	7	15	6	25
Total Respondents	61	100	47	100	24	100

N = number of valid responses, as determined by question 6.

12. Among the factors listed below, which FOUR ADB RELATED FACTORS would contribute most to better Safeguard Policy outcomes?

	Environment		Involuntary Resettlement		Indigenous Peoples	
	N	%	N	%	N	%
More funds for preparation	27	44	14	30	7	29
More time taken for preparation	18	30	13	28	6	25
ADB funding of land acquisition costs	11	18	24	51	13	54
More consultants assigned	16	26	11	23	9	38
More training for EA staff provided by ADB	53	87	42	89	16	67
More time/staff for project administration/project cycle	16	26	13	28	3	13
ADB streamlines its safeguard policies	21	34	17	36	9	38
ADB divisions streamline their interpretation	11	18	11	23	6	25
Streamlined ADB procurement processes	13	21	8	17	2	8
Other streamlined ADB processes	11	18	7	15	2	8
ADB follows country/agency system	30	49	23	49	10	42
Other factor/s	0	0	1	2	2	8
No answer	1	2	0	0	0	0
Total Respondents	61	100	47	100	24	100

ADB = Asian Development Bank, EA = Executing Agency, N = number of valid responses, as determined by question 6.

13. Among the factors listed below, which FOUR COUNTRY OR AGENCY FACTORS would contribute most to better Safeguard Policy outcomes?

	Environment		Involuntary Resettlement		Indigenous Peoples	
	N	%	N	%	N	%
Better government policies/regulations	24	39	20	43	8	33
Better enforcement of government policies/regulation	40	66	23	49	14	58
More time taken for preparation	13	21	13	28	4	17
Creation of more capacity in EA	47	77	35	74	21	88
More EA counterpart funds made available	25	41	26	55	16	67
More political will and less political interference	23	38	18	38	13	54
Combating of corruption or other irregularities	18	30	12	26	5	21
More authority with project office	29	48	21	45	6	25
Other factor/s	2	3	1	2	0	0
No answer	1	2	0	0	0	0
Total Respondents	61	100	47	100	24	100

EA = executing agency, N = number of valid responses, as determined by question 6.

14. Have you noticed safeguard related delays and extra consultant costs caused by (i) ADB resident mission and (ii) ADB headquarters?

	Environment		Involuntary Resettlement		Indigenous Peoples	
	N	%	N	%	N	%
ADB Resident Mission:						
Short delays	7	11	2	4	1	4
Long delays	1	2	3	6	3	13
Extra consultant cost	2	3	4	9	1	4
ADB headquarters:						
Short delays	7	11	5	11	2	8
Long delays	4	7	7	15	2	8
Extra consultant cost	9	15	10	21	0	0
No answer	9	15	7	15	7	29
Total Respondents	61	100	47	100	24	100

ADB = Asian Development Bank, N = number of valid responses, as determined by question 6.

15. Have you noticed safeguard related delays and extra consultant costs caused by (i) your own agency, and (ii) other agencies?

	Environment		Involuntary Resettlement		Indigenous Peoples	
	N	%	N	%	N	%
Own Agency:						
Short delays	8	13	5	11	1	4
Long delays	1	2	4	9	1	4
Extra consultant cost	9	15	8	17	0	0
Other Agencies:						
Short delays	5	8	2	4	2	8
Long delays	6	10	10	21	3	13
Extra consultant cost	2	3	5	11	1	4
No answer	8	13	6	13	7	29
Total Respondents	61	100	47	100	24	100

N = number of valid responses, as determined by question 6.

16. How have ADB's Safeguard Procedures (assessments and plans) improved your project, or components or sub-projects?

	Environment		Involuntary Resettlement		Indigenous Peoples	
	N	%	N	%	N	%
No real improvement in project	2	3	3	6	2	8
Improved only SOME components/ sub-projects	33	54	24	51	6	25
Improved ALL components/sub-projects	14	23	10	21	6	25
Do not know	1	2	2	4	2	8
Not applicable	1	2	1	2	2	8
No answer	10	16	7	15	6	25
Total Respondents	61	100	47	100	24	100

N = number of valid responses, as determined by question 6.

17. For those projects where the safeguard procedures improved the project, can you specify the type of improvement?

	Environment		Involuntary Resettlement		Indigenous Peoples	
	N	%	N	%	N	%
Improved project design	20	33	8	17	3	13
More due diligence/transparency	17	28	13	28	9	38
More experience in EA	29	48	22	47	9	38
Environment/APs suffer less than otherwise	26	43	19	40	8	33
Demonstration effect beyond project	3	5	6	13	4	17
Other improvements	2	3	2	4	2	8
No answer	11	18	5	11	6	25
Total Respondents	61	100	47	100	24	100

AP = affected person, EA = executing agency, N = number of valid responses, as determined by question 6.

18. If delays in implementation of your project(s) had to do with safeguard issues (EMPs, RPs, IPDP, etc.) what were main factors?

	Environment		Involuntary Resettlement		Indigenous Peoples	
	N	%	N	%	N	%
Never any delays/no experience	22	36	9	19	8	33
Problems with (hiring of) consultants underestimated	2	3	1	2	0	0
Consultation processes difficult to manage	3	5	11	23	2	8
EA country system different (more time needed)	12	20	20	43	4	17
New EA management differs in views	1	2	1	2	1	4
Issues misdiagnosed during preparation	2	3	3	6	1	4
ADB processes/internal disagreements	1	2	5	11	1	4
No answer	16	26	8	17	8	33
Total Respondents	61	100	47	100	24	100

N = number of valid responses, as determined by question 6.

19. What are incremental costs incurred as a result of applying the ADB safeguards beyond requirements of your country or agency system?

	Environment		Involuntary Resettlement		Indigenous Peoples	
	N	%	N	%	N	%
Have not added to cost of project for country	27	44	11	23	13	54
Have added 1%–3% to cost of project for country	8	13	9	19	2	8
Have added 4%–10% to cost of project for country	6	10	5	11	1	4
Have added more than 10% to cost of project for country	1	2	4	9	1	4
Do not know what was added to cost for country	3	5	7	15	1	4
Usually add to project delays	4	7	8	17	1	4
Unusual amount of ADB time and mission cost	1	2	3	6	0	0
Unusual amount of consultant cost PPTA	0	0	4	9	0	0
Do not know about cost for ADB	5	8	5	11	1	4
Unharmonized donor safeguards are confusing	2	3	2	4	0	0
More inconsistent application of country system	2	3	4	9	1	4
No answer	10	16	7	15	5	21
Total Respondents	61	100	47	100	24	100

ADB = Asian Development Bank, N = number of valid responses, as determined by question 6, PPTA = project preparatory technical assistance,

20. How effective have the Safeguards been in mitigating adverse impacts in the project?

	Environment		Involuntary Resettlement		Indigenous Peoples	
	N	%	N	%	N	%
Not effective	2	3	1	2	2	8
Limitedly effective	5	8	8	17	1	4
Somewhat effective	19	31	16	34	1	4
Very effective	23	38	14	30	10	42
Do not know if effective	4	7	3	6	4	17
No answer	8	13	5	11	6	25
Total Respondents	61	100	47	100	24	100

N = number of valid responses, as determined by question 6.

21. Have the Safeguard Policies been a major factor in ADB declining to fund parts of your project?

	Environment		Involuntary Resettlement		Indigenous Peoples	
	N	%	N	%	N	%
No	31	51	21	45	12	50
Sometimes	4	7	5	11	0	0
Yes	9	15	10	21	2	8
Do not know	5	8	6	13	3	13
No answer	12	20	5	11	7	29
Total Respondents	61	100	47	100	24	100

N = number of valid responses, as determined by question 6.

22. Have the ADB Safeguard issues been a major factor in your EA declining to pursue a part of the loan available?

	Environment		Involuntary Resettlement		Indigenous Peoples	
	N	%	N	%	N	%
No	35	57	26	55	9	38
Sometimes	7	11	6	13	3	13
Yes	6	10	8	17	3	13
Do not know	4	7	5	11	2	8
Not applicable	1	2	0	0	0	0
No answer	8	13	2	4	7	29
Total Respondents	61	100	47	100	24	100

N = number of valid responses, as determined by question 6.

23a. What main differences, if any, have you had with ADB while administering projects with significant resettlement issues?

	Total	
	N	%
Cost of RP preparation in sector projects	8	17
Cost of RP implementation	10	21
Definition of encroachers/squatters	14	30
Treatment of encroachers/squatters	7	15
Extent of consultation process	5	11
Definition/level of compensation	13	28
Determination of rehabilitation program	9	19
No answer	6	13
Total Respondents	47	

N = number of valid responses, as determined by question 6, RP = resettlement plan.

23b. Frequency of reported differences in administering projects with significant resettlement issues:

	N	%
Reported more than one	17	36
Reported only one	13	28
Reported none	11	23
No answer	6	13
Total Respondents	47	100

N = number of valid responses, as determined by question 6.

Box 1: SUGGESTIONS FOR IMPROVEMENTS SUGGESTED BY EXECUTING AGENCIES IN THE QUESTIONNAIRE SURVEY
(SELECTION OF RESPONSES, FOCUSING ON DIVERSITY OF VIEWS)

A. Change the Nature of the Resettlement Policy (9 responses)

- (i) The definition of vulnerable families should be more closely linked with economic criteria. Presently, (a) families below poverty line, (b) women headed families and (c) families having members with physical or mental disability are considered as vulnerable and are offered income generation assistance in addition to the compensation for the assets lost. Well-to-do families under (b) and (c) do not really require assistance for income generation. One needs to therefore define a threshold income above which the (b) and (c) will not be considered vulnerable. an income, two times the poverty line, may be such a threshold. Thus all families below poverty line and families under (b) and (c) but having income below two times the poverty line alone may be considered as vulnerable.
- (ii) There is also a need to identify a threshold level of loss (may be loss of land below 5% of current holdings) below which compensation for acquired assets at replacement value is considered sufficient and family level survey and entitlements are not required. This is justified based on the fact that if a family retains 95% of its landholdings, it benefits significantly due to project.
- (iii) Guidelines should be flexible. There are many examples that only rich landlords get benefits from rigid guidelines and entitlement matrix.
- (iv) The definition of voluntary resettlement should be included in the ADB project documentation. In this project there were many instances of voluntary as well as involuntary resettlement.
- (v) ADB should finance the cost of compensation. Donors could come forward to address problems relating to involuntary resettlements through extending grants.
- (vi) Resettlement Plan (RP) should be included in TA or implemented before project implementation.
- (viii) RPs should be implemented separately and should not be linked with implementation of main scope which increases delays and(?) interest payments, while EA/sponsor is deprived of the benefits during the period of the delay.
- (ix) Explicit stipulation of the safeguard policies in the loan agreement such that any amendments/changes will not affect project implementation. Implementation of IR policies shall not in any way hamper progress of civil works (main component of the project).
- (x) ADB policies should consider the difficulties in practice and make adjustments in part of working process on the premise of being complied with ADB policies on the whole.
- (xi) [Resettlement safeguards are] time consuming and cost of the project also rises.

B. Harmonize Country Policy with ADB policy (8 responses)

- (i) ADB policies should be adjusted to be more similar to local policies.
- (ii) ADB and Government need to interact more to ensure suitable regulations which are acceptable to investors.

C. More Attention For and Flexibility in Implementation (9 responses)

- (i) ADB documents are too general and should be made more specific in keeping with the personnel at the Bank who actually do the work, review reports, etc.
- (ii) Better coordination of review process within ADB HQ and more timely submission of comments. Comments should be collated and submitted as ADB comments at one time, not as individual's comments in a piece-meal manner.
- (iii) Mission teams change too much in their composition. The Environment and R&R (Social) experts should be maintained at least up to the loan signing time to avoid delays.
- (iv) Resettlement planning should be completed before loan effectivity. It should be agreed by the institution responsible.
- (v) ADB's requirement regarding submission of the independent monitoring reports on semi-annual basis is excessive. The reports should be submitted on annual basis in the first two years and the final report should be submitted after project completion. Three reports should be submitted to ADB during project implementation.
- (vi) ADB country office should take responsibility for RPs in order to save time for approval process as well as sustainable supervision of RP implementation.

D. Increase capacity building efforts for better project implementation (6 responses)

- (i) Translation of the Policy into Vietnamese, Chinese (3)
- (ii) Consultant Resettlement should be appointed
- (iii) Effective enforcement of government policies and regulation to avoid political interference and irregularities.
- (iv) More training and more consultant time is needed to complete RP process

REVIEW OF COUNTRY SYSTEMS ON INVOLUNTARY RESETTLEMENT

A. India

1. In matters of project driven involuntary resettlement of people, India used to have no policy but relied on the Land Acquisition Act (LAA) of 1894 (amended in 1984), and the National Highways Act 1957 which cuts some corners of the LAA. The LAA lays down the procedures for expropriating and compensating land owners and the amendment improved public disclosure of decisions. However, it does not directly deal with resettlement and rehabilitation of affected persons (APs), informal dwellers, tribal lands or land donation issues. Therefore it can not provide the basis for enforcing compliance with many aspects of ADB's Involuntary Resettlement (IR) Policy. The lack of legal provisions applicable to resettlement operations means that state and local governments and important public organizations were at liberty to apply their own systems for a long time.

2. In February 2004 this changed to some extent, when the Government of India approved a policy on involuntary resettlement. The National Policy for Resettlement and Rehabilitation (NPRR) constitutes a big step towards equivalence with ADB's IR Policy standards. This is shown by the following specifications: (i) the cost of resettlement and entitlements are to be made part of the project cost; (ii) consent award for compensation of land is allowed (this means APs can in principle participate in the land valuation process and that the consent of landowner is essential to finalize the award); (iii) some measure of rehabilitation assistance is to be provided to APs; (iv) assistance needs to be provided to vulnerable groups like Below Poverty Line Marginal Farmers, Scheduled Tribes and Scheduled Castes (although it is unclear whether squatters are included); (v) tribal land issues are to be dealt with separately; and (vi) assistance needs to be provided to laborers losing livelihood as a result of the project.

3. However, a detailed comparison between the Asian Development Bank (ADB) and the NPRR and other relevant legislation (Supplementary Appendix B) also shows continuing divergence. Some main substantive aspects in which the two policies are still far apart are: (i) the thresholds for the application of the policies are very different (ADB: one AP or more; NPRR: over 500 AP *families* displaced in plains and 250 in hills); (ii) the policy seems to be intended mainly for major infrastructural works like dams (only one brief paragraph addresses the complexities of linear projects like roads); (iii) no assistance is specified for encroachers and squatters that need to be moved;¹ (iv) the Policy does not discuss replacement value for land, structures and other assets lost; (v) no provision is made for addressing loss of common property resources; and (vi) there is little guidance on how to deal with voluntary contribution of land and structures in cases that projects profess to rely on such donations. It needs to be emphasized that NPRR is currently under revision ahead of its intended formal enactment. Until it is fully enacted, it cannot be enforced in India's courts.

4. Whereas in the above paragraph the focus was on substantive policy elements, Table A16.1 below summarizes the level of procedural equivalence.

¹ Given a number of recent court decisions in India, it is unlikely that squatters will be given rights to claim either compensation or any assistance; a situation that does not imply that assistance may not be given by the Government out of policy considerations.

Table A16: Key Similarities and Differences Between NPRR India and ADB Policy

ADB Policy	NPRR
<p>Provide government with technically and economically feasible resettlement alternatives.</p> <p>Ensure that the displaced persons are informed in time about their options and rights pertaining to resettlement. No special period of notification is provided.</p>	<p>Not Equivalent. Not mentioned.</p> <p>Equivalent. Also discussed in NPRR: Declaration of Affected Zone- by notification in the Official Gazette; affixation of copy of the notification on-the Notice-Board of the concerned Gram Panchayats and other prominent place or places in the affected zone; publication of the draft scheme / plan in the Official Gazette to give wide publicity to the same in the affected zone. No threshold period is indicated.</p>
<p>Consult APs and offer choices.</p> <p>Prompt and effective compensation at full replacement cost for losses of assets.</p> <p>Provide equivalent productive assets for the loss of residential house, agricultural land etc.</p> <p>Cash compensation level should be sufficient to replace the lost land and assets at full replacement cost in local markets.</p>	<p>Not equivalent. Not mentioned.</p> <p>Equivalent in case AP loses all his land and is displaced. APs will receive land if all land is lost and the APs have become displaced by the project. Not equivalent if this is not the case. In that case, compensation will be paid at a rate negotiated between the owner and acquiring body (consent award) through the provision of the Land Acquisition Act. This Act bases compensation on the average of registered land transactions in the past 3 years in the surroundings. This is however usually underreported in the deeds, for tax reasons.</p> <p>The AP may be allotted house site to the extent of actual loss of area of the acquired house.</p> <p>Each PAF owning agriculture land in the affected zone and who consequently becomes a small farmer shall get one time financial assistance equivalent to 375 days minimum agricultural wages.</p>
<p>Provide support for the transition period:</p> <ul style="list-style-type: none"> (i) relocation and transfer expenses; (ii) assistance for transitional income and livelihood support. <p>Provide assistance and allowances for rehabilitation: (i) compensation for crop or business losses; (ii) reestablishment of agricultural or business production; (iii) assistance for income restoration; and (iv) assistance for restoring social services, social capital, community property, and resources.</p> <p>Preference should be given to land based resettlement strategies for displaced persons whose livelihoods are land-based.</p> <p>Eligibility of Benefits include the APs who have customary and traditional land rights recognised under the law. APs who do not have formal legal rights to land at the time of census but have a claim to such land or assets and the APs who have no recognisable legal right to the land they are occupying. Particular attention will be paid to the needs of vulnerable groups among those displaced, especially those below</p>	<p>Equivalent. Each displaced Project Affected Family shall get a monthly subsistence allowance equivalent to 20 days of minimum agricultural wages per month for a period of 1 year up to 250 days.</p> <p>Not entirely equivalent. It is only mentioned that (i) Project Affected Families shall be provided necessary training facilities for development of entrepreneurship to take up self-employment projects at the resettlement zone; (ii) Rural artisan/small trader and self employed person shall get one-time financial assistance for construction of working shed/shop. Other types of assistance are not specified, such as microcredit or other assistance to reestablish production, or assistance for restoring social services. Only for project displaced persons.</p> <p>Not equivalent. No mention of this in NPRR.</p> <p>Not equivalent. NPRR No mention of squatters and encroachers. However, share croppers, tenants, agricultural labourers are recognized as APs.</p> <p>Equivalent. Each Tribal affected family shall get additional financial assistance equivalent to 500 days minimum agriculture wages for loss of customary rights/usages of forest produce.</p>

ADB Policy	NPRR
<p>the poverty line, landless, elderly, women and children, ethnic minorities etc.</p> <p>The displaced persons and their communities will be provided timely and relevant information, consulted on resettlement options, and offered opportunities to participate in planning, implementing, and monitoring resettlement.</p> <p>Appropriate grievance mechanisms are established for these groups.</p>	<p>Each PAF of BPL category shall get a one-time financial assistance for house construction.</p> <p>Equivalent. A monitoring cell will be formed. Grievance committee would be formed with representation of women, Schedule Caste and Schedule Tribe.</p>

ADB = Asian Development Bank, AP = affected person, NPRR = National Policy for Resettlement and Rehabilitation.

5. The Government of India is well aware of the need to improve resettlement and rehabilitation practices in the country. Its approach paper to the 11th Five Year Plan deems this important enough to merit the following paragraph.²

“Our practices regarding rehabilitation of those displaced from their land because of development projects are seriously deficient and are responsible for a growing perception of exclusion and marginalisation. The costs of displacement borne by our tribal population have been unduly high, and compensation has been tardy and inadequate, leading to serious unrest in many tribal regions. This discontent is likely to grow exponentially if the benefits from enforced land acquisition are seen accruing to private interests, or even to the state, at the cost of those displaced. To prevent even greater conflict, and threat to peace and development, it is necessary to frame a transparent set of policy rules that address compensation, and make the affected persons beneficiaries of the projects, and to give these rules a legal format in terms of the rights of the displaced. In addition to those displaced by development projects, those displaced by social upheavals should also be properly resettled.”

6. On this basis, ADB should be able to work out a practical agreement regarding the use of India’s country system, complemented by specific ADB safeguards and assistance packages for vulnerable APs.

B. People’s Republic of China

7. Land in PRC is owned either by the State (all land in cities, and much ‘wasteland’ elsewhere) or by collectives (agricultural land in rural areas). One law and two regulations have governed compulsory land acquisition and involuntary resettlement: (i) the Land Administration Law of 1998, which includes land compensation and involuntary resettlement subsidy³ issues and which deals mainly with rural farm land owned by collectives, (ii) the Water/Hydro Power Resettlement Regulation of 1991, and (iii) the Regulations for the Management of Urban Residential Demolition and Eviction (1991, implemented from November 2001), applying to resettlement in towns/cities in the context of public works, where all land is owned by the state.

8. As far as the Land Administration Law is concerned, in 2004, the convergence of PRC’s country system with ADB’s resettlement policy improved, as the upper limits of the

² Planning Commission, Government of India. (2006). *Towards Faster and More Inclusive Growth. An Approach to the 11th Five Year Plan*. June 14, 2006. Delhi.

³ This actually refers to a rehabilitation subsidy; all those affected by land acquisition are entitled to it.

compensation levels for rural land were reset to a maximum which is theoretically equivalent to replacement value of land (30 times the average annual output value (AAOV) of the land; contracts in collectives are for 30 years).⁴ PRC has also made progress with regulation as to APs' right to due process. The Ministry of Land and Resources promulgated new Regulations on Land and Resources Hearings in 2004, which require the land expropriating agencies to inform affected farmers of their right to a hearing on compensation standards and the resettlement package. Such a hearing must be held if requested within five days after the parties are informed. Document No. 28, also approved October 2004, takes this further and states that before the expropriation is submitted for approval, its purposes, location, compensation standard and resettlement and rehabilitation measures should be made known to farmers whose land is to be taken, and the results of the survey on the existing situation of the land proposed to be taken should be confirmed by the rural collective and farmer households. Continuing divergence with ADB policy is perhaps most visible in the absence of standards regarding compensation for structures, permanent and annual crops, and the organization of grievance redress. PRC does not as such offer entitlements for vulnerable affected people in the sense of the ADB Policy, but provides a somewhat higher resettlement (rehabilitation) subsidy to rural people with minimal access to land (see next paragraph). A better system may be to delink the resettlement subsidy completely from the land size criterion and replace it by a vulnerability criterion. PRC does not use restoration of livelihood as a guiding principle. In fact, PRC does not adhere to ADB's principle of addressing resettlement and rehabilitation as part of the project, which implies that it should be preferably completed by the end of the project; PRC projects compensate and relocate APs during the project, but the Government is broadly responsible for providing certain safety nets to ensure people's livelihoods afterwards. The Ministry of Land and Resources is currently reviewing the land compensation system, aided by World Bank technical assistance, in order to systematize and unify this.

9. Compensation rates for expropriation of arable land in PRC have improved steadily in the past few years; even in remote areas, they are routinely equivalent to between \$15,000 and \$50,000 per hectare of arable land. Around urban areas these values can be doubled easily. Almost always, cash compensation is relied on; this is also almost invariably favored by the farmers who lose their land.⁵ Apart from land compensation and resettlement subsidy, the law provides for compensation for temporary use of land and loss of young crops. The approach is entitlement based: if the budget initially approved by MOF and the National Development and Reform Commission (NDRC) for land compensation and resettlement is not sufficient, then local governments who administer this will need to request NDRC for more budget, and request the

⁴ It could well be argued that 30xAAOV exceeds by far the replacement value, as AAOV is a gross output value, from which the farmers labor and other costs are not deducted.

⁵ From 1999 onwards, compensation for farm land lost has been calculated at between 6 and 10 times its AAOV, in accordance with the size of the land contract that the affected farmer has as a member of the rural collective. If the farmer has a contract for more than 0.5 mu (1 mu = 1/15th ha) per member of his household, then he (she) is entitled to 6x AAOV in cash compensation plus 4xAAOV "resettlement" (=rehabilitation) subsidy in the case of compulsory land acquisition, or to replacement land of comparable size and quality (but the latter is rarely available). If the land holding is between 0.3 and 0.5 mu, the entitlement is (8+5)x AAOV; if smaller than 0.3 mu, then the compensation is (10+6)xAAOV. Actual compensation provided can however be influenced by (i) compromises between administrative areas with different practices and different standards for land qualities and/or AOVs, (ii) provincial budgets, and (iii) interpretations by local governments regarding the applicability of the latest nationally approved compensation standards, when certain divergent standards for compensation have been enshrined in project agreements. ADB supported RP entitlement matrices may also play a role in the divergence from the norms. Over the years, compensation and resettlement subsidies have experienced an upward trend of the upper limits prescribed by the law; in October 2004, they went from 16xAOV to 30xAOV (unfortunately, the lower limits often used in practice did not rise). Currently, national standards for different classes of land and crop yields may be set that do not vary by province or sector, such as has been the case so far.

EA to certify this. Auditors involved in determining project acceptance at the time of project completion need to assess whether the budget was appropriately spent.

10. The other two regulations, one for dams and one for urban demolition have upheld more conservative compensation rates and have been more controversial for this reason, but are currently under revision. For urban dwellers who need to be displaced, rehabilitation assistance can be provided but not in cash and not in the context of the project causing the displacement; actual programs of rehabilitation are not mandated but are contingent upon local government interest and budgets available. The Water / Hydro Power Regulation is also under review. This policy relies on post-resettlement plans for the rehabilitation of dam reservoir displaced persons. The plans are not very much regulated and in practice this leads to variable rehabilitation efforts of the local authorities. In some cases, many inventive measures have been tried by caring local governments. In some projects, farmers losing land were offered an option to obtain town registration, a benefit that used to be highly valued, due to the advantages it provides the family in respect of work permits and opportunities, education for children and other social security benefits. (However, these advantages are now valued substantially less, as peri-urban land values continue to rise, while urban unemployment rises.)

C. Viet Nam

11. Legislation concerning compulsory land acquisition has undergone a great deal of change in Viet Nam since the approval of the Land Law in December 2003. Like in PRC, all land belongs to the State, but occupiers have been receiving Land Use Right Certificates issued by Peoples Committees of Provinces or Districts in the last decade. The administration of the Land Law and the granting of Land Use Rights is the responsibility of the Ministry of Natural Resources and Environment (MoNRE). Currently, approximately 70% of homestead and agricultural land in rural areas has been granted Land Use Rights (on 20-50 year basis depending on the approved use of the land), and around 50% of urban land. The original provisions relating to the recovery of land and compulsory acquisition of property attached to land by the State were contained in the Land Law and Decree 22/1998/ND-CP which elaborated the system of compensation, resettlement and assistance. In 2001, the Vietnamese Government accepted an ADB TA,⁶ to help a drafting board chaired by the MoF to draft a new decree on compensation, resettlement and rehabilitation assistance. Because at a later stage the Government decided to completely review the Land Law 1993 and pass a replacement Land Law (taking effect in July 2004), the TA was completed only in 2006. By then it had however had a significant effect on highlighting resettlement issues in the new land law and in a set of new decrees.⁷

12. The combined result of the new Land Law and its various subordinate decrees is that Vietnamese standards of compensation, resettlement and rehabilitation assistance have been raised significantly and have become more compatible with the relevant policies of the ADB, World Bank and other international donor agencies. The decrees require that a census of APs is held, socioeconomic effects assessed, and a Compensation, Resettlement and Rehabilitation Assistance Plan prepared. Compensation must be provided for loss of land, crops and trees as well as buildings and other structures attached to recovered land. Decree 197 establishes for

⁶ TA 3727-VIE: *Enhancing the Legal and Regulatory Framework for Compensation, Resettlement and Rehabilitation Assistance in Viet Nam*, for \$310,000, approved 24 September 2001.

⁷ The new Decree 197/2004/ND-CP on compensation, resettlement and assistance which replaced Decree 22 was accompanied by a new Decree 181/2004/ND-CP on the implementation of the Land Law and Decree 188/2004/ND-CP on valuation of land use rights and price frame. These decrees were later supplemented by Decree 17/2006/ND-CP issued in February 2006.

the first time that the focus of compensation is placed on the actual value of the land recovered (in the disguise of the value of owning land use rights) and not the arbitrary and artificial price shown in the official price frames issued by the central Government. If implemented as intended, APs should be compensated and assisted to at least the standard that they experienced before the land was recovered.

13. Even in spite of this convergence, there is still some significant divergence with the ADB policy: (i) the objective of minimization of involuntary resettlement is not addressed by the Land Law (it is part of the project planning and development process); (ii) the approval of the compensation, resettlement and rehabilitation assistance plan does not need to be given before the approval of a project; (iii) the decrees still permit the use of frame prices set by Provincial People's Committees (frame prices have been notoriously inaccurate in both urban and rural areas, but now they have to incorporate market prices and are getting closer to actual market values in the last two years); (iv) some squatters are not compensated for loss of access to land, depending on the length and nature of their occupancy, while they get compensation only for structures if these are built in areas with no land use plans or if they were built after such plans with official permission, (v) assistance needs to be given to vulnerable APs but the actual amounts, within the maxima set by Decree 197 or its implementing circular 116, are decided by the Chairman of the local People's Committee with no prescribed objective criteria; (vi) there are no requirements for public consultation before the notification of the project, (vii) obligations on public disclosure are less demanding (20 days before scheme approval) than those in ADB and WB policies, and (viii) there is no requirement for independent external monitoring or evaluation. It can be concluded that there is still some distance to go before there can be full alignment between ADB/World Bank and country systems.

14. In practice, the good legal progress is compromised by the lack of capacity and ingrained bureaucratic attitudes of many Government officials mainly in provinces, districts and communes. As there is no prescribed template or standard form for the plans they are frequently different between different provinces and projects. Sometimes the plans follow the ADB or WB models but at other times a very much diluted amalgam of such models is followed. This is the a consequence of having devolved the authority for compensation, resettlement and rehabilitation assistance to provinces and major cities with little oversight from the central Government other than for very large projects or projects overlapping two or more provinces. The experience to date seems to be that, in the few provinces and cities with significantly higher levels of capacity among officials, the standard of such plans closely approximate the format and standard of plans that are required by the ADB and the WB for projects that they are financing. In other cases compensation, resettlement and assistance plans are of more inferior quality.

D. Philippines

15. The Government of the Philippines as of yet does not have a specific law which comprehensively addresses the complex issues of involuntary resettlement. There are laws which provide a part of the legal framework for addressing such issues. Apart from the Philippine Constitution of 1987 which lays the basis, there is RA 7279 of 1992, otherwise known as the Urban Development and Housing Act, and lastly the Republic Act 8974 of 2000, also named the Act on the Acquisition of Right of Way, Site or Location of Government Infrastructure Projects. The Philippine Constitution guarantees payment of just compensation for private property taken for government use. The Urban and Housing Act defines the procedures for the relocation of illegal settlers in urban areas. RA 8974 sets the system for land acquisition and defines the procedures and valuation methods to be used.

16. RA 8974 prescribes that land acquisition shall be done in three ways: (i) by donation, (ii) by negotiation; and (iii) by expropriation. The act stipulates that the first option to be considered is by donation. Property owners shall be asked to donate the land needed for the government infrastructure projects. This is commonly done when the land needed is not sizable as in the case of irrigation canals or a few square meters for drainage and road improvements; and/or in situations where the private owners stand to benefit from the government project as in the case of irrigation or road access. If the private owners refuse the request for donation, the act prescribes that the government initiates negotiation with the private owners. The government shall initially offer the zonal value of the needed property as determined by the Bureau of Internal Revenue. This zonal value is usually lower than the fair market value and is based on values identified by real estate brokers and developers. If this is not acceptable to the property owners, the governments continue the negotiation to determine the fair market value of the property. The Act defines fair market value as the value which will allow the property owner to acquire similarly situated land of approximate size. The fair market value laid down by the Act is essentially equivalent to the cost of replacement of the land. If the negotiation fails, the government initiates expropriation by filing an expropriation case in court with a mandate to pay the property owner the value of the property based on zonal valuation of the Bureau of Internal Revenue. If the owner refuses to accept the offer, the court shall decide within 60 days the just compensation of the property based on conditions defined in the Act. These conditions include: (i) the classification and use for which the property is suited based on the approved land use and zoning ordinance of the municipality or city concerned; (ii) the development costs for improving the land; (iii) the value declared by the property owners as shown in their latest Tax Declaration Certificates or Sworn Statements; (iv) the current market selling price of similar properties in the vicinity based on the records on Deeds of Sale in the Office of the Register of Deeds concerned; (v) the reasonable disturbance compensation for the removal and or demolition of certain improvements on the land and for the value of improvements thereon; (vi) the size, shape or location, tax declaration and zonal valuation of the land; (vii) the price of the property as manifested in the ocular findings, oral as well as documentary evidence presented; and (viii) such facts and events as to enable the affected property owners to have sufficient funds to acquire similarly situated lands whose areas and values approximate those required from them by government which will enable the property owners to rehabilitate themselves as early as possible. The government shall then pay the property owners the difference between the amount already paid and the compensation value defined by the court. The Implementing Rules and Regulations (IRR) of RA 8974 stipulate that the replacement cost method shall be used for determining the value of improvements and structures on the land and the IRR defines this as the amount necessary to replace the improvements and structures based on the current market prices for materials, equipment, labor, contractor's profit and overhead and all other attendant costs associated with the acquisition and installation in place of the affected improvements and structures.

17. RA 7279 or the Urban Development and Housing Act of 1992 prohibits the demolition or eviction of illegal settlements unless resettlement sites acceptable to the relocatees are available. The Act requires that basic services such as infrastructure, utilities and social services; and employment opportunities shall be provided in the resettlement sites. The Implementing Rules of the Act defines the procedures and guidelines for relocation including identification of resettlement sites; census and tagging operations; consultation process; preparation and development of resettlement sites; dismantling of structures; relocation and post resettlement operations.

18. Another legal basis for compensation is Executive Order (EO) 1035 (1985) which preceded RA 8974. EO 1035 prescribes the procedures and guidelines for the expeditious

acquisition by the government of private real properties for government infrastructure projects. It defines the compensation of agricultural crops affected by government right-of-way, site or location of government infrastructure projects. This includes the payment of financial assistance to displaced tenants, cultural minorities and settlers equivalent to the average annual gross harvest for the last three years but not less than P15,000 per hectare; and disturbance compensation to agricultural lessees equivalent to five times the average gross harvest during the last three years. Trees are valued based on the current market value determined by the Office of the Assessors of the concerned municipality or city.

19. As mentioned, the legal framework for involuntary resettlement in the Philippines is constrained by the lack of a law which specifically addresses involuntary resettlement. Thus compensation based on replacement cost is limited only to the payment for land and structures; and agricultural crops affected by government projects. These are the areas where Philippine laws and the ADB policy converge. The Urban Development and Housing Act only covers urban illegal settlers, although for them it prescribes the provision of resettlement sites, basic services and employment opportunities for relocatees; and requires full consultation and the involvement of affected families/persons in site selection and design.

20. To converge with ADB's policy, the Philippine legal framework would need to be expanded to include a specific and comprehensive law which will govern involuntary resettlement in both urban and rural areas. Existing laws do not order the payment of relocation and transfer expenses; assistance for transition and livelihood support; special assistance to vulnerable people, reestablishment of agricultural and business production; assistance for income restoration and restoring social services, social capital, community property and resources (though this is partly covered by the Urban Development and Housing Act).

21. Although illegal settlers have no right to compensation for lost access to land occupied by them, some government agencies have devised ways to help illegal settlers to such access by providing relocation sites at affordable, almost giveaway, rent or price. With the assistance of ADB, affected families in the Southern Philippines Irrigation Sector Project, relocated to a resettlement site received free core housing, a truck to service the community; and land at 25% of the price paid by government to purchase this land. Resettled non-titleholder families in the Sixth Road Project were given replacement land at giveaway prices. Although illegal settlers relocated from the Pasig River were not compensated for land and structures, they were provided housing units with very low amortization and deferred payment for several years. In spite of the limitations of existing laws governing involuntary resettlement, government agencies have been able to provide a wider range of benefits than prescribed by existing laws, in compliance with the requirements of ADB Policy. In the three projects evaluated in the Philippines, the entitlement packages defined in the RPs provided for a wide range of entitlements including relocation and transfer expenses; some amount for transition expenses in the form of food allowance and transportation subsidy (Pasig, Sixth Road and the Southern Philippines Irrigation); disturbance allowance of P10,000 per family (Sixth Road); compensation for income loss based on latest tax record (Sixth Road); rental subsidy (Pasig and Sixth Road); rehabilitation assistance of P15,000 per family (Sixth Road); compensation to cover cost of reconnecting facilities such as water, power and telephone (Pasig and the Southern Philippines Irrigation project); and livelihood support through training programs and micro credit (Pasig, Sixth Road and the Southern Philippines Irrigation project).

TECHNICAL ASSISTANCE REGARDING LAND ACQUISITION AND RESETTLEMENT SINCE 1994

Table A17.1: Asian Development Bank Technical Assistance Related to Indigenous Peoples or Involuntary Resettlement, 1967–2005

	IP and IR		IP ^b		IR		Total	
	No.	Amount (\$) ^a	No.	Amount (\$) ^a	No.	Amount (\$) ^a	No.	Amount (\$) ^a
By Type								
Advisory TA	2	1,300,000	12	6,399,300	19	4,747,400	33	12,446,700
Project Preparatory TA	1	150,000	6	3,500,000	3	550,000	10	4,200,000
Regional TA	0	0	11	6,800,000	4	1,936,000	15	8,736,000
Total	3	1,450,000	29	16,699,300	26	5,652,000	58	25,382,700
By Sector								
Agriculture and Natural Resources	0	0	10	6,824,300	4	1,425,000	14	8,249,300
Education	0	0	6	3,475,000	0	0	6	3,475,000
Energy	0	0	1	150,000	0	0	1	150,000
Health, Nutrition, and Social Protection	1	800,000	7	3,500,000	14	3,902,000	22	8,202,000
Law, Economic Management and Public Policy	0	0	1	550,000	2	931,400	3	1,481,400
Multisector	0	0	3	2,050,000	0	0	3	2,050,000
Transport and Communications	2	650,000	1	150,000	6	975,000	9	1,775,000
Total	3	1,450,000	29	16,699,300	26	5,652,000	58	25,382,700
By Country								
Afghanistan	0	0	1	850,000	0	0	1	850,000
Bangladesh	1	500,000	0	0	3	560,000	4	1,060,000
Cambodia	0	0	1	600,000	2	550,000	3	1,150,000
China, People's Republic of	0	0	4	2,100,000	3	1,831,400	7	3,931,400
India	1	800,000	1	150,000	1	150,000	3	1,100,000
Indonesia	1	150,000	0	0	3	690,000	4	840,000
Lao People's Democratic Republic	0	0	5	2,974,300	0	0	5	2,974,300
Nepal	0	0	1	200,000	1	150,000	2	350,000
Pakistan	0	0	0	0	2	250,000	2	250,000
Philippines	0	0	1	375,000	1	100,000	2	475,000
Sri Lanka	0	0	0	0	4	556,000	4	556,000
Viet Nam	0	0	4	2,650,000	2	460,000	6	3,110,000
Regional	0	0	11	6,800,000	4	1,936,000	15	8,736,000
Total	3	1,450,000	29	16,699,300	26	5,652,000	58	25,382,700

ADB = Asian Development Bank, IP = indigenous peoples, IR = involuntary resettlement, No. = number, TA = technical assistance.

^a Total of ADB amount, Japan Special Fund, and other sources of funds.

^b TA amounts may be entirely or only partly devoted to IP issues.

Source: ADB TA database.

Table A17.2: Technical Assistance Related to Involuntary Resettlement (IR), 1994–2005^a

DMC	TA Name	TA Type	Total	Date Approved
BAN	Support to the Roads and Highways Department for Safeguard Policy Compliance	AD	500,000	23-Nov-04
IND	Capacity Building for Social Development	AD	800,000	23-Dec-99
INO	Social Development for the Interisland Transport Development	PP	150,000	09-Nov-04
BAN	Enhancing Capacity of Infrastructure Agencies in Management of Involuntary Resettlement	AD	150,000	28-Nov-02
BAN	Development of a National Involuntary Resettlement Policy	AD	350,000	21-Dec-04
BAN	Independent Review Panel for the Environmental and Resettlement Aspects of the Jamuna Bridge	AD	60,000	26-Jun-96
CAM	Enhancing the Resettlement Legal Framework and Capacity Building	AD	400,000	18-Dec-04
CAM	Resettlement Study and Social Impact Assessment for the GMS Cambodia Road Improvement Project	PP	150,000	11-Apr-02
IND	Resettlement and Environmental Assessment for the West Bengal Corridor Development Project	PP	150,000	13-Nov-00
INO	Capacity Building in Resettlement Management	AD	325,000	07-Nov-96
INO	Land Acquisition and Resettlement Program for the Proposed North Java Road Improvement	AD	100,000	24-Nov-94
INO	Capacity Building for Resettlement Management in Road Projects	AD	265,000	27-Dec-94
NEP	Preparation of National Resettlement Policy Framework	AD	150,000	28-Oct-04
PAK	Rural Livelihood Enhancement Through Participatory Resettlement in Irrigation Development	AD	150,000	13-Jun-03
PAK	Social Impact Analysis and Resettlement Planning	AD	100,000	03-Jul-01
PHI	Capacity Building for Resettlement Management in Development Projects	AD	100,000	12-Dec-95
PRC	Strengthening the Involuntary Resettlement Practices in the Yichang-Wanzhou Railway Project	PP	250,000	11-Nov-02
REG	Review of National Resettlement Policies and Experience with Involuntary Resettlement Projects	REG	831,000	10-Mar-98
REG	Regional Workshop on Involuntary Resettlement	REG	105,000	08-Apr-98
REG	National Resettlement Policy Enhancement and Capacity Building	REG	500,000	20-Sep-00
REG	Capacity Building for Resettlement Risk Management	REG	500,000	19-Dec-02
SRI	National Policy on Involuntary Resettlement	AD	250,000	27-Aug-99
SRI	Support to Transport Sector for Resettlement Capacity Building	AD	56,000	07-Aug-01
SRI	Capacity Building for the National Policy on Involuntary Resettlement	AD	150,000	11-Dec-01
SRI	Implementing the National Involuntary Resettlement Policy	AD	100,000	15-Dec-03
VIE	Strengthening of Resettlement Management Capacity in the Ministry of Agriculture and Rural Development	AD	150,000	04-Sep-98
VIE	Enhancing the Resettlement Legal Framework and Institutional Capacity	AD	310,000	24-Sep-01
PRC	Capacity Building for Social Assessments	AD	781,400	18-May-00
PRC	Capacity Building for Natural Resources Legislation	AD	800,000	24-Dec-96
VIE	Strengthening the Capacity of Local Stakeholders for Implementation of Son La Livelihood and Resettlement Plan	AD	1,000,000	14-Nov-05
SRI	Independent External Monitoring of Resettlement Activities of the Southern Transport Development	AD	336,000	19-Dec-05

AD = advisory, ADB = Asian Development Bank, AFG = Afghanistan, BAN = Bangladesh, CAM = Cambodia, IND = India, INO = Indonesia, IP = indigenous peoples, LAO = Lao People's Democratic Republic, NEP = Nepal, OED = Operations Evaluation Department, PAK = Pakistan, PHI = Philippines, PP = project preparatory, PRC = People's Republic of China, REG = Regional, SRI = Sri Lanka, TA = technical assistance, VIE = Viet Nam.

^a Selection of TA on IR based on rapid assessment by OED of TA papers. Selection of TA on IP based on information from ADB's IP website in combination with rapid assessment by OED of TA papers.

Sources: ADB TA database and ADB website. Available: www.adb.org.

ASIAN DEVELOPMENT BANK TECHNICAL ASSISTANCE ON INVOLUNTARY RESETTLEMENT

1. **TA 5781-REG: Review of National Resettlement Policies and Experience with Involuntary Resettlement Projects** addressed policy requirements in seven selected developing member countries (DMCs): Bangladesh, Indonesia, Nepal, Pakistan, Philippines, People's Republic of China (PRC), and Viet Nam. The technical assistance (TA) developed National Resettlement Action Plans (NRAPs). These NRAPs recognized that, while ADB's Involuntary Resettlement (IR) Policy sets broad principles to minimize displacement, and restore incomes for affected persons (APs), these principles are implemented in projects through the DMCs' frameworks for land acquisition. While the legal basis for land acquisition and compensation in South Asian countries has been long established, many DMCs in East and Southeast Asia have land laws that were only recently developed. Most DMCs at the time lacked comprehensive national standards for involuntary resettlement. The NRAPs therefore contained recommendations to enhance national policy standards, enact the policy principles through the legal frameworks, develop appropriate institutional structures, and build capacity for implementation.¹ ADB's TA completion report (the TCR) rated the TA as highly successful. It was also strongly endorsed by the Operations Evaluation Department's Special Evaluation Study in 2000, and it won a Canadian International Development Agency award.

2. **TA 5935-REG: National Resettlement Policy Enhancement and Capacity Building** was designed to strengthen DMC capacity to enhance involuntary resettlement policy, and legal and institutional frameworks supported by continued regional consultations, by implementing selected NRAP activities in PRC, Indonesia, Nepal, Pakistan, and Philippines, and by extending the NRAP planning process to one new country, Cambodia. According to the TCR, the regional TA selected catalytic activities from each NRAP. A Cambodia NRAP was prepared, discussed, and endorsed at a national workshop; and a draft National Resettlement Policy was prepared. In Indonesia, the outputs including a refined draft Land Acquisition and Resettlement Act, an administrative and Institutional Framework, Resettlement Guidelines, and a proposal on capacity building. In addition to the national workshop, several provincial level consultations were conducted. In Nepal, final amendments were made to the Land Acquisition Act, and its Implementation Regulations were prepared, together with an Operations Manual (OM) and proposal on capacity building. A draft Resettlement Policy was also prepared. In Pakistan the draft National Resettlement Policy was refined, and a Resettlement Ordinance prepared, together with accompanying notes on implementation. Other outputs included an OM and a proposal on capacity building. Progress was made in defining the necessary outputs in the Philippines, which included a draft National Resettlement Policy, a draft executive order on Resettlement, Resettlement Guidelines, and a capacity building proposal. In the PRC the Ministry of Lands and Resources requested two special studies, a Report on the PRC Legal Framework, and a Report on Rural Land Reform and Poverty Issues in relation to resettlement. As with TA 5781-REG, the TA was intended to build awareness among stakeholders. The TCR rated the TA as successful.

3. **TA 6091: Capacity Building for Resettlement Risk Management** was all but completed by the time of drafting of this study (July 2006), but a TCR had not yet been filed. The TA responded to findings of the OED study, a regional workshop held under TA 5935, and international discussion on models of resettlement risk management. The TA focused on

¹ Under RETA 5781 it was agreed that the World Bank would support further policy enhancement work in Bangladesh. Meanwhile, the Government of Viet Nam requested ADB for TA for the purpose of resettlement policy enhancement, and this was separately processed and approved.

generating instruments needed to address risk management, asset valuation, and livelihood rehabilitation; and prepared case studies for PRC, Cambodia, and India. Whether viable risk management systems have been developed remains to be seen, but the TA delivered some good studies on income restoration, impact of resettlement in PRC, and asset valuation techniques.

4. **Other Technical Assistance.** Of the nationally oriented TAs, those for Sri Lanka and Viet Nam have had particularly good impact. In Sri Lanka, ADB TA assisted in designing a national resettlement policy that in some ways is more advanced (lower thresholds for RP preparation) than ADB's, and which was approved in 2001. However, the policy is hampered by lack of implementation capacity, and is yet to be fully enacted so that courts can enforce it. For Viet Nam, the assistance of the TA has already been discussed earlier; the new policy allows ADB-supported projects to set legally enforceable standards, but other types of projects with resettlement can go ahead with lower standards that would be unacceptable to ADB, if provincial peoples committees so decide. Of the other countries, ADB TA assisted in the formulation of resettlement policies in Bangladesh, Cambodia, PRC, Indonesia, and Nepal. In the PRC, TA contributed to the Land Management Law of 1998; the significant contribution is assessed in Appendix 10, although there are still shortcomings from a resettlement perspective to the 1998 law. The majority of the other TAs are for capacity building on resettlement management. Where ADB did less, it was often because another international agency assisted the government already in this field.

5. Based on partial and anecdotal evidence, the conclusion seems nevertheless warranted that there has been relatively high value added to many of these IR TAs and regional TAs.

COMPENSATION AND RESETTLEMENT IN THE UNITED STATES OF AMERICA AND IN THE NETHERLANDS

A. Compensation and Resettlement Policy and Practice in the United States of America

1. The United States (US) Constitution requires the state to make “just compensation” for government taking of citizens’ property for public use. The prevailing US jurisprudence adopts “fair market value” of the expropriated asset as the standard for determining compensation for state expropriations. The fair market value is commonly defined as “the amount that the land might be expected to realize if sold in the open market by a willing seller to a willing buyer.”¹

2. However, since fair market value as a basis for compensation does not take into account the replacement of land and improvements, relocation and moving costs, costs to terminate and restart utilities and services, lost business revenue, squandered customer goodwill, and demoralization costs, courts have acknowledged that under certain circumstances, an alternative measure of just compensation might be in order. Over the years, the US has developed both statutory laws and case laws to address the issue of insufficiency of fair market value compensation to achieve the legislative objective of ensuring that affected property owners do not bear the cost of public projects that will benefit the whole society. When the compensation determined cannot fully compensate affected property owners or restore their lifestyle, some courts in the US adopt an approach of paying a premium on top of the fair market value of the property at issue. For instance, the US Congress authorized a premium in the New Hampshire Mill Act requiring a 50% premium over fair market value when grist mill owners flooded upstream lands.

3. **Resettlement.** Perhaps the most important law governing resettlement assistance in the US is the 1970 Uniform Relocation Assistance and Real Property Act (the Uniform Act) and its relevant regulations. The objective of the Uniform Act “is to ensure that such persons shall not suffer disproportionate injuries as a result of programs and projects designed for the benefit of the public as a whole and to minimize the hardship of displacement on such persons.”² The act requires the expropriating agency to provide advisory assistance and financial benefits. These payments are in addition to any amount the agency must pay the property owner when it condemns or otherwise acquires property. The main contents of this codified law are as follows. The expropriating agency must send a representative of the agency to contact each person who will be displaced by the project as early as possible in the land acquisition process. The representative must explain the benefits for which the person is eligible, as determined by federal law. If the property owner disputes the adequacy of the benefits thus offered, he/she must request a reconsideration by the expropriating agency. If he/she is still not satisfied, he/she can appeal to the agency commissioner, and then to the courts.

4. **Resettlement Plan.** The expropriating agency must provide an advisory assistance program for eligible people, including (i) determining the need for relocation assistance; (ii) providing information on the availability, prices, and rentals of comparable properties; (iii) assisting affected businesses in becoming established in a suitable new location; (iv) supplying information on federal and state programs offering assistance; and (v) providing other services to minimize the hardship of relocation.

¹ Knetsch, Jack L. and Thomas E. Borcharding. *Expropriation of Private Property and the Basis for Compensation*, 29 University of Toronto Law Journal 237 (1979).

² The Uniform Relocation Assistance and Real Property Act (1970), 42 U.S.C 4601 et seq., §201(b).

5. **Replacement Housing.** The agency must ensure that there is adequate housing for the affected people. Specifically, the agency must ensure, before displacement occurs, that (i) the number of replacement units equals the number of displaced households; (ii) the replacement units are decent, safe, and sanitary, and in areas that are at least as desirable as the individual's current neighborhood; and (iii) the units are available at rents and prices that the displaced people can afford. A person cannot be forced to move from his home unless the relevant department determines that such replacement housing is available.³

6. **Relocation Assistance and Other Assistance.** Under the Uniform Act, in addition to fair market value, the expropriating agency must pay affected people (i) actual and reasonable expenses in moving the family, personal property, farm operation, or business; (ii) actual direct losses of tangible personal property resulting from the move or from the closure of a business; (iii) actual and reasonable costs in searching for a replacement business; and (iv) actual and reasonable expenses necessary to reestablish a displaced farm, nonprofit organization, or small business at the new site. Property owners are also reimbursed for conveyance taxes, any mortgage prepayment penalty, and current property taxes. The law provides additional benefits for people displaced from their dwellings. In the case of people who have owned their homes at least 180 days before acquisition negotiations began, the expropriating agency must pay (i) the amount needed, in addition to compensation for the acquired property, to buy a comparable home; (ii) the cost of higher interest rates, if the home is mortgaged; and (iii) reasonable closing costs for acquiring the replacement home, including the title search and recording fee. For other people displaced from dwellings they have occupied for at least 90 days (owners or tenants), the acquiring agency must pay the rent for a comparable dwelling. Alternatively, the displaced person can claim money to make a down payment on a home.

7. The conclusion is that, on substantive issues (compensation and assistance), the US's compensation policy in the case of expropriation and displacement can be seen as similar or better than the ADB Policy (e.g., in establishing replacement cost it also includes compensation for depreciation of assets and lost good will in case of land acquisition and resettlement, which is not specified by the ADB Policy). The US, like many other western countries, has relied more on its court system to create case law and precedent; this works as de facto policy, although it is partly formalized in the Uniform Act. On the other hand, the US relies on the working of its social safety net to address categories of vulnerable people when they are affected by public projects. Rehabilitation measures are generally not included in resettlement operations unless in cases of mass displacement, such as with dams, or in cases of resettlement of Native Americans. On procedures, e.g., regarding the need for public consultation and approval of an RP before project approval and award of contracts, compensation before resettlement, public disclosure of the plan, grievance redress, and monitoring requirements, ADB's policy seems more cautious and elaborate. However, these measures may well be required more in the DMCs than in countries like the US. A legal requirement to minimize displacement and to investigate all project alternatives was not encountered.

B. Land Expropriation and Compensation in the Netherlands

8. In the Netherlands, the government has at least two legislations available that allow expropriation by the government of private land from its owners for projects that are in the public interest: the Expropriation Law and the Law of Preferential Rights of Municipalities. The second

³ According to 49 CFR 24.2(a)(8)(iv), the comparable form of housing must reflect appropriate local housing codes or, in absence of local codes, the policy of the displacing agency. For example, if it is "culturally" a part of the lifestyle for six children to share a bedroom, it is not acceptable to base the computation of the replacement housing payment on a dwelling that would require six children to share a bedroom.

is indirectly of interest, as it gives the right to local governments in certain cases to have a first option to purchase a private property in the public interest. The Expropriation Law is the most relevant to this study. A government body such as a municipality can initiate an expropriation procedure when it cannot agree with an owner through voluntary negotiation on a willing-seller, willing-buyer basis. The basic rule is that the owner may not deteriorate in income and assets. The court system is the ultimate arbiter. There are two phases, an administrative phase and a court phase. The administrative phase starts when the municipality approves an expropriation plan and makes it publicly available for appeal in the town hall. If prospective APs appeal against the plan and this appeal is not regarded as sufficient ground for withdrawal of the plan by the local council, the plan with the registered appeals is submitted to the central government for consideration. The APs are in position to demand a hearing at this stage. The central government can decide to reject the plan on the basis of the appeal. After approval of the plan by the government, the municipality can start a court procedure. It can request a judge to issue an order to evict the AP. The court judge also determines the compensation that the municipality has to offer to the AP. Usually, independent assessors are arranged to determine the compensation. Appeal can still be made to the Supreme Court.

9. The compensation is always determined in monetary value, but the government can consider offering the owner replacement land. The compensation has to be at least as high as the value of the lost asset. In addition, compensation must be paid for depreciation in value of other assets if relevant, and for relocation costs and income losses during the transition phase. From this, it is clear that Dutch policy for compensation for losses is at least as good as ADB's; its public communications policy can be judged better, as all public projects need to be registered in provincial or municipal land use / zoning plans, which are publicly disclosed and open for appeals. The well-developed court system as well as a particular body in the central government (called "the Crown") function as the grievance redress system.

10. Given the lengthy and onerous expropriation process, local governments resort to the expropriation procedure only by exception, and generally have the authority to negotiate a land price that can be considerably above the replacement value of the lost asset, so that it is sufficiently attractive for the owner to accept it, as this reduces the period of uncertainty over the final decision, and the associated loss of investment opportunity.

C. Adverse Possession in United States of America and United Kingdom

11. Laws of adverse possession have some relevance to the discussion, as some ADB staff commented in their questionnaire response that ADB's policy may be too generous in its prescription of the treatment of squatters. It is not true that Western countries do not have any legislation dealing with squatters. The laws they have on adverse possession can be regarded as somewhat akin to ADB's policy to provide squatters with compensation for loss of their structures (not land), and further relocation and rehabilitation assistance if they are vulnerable. Adverse possession laws are not very common in Asia, and in fact most Asian governments as well as courts have ruled against the granting of rights to squatters (i.e., nonlegalizable nontitleholders) who lose their access to land and therefore do not provide compensation for lost access to land and even structures. Thailand is perhaps an exception. Under Thai law, squatters can apply for legal title to a plot of land after 10 years of continuous occupation,

although few succeed in doing so in practice.⁴ The remainder of this section discusses the nature of adverse possession laws in US and United Kingdom (UK).

12. Adverse possession against a titled owner is a route to acquiring legal rights (or title) to a real property in addition to conventional means, such as transaction, government granting, and creation of rights through law, under certain conditions for a statutory period of time.⁵ In the US, these conditions include (i) actual possession of the land in question, (ii) continuously, (iii) exclusively, (iv) open and notoriously, (v) against the titled owner's willingness, and (vi) for a statutory period of time. To establish the actual possession, the claimant must perform some physical acts of possession in connection with the land, such as using the land for farming or grazing, improving the land, or setting up an enclosure on the land.

13. Within the statutory period of time, the claimant must exercise possession and use of the land continuously without interruption. Any interruption of this continuity may terminate the counting of the statutory time. However, this does not require the claimant to be on the land all the time; it will be sufficient if he/she can use and enjoy the land as an average owner of similar property would have used and enjoyed it.⁶ The claimant must be able to prove that the land he/she possesses is not publicly accessible; otherwise it cannot be claimed as a specific individual's property through adverse possession.

14. The claimant must also possess and use the land openly and notoriously in a way that a reasonably prudent owner in the exercise of ordinary care should discover that such possession and use constitute a claim to his property. The purpose of requiring open and notorious possession is to place the titled owner on notice of such adverse activity so that the titled owner has an opportunity to take action to vindicate his/her ownership rights.

15. Although almost all state laws in the US contain the above conditions, the time requirement is different from state to state. In general, the claimant must possess and use the land for at least 10 years.⁷ The requirement may be reduced to a fewer number of years if the claimant obtained the possession through a contract of transfer (even fraudulent), a deed for partition, or a decree of court. The law does not usually apply to publicly owned land. However, historically, the government has sold millions of acres of land at very low prices to squatters.

16. The UK adverse possession law requires 12 years of adverse possession to defeat the owner's title. However, the adverse possessor must file an application two years before he/she is legally awarded ownership, namely, at year 10 of adverse possession. The two-year waiting period is for the registered owner to defeat the claim. To substantiate his/her claim of ownership through adverse possession, the claimant must establish possession as a fact. Second, he/she must show the requisite intention with regard to the possessed land. Third, he/she must show the possession to be adverse, which is overlapping to a certain degree with the second requirement.⁸

⁴ Millions of people in Thailand continue to live on what is technically public land in legal limbo, without papers, without clear rights. Speculators exploit this ambiguity by using various informal means to get land purchase records back-dated or documents issued in their names, and then accusing villagers of encroaching. Available: <http://www.achr.net/000ACHRTsunami/Thailand%20TS/Land-1.html>

⁵ Black's Law Dictionary (1990).

⁶ 3 Am. Jur. 2d, Adverse Possession § 54.

⁷ In Washington State, the requirement is at least 7 years, and having paid all taxes on the land.

⁸ Mark Thompson, *Modern Land Law* (Second Edition) (2003), at 202.

MAIN FINDINGS FROM PROJECT CASE STUDIES: PROCEDURAL AND EFFICIENCY ISSUES

A. Due Diligence Issues

1. **Were alternatives to avoid/minimize IR explored at the time of project design?** This important question led the project case study consultants to different answers, depending on the nature of the projects and information available but also their individual perceptions. Consultants in India and Philippines mostly argued that alternatives were not sufficiently explored, those in the People's Republic of China (PRC) that they were. The scale and nature of many of the projects in the PRC may have had an influence on this perception, as may have the PRC's rigorous environmental impact assessments, which also integrate comparisons and thorough consideration of resettlement requirements. As the findings of the Special Evaluation Study on Environmental Safeguards demonstrates, environmental assessments in the PRC are more rigorous than in most other developing member countries (DMCs), which is one reason why so many of Asian Development Bank (ADB) loans are placed in the A category. The feasibility studies and reports and recommendations of the President (RRPs) generally did not provide information as to the comparison of various project alternatives with attendant financial, social, and economic costs. More fundamentally, however, the comparison of project alternatives in terms of their implications for involuntary resettlement was seldom clear cut. Incomparable advantages may need to be compared. The opinion of a project management consultant interviewed was that the owners of the illegal shacks on the canal/river banks in a project in India, who were relocated, would not have needed to be moved if different dredging and cleaning techniques had been used. The issue is, however, as much one of political choice about an orderly environment and long-term advantages versus short-term disadvantages, as one of financial choices—whether to build something cheaper or more expensive. The two dam cases studied in the PRC led to displacement of over 75,000 affected persons (APs), often across long distances. Alternatives to power and water supply would have had larger financial and certainly different environmental costs. The cost of decommissioning dams is often not included in economic analysis. The ADB Policy does not give much guidance regarding the comparison of alternatives, and the principle of avoidance of resettlement seems primary. It is unclear whether and to what extent projects with much lower economic and financial returns should be accepted on the basis of what level of reduction in resettlement needs. This makes the guidelines on the avoidance and minimization of resettlement relatively difficult to use in a practical sense, or at least, less amenable to independent evaluation. Neither is there clarity regarding the role of national government decision making with respect to choice of resettlement options. The assessment of project alternatives is often hampered by the fact that governments do the initial selection of projects eligible for financing by ADB. Governments may not wish to endorse a wide ranging analysis of project alternatives, and may not be very receptive to the findings, if they identified a completely different type of project, with a different parent agency.

2. **Was an analysis of the DMC's framework for resettlement conducted?** The answer provided by the consultants in charge of the case studies to this question was uniformly “yes.” This is not surprising, given the frequency of resettlement operations in the many infrastructure projects approved for the three case study countries. In countries with relatively fewer infrastructure operations, the answers may be more variable, especially with respect to older operations. Most of the study's consultants were less confident about the compatibility of a DMC's framework with the ADB policy, and the measures undertaken to address the discrepancies. Problems were encountered with the interpretation of the question whether the compensation for land and structures was equivalent to market or replacement value, and the legality and enforceability of special assistance to APs for relocation, transitional income loss,

and rehabilitation assistance. Whether the agreements reflected in the resettlement plans (RPs) are actually enforceable in courts is a moot point, and the agreements regularly need to be reconfirmed with governments and executing agencies (EAs) even after their approval earlier. Although there is little procedural compatibility with country or EA systems, many resettlement specialists argue that, in practice, many solutions can be worked out in individual projects by supplementing the country's mandatory compensation and resettlement requirements with additional assistance specifically targeted to vulnerable groups. This study concurs with this view, also after comparison of experiences with some comparator organizations.

3. Were the RPs or Resettlement Frameworks (RFs) prepared before project approval? The submission of short RPs before the Management Review Meeting (MRM) and full RPs before loan approval has been a standard ADB requirement for many years. However, ADB's Operations Manual (OM) section F2/OP contains a clause that allows project approval even without an RP that is fully endorsed by the government, as long as a covenant is included in the loan agreement that this is submitted soonest. No such case was found among the projects studied, although in all the sector projects, RPs for subprojects that were not prepared before loan approval were submitted after project start. The case of the Philippines' Sixth Roads Project, approved 30 September 1996, was an exception. It is illustrative of the situation in some older projects in ADB's portfolio, such as for instance the Nam Teun Hinboun Hydropower Project in the Lao People's Democratic Republic. The RRP for the Sixth Road Project, mainly concerned with road rehabilitation, announced no need for involuntary resettlement,¹ and consequently no covenant was written in the draft loan agreement that if resettlement might be found to be needed, an RP needed to be submitted to ADB for approval. An RP was in this case successfully prepared only long after the resettlement operation, due to a succession of events and misunderstandings. By the time of appraisal, two stretches of road had not completed detailed engineering design, namely, those in Mulanay in the Bondoc peninsula and the first stretch of road, about 20 km, out of Zamboanga city. These two roads subsequently had the main resettlement problems in the project. For the latter the government decided to construct a 4-lane road compared with the existing 2-lane facility (this decision was made after the loan was approved). In the Bondoc peninsula, the Mulanay road site developed a problem after approval, as a seawall collapsed that had protected a number of encroachers. The EA moved these quickly to a resettlement site made available by a local government unit, and before ADB was made aware of the issue. As the loan agreement signed 23 June 1997 did not include resettlement clauses, the EA was originally reluctant to write RPs post-facto. The drafts of the needed RPs (separate RPs were issued for land acquisition and for structures) were eventually prepared but proved unacceptable to ADB, until the project was suspended. A draft was approved only after many iterations, and after the suspension was lifted, some assistance was provided to those vulnerable APs that could still be traced, as not all had moved to the resettlement site nearby.

4. Did the RPs meet with the normal standards required (at the time)? If not, what were the shortcomings? OM F2/OP of end-2003 was a watershed in terms of specifications for RPs, and all RPs prepared long before this time were more uneven in their organization and treatment of needed procedures. Social assessments, census, and socioeconomic surveys were not focused on issues of vulnerability as much as those attempted in the last few years.

¹ Originally this project only included interurban roads, and for many roads the detailed engineering designs were completed. However, the cadastral surveys had not yet been undertaken. At the time of appraisal there was no indication that any land had to be acquired that required resettlement, and thus the environment specialist indicated that a resettlement plan was not required. The only requirement was to preserve an old bridge located in Quezon Province, built during the Spanish period. However, it was recognized that the government did not formally own some of the rights-of-way, and this would be established only after completion of the cadastral surveys.

Entitlement matrices were not as elaborate and well tested as those routinely prepared after the OM. Arrangements for public disclosure, independent grievance redress, and internal and external monitoring were not as systematically addressed. As discussed elsewhere in the report, in the past, fewer RPs were prepared for cases where there was little or no actual displacement, but only partial land or other economic losses. Those cases then often later ran into problems during implementation and needed special attention as a result of ADB's enhanced safeguard controls and growing expertise. One late case is the Rural Roads (Sector) Project I, where ADB has tried to come to terms with the widespread practice in the India-wide program for rural road rehabilitation and blacktopping, to rely on voluntary donations of slices of land when roads needed to be widened or differently aligned. Given the program's wide coverage of thousands of rural roads in two states, and in spite of agreements made during loan negotiations, EAs have opposed the formulation of individual RPs for each road. This has led to delays in ADB approval for loan reimbursements. (A follow-on project for Rural Roads in the State of West Bengal now accepts land donation by roadside communities under very tight documentation conditions.)

5. Were the RPs approved by the EA/Borrower before Board approval of the RRs?

This was generally formally the case except where involuntary resettlement proved to be an unexpected need during project implementation, sometimes as a result of changing alignments of roads, or changed scope of the project. Sector projects, which are defined by the identification and preparation of usually many subprojects in different locations after loan approval, are a special case. The RF, approved by the government before loan approval, is to cater to sector projects. Another case is that some RPs have been prepared by consultants and were approved by governments without careful scrutiny of their provisions. This was the case with the Guizhou Shuibai Railway Project. This case also underestimated the number of APs by a wide margin. The problem during implementation is exacerbated when project administrators are changed and new administrators are not aware of the provisions, or distance themselves from the RP on the basis of their apparent variance with the legal framework in the country. The ownership of many RPs is often low, a circumstance that cannot even be countered by the routine statement on the front page of most RPs that "this is not an ADB document." The project director of the Rural Roads I (Sector) Project in one state, although having been in position for some time, professed never to have seen the RP for his project, and questioned its legitimacy.

6. Were there changes in land acquisition/resettlement conditions? If so, were updates of the RP submitted to ADB?

In at least four cases in the PRC—older cases—no update was offered to ADB when changes were made in the conditions under which land acquisition and resettlement were to take place. This reflects the great discretion ADB accorded to Chinese authorities in the past, especially in road and railway cases. The previous OM of 1997 is also not entirely clear on the need for RP updates. ADB's due diligence activities in the PRC are, however, increasing, which has led to added value for APs, e.g., more attention for restoration of land temporarily used by road construction contractors. In the Philippines, no update was offered for the Pasig River Project, even when a new government in 2001 imposed a moratorium on resettlement operations, which lasted several years.

7. Were there delays in comments or approvals by ADB? This is a complaint often heard in the study team's discussions with authorities. Delays in the approval of (updated) RPs by ADB proved to be a major bottleneck in at least four cases in the sample of projects studied. The final approval of the RP for the Sixth Road Project took at least five drafts and over a year of preparation, during which the project as a whole could not proceed. Delays were also encountered in the Southern Philippines Irrigation Sector Project. The RP was revised five times and was delayed due to lack of clarity on the requirements of the ADB policy. These were

elaborated and explained in more detail as the RP preparation progressed, which took nearly three years to complete. In the Pasig River Project, the RP was also revised five times over more than one year before it was approved by ADB (before approval of the loan). In the Rural Roads Sector Project in India, delays in disbursements were experienced due to delays in the submission by the EAs of the agreed upon RPs for the roads planned. But a special administration mission that included a resettlement expert from ADB for more than 10 days in October 2005 helped the EA to prepare the Land Acquisition Plan. ADB approved this quickly afterwards. In the West Bengal Transport Project, approval from ADB regarding the RP for seven rural access roads was provided in record time. In the case of the Kolkata Environmental Improvement Project, ADB approved the revised entitlement matrix within a month's time. In the PRC, approvals were also generally provided quickly, but the problem in some cases was lack of submission of updated RPs, even when the numbers of APs had risen a lot, such as in the Guizhou Shuibai Railway Project, and Guanxi I. One reason for the lack of updated RPs was the lack of supervision of resettlement operations by ADB.

8. Were consultations held with APs at the RP preparation stage? The definition of consultation that ADB has traditionally employed is very wide. The study team usually found evidence of some form of consultation, comprising meetings of consultants with authorities, community leaders, and usually some APs during field visits, and also census and socioeconomic surveys of these APs. However, formalized community meetings with recorded agreements prior to major decisions were usually not relied on in the past, even in the cases of mass movements of people, such as the two dam cases and the Pasig River resettlement. For APs in India, the Revenue Department was often the face of the project, and EAs were seldom directly associated with land acquisition or even resettlement. Staff of field units of EAs usually had had no training in public consultation for resettlement. With the increasing focus on public disclosure and consultations to obtain verifiable broad community support, this is now changing at least for the larger and more recent resettlement operations. In the West Bengal Transport Project, 80% of APs were aware about the impending resettlement operation. In the Kolkata Project, it was 63%. A survey of the Rural Road I project in Chattisgarh provided poorer results; however, the project claimed that consultation and community participation had been institutionalized for each of the hundreds of subproject roads through transect walks before the finalization of the design of the alignment. The older transport projects in PRC hardly involved public consultation of the type favored by ADB. More recently, there has been some improvement, although a limited concept of public consultation still predominates.

9. Were consultations held with APs at the RP implementation stage? Findings from the case studies here are similar. There may be more evidence of consultations during implementation in newer than in older projects, as a result of the increasing number of sector projects that require RPs after project approval, and of the Environment and Social Safeguards Division of the Regional and Sustainable Development Department's insistence on the updating of the RPs after the more detailed design of especially road and railway works. Consultations in the PRC varied with the organization in charge. In Wenzhou, the municipality's Resettlement Office was very experienced, highly committed, and had high political backing for consultation for rehabilitation of APs of the Zhejiang-Shanxi dam in the "post-resettlement phase." In the area of the Mianhuatan Dam Project, less was done in terms of postresettlement rehabilitation works and thus there were also fewer consultations.

10. Were nongovernment organizations (NGOs) involved? If so, were they involved in time? In the PRC, NGOs are almost non-existent in this field, and in the rural areas, village collectives and internal groupings were sometimes viewed as the "grassroots-based" equivalent. Even outside the PRC, NGOs were not always relied on in the sample, in spite of the

suggestions in the policy (para. 27) to involve such NGOs or other local organizations. The Kolkata Project and the Pasig River Project in the sample used NGOs and community organizations most. The NGOs involved in the Pasig River Project were effective in carrying out the tagging operation and organizing the affected families, but according to the findings of a survey they did not involve all APs in the consultation process. They focused on community leaders, who were less effective in communicating information regarding the relocation plans, compensation packages, and resettlement sites. Miscommunication and misunderstanding led to a belligerent and one time bloody confrontation with APs. In the Kolkata Project, the resettlement process is still ongoing. NGOs hired cover a broad range of training and microcredit-based activities in the project, and no complaints were heard from APs visited. Indeed there was much appreciation of their role and rapport with APs.

11. **Were monitoring arrangements made?** The policy states that the RP should indicate the monitoring and evaluation requirements. OM F2/OP, para. 46, specifies that EAs are to submit quarterly or semiannual progress reports, and that monitoring and evaluation reports are required, “preferably from an external monitoring and evaluation agency.” In the study’s sample, which combines older and newer projects, the existence of special monitoring arrangements for resettlement was usually corroborated, but they were not always established at the beginning as they should, but midway or only at the end of the operations, presumably from the mistaken assumption that ADB would be interested mainly in a post-audit or evaluation of the impact on APs. In the Sixth Road Project, monitoring arrangements were made very late, as ADB discovered the extent of impact relatively late, at around the time of the midterm review of the project. The Rural Roads Sector Project did not have separate monitoring arrangements, arguably because there was formally no need for resettlement or even formal land acquisition. However, project implementation consultants were supposed to incorporate the checking of the processes and agreements as to land donations. Sometimes the project relied only on an external agency, such as the Guangxi Roads Project, which relied on the Guangxi Academy of Social Sciences. In the PRC, most of the projects with resettlement had external monitoring arrangements, and produced regular monitoring reports. Monitoring reports were often not prepared, specifically for resettlement operations. In those cases where they were, they were prepared only at the end due to late organization of external monitoring, after protracted periods of procurement of the consultants.

12. **Were grievance redress mechanisms included? Were they fully independent of project or local government authorities?** The experiences were variable. The RPs usually specified what APs could do to address a grievance about the project. Grievance mechanisms were usually located within the government or project structure. Only rarely, fully independent mechanisms were created to deal with grievances. In the PRC road and railway cases, the grievance mechanism usually included a stepwise system starting from village authorities, then county, then municipal authorities, as these were in charge. As the complainant can threaten to move to the next level of grievance redress, there can be effective pressure on village authorities to address the grievance, which is their job. On the other hand there is significant pressure on the individual as a member of the village collective to conform to the collective’s official position. The village collective constitutes a large part of the social safety net. The setup of the grievance redress from village upwards encourages practical complaints and discourages the posting of grievances that challenge the system, such as those regarding compensation rates and how these are determined. The study team generally did not find any fundamental complaints being registered, in spite of the expression of disappointment with the compensation rates in individual interviews (particularly in the dam cases). In the Wenzhou Resettlement Office, dealing with the Zhejiang-Shanxi Dam, a permanent grievance section was set up regarding the dam resettlement process, with proper administration and handling of grievances.

In the Mianhuatan Dam Project, such a section was not available, and grievances were filed with the general municipal resettlement office. In the Philippine cases, grievance redress was available to all three projects, but became available late in the Sixth Roads project. In the Indian cases, the Kolkata Project and Rural Roads had no grievance redress system, and relied on the project team itself to attend to the grievances. In the West Bengal Corridor Project, a grievance redress committee and land advisory committee were formed by gazette notification in each of the districts involved; 1022 grievances were lodged up to the time of the case study, and these were addressed in 12 meetings of the two committees. It was very effective: 958 grievances were expressed regarding the exclusion of APs from the 2001 RP census list. In other projects studied in India, such as the Rajasthan Urban Project, the Western Transport Corridor project and the Power Transmission project, grievance redress mechanisms did not work very well.² In most cases in India, the grievance redress committee, which has an EA representative, was headed by the District Collector.

B. Land Acquisition and Resettlement Issues

13. Was land acquisition completed before project works started? If not, was this a problem? OM F2 is not restrictive with respect to the procedures for the completion of land acquisition before start of works or resettlement. Many countries have rules about this themselves, and where they do, they need no further safeguard enforcement from the side of ADB.

14. Was payment of compensation for land loss completed in time? The Policy of 1995 does not make a statement on this, but OM F2/OP para. 38 requires delivery of compensation to APs and allowances and house reconstruction, prior to their being dispossessed or displaced. In several projects studied, the government proved unable to provide the compensation before relocation of APs, and for instance in the PRC, compensation was sometimes delivered to "land loss APs" (as opposed to relocatees) in installments over a period of time, well after actual land loss was experienced. In the Southern Yunnan Project, payment of compensation was 1-2 years late due to late payments by the road agency to local governments administering the compensation, and insufficient budgets of the latter. However, when actual relocation was involved, compensation was usually provided in time to APs. In the West Bengal Corridor Project, compensation for structures, initially provided in a lump sum equal for all nontitleholders along the road, was later corrected through an ADB intervention, in order to ensure that the compensation was equivalent to the replacement value of the structure actually lost (resented by APs). In some other projects studied, compensation had also been awarded very late. As mentioned, due to particular problems, compensation for structures and other assistance was provided years after actual relocation in the Sixth Road Project.

² Staff of the India Resident Mission disputed these OED findings. They stated that ADB had fielded a special loan administration mission to the Western Transport Corridor Project in August 2004. The mission spent 8 days in the field and reported that the grievance redress mechanism was working well. The record books of grievance redress were reviewed; 399 grievances were reported in 2004, of which 324 (81 percent) were resolved by the existing mechanism. Staff admitted that the situation might have changed at the time that OED conducted their survey, since land acquisition and resettlement and rehabilitation activities had been completed (except litigation cases), and NGOs had been demobilized. Regarding the Power Transmission Project, the project completion report (PCR) had confirmed that the grievance redress mechanism had functioned well. Only one AP had complained about the delay in dispensation of compensation amount, but this was due to legalities pertaining to establishment of ownership; one other AP complained about not having proper access to his remaining land, which the Committee and project authorities subsequently agreed to attend to. The limited surveys held for this special evaluation study registered much dissatisfaction with the compensation awarded, sometimes five years late.

15. **Was relocation completed before the start of civil works?** This is not a requirement of the policy but is a requirement sometimes included in loan agreement covenants. Resettlement sites or housing for APs obviously need to be constructed and available before relocation can start. Adherence to these standards was sometimes fundamental, as in the case of dam reservoir resettlement projects. But also in other projects, such as the Southern Philippines Irrigation Project, they proved to have been generally met, with the general exception of the roads and railway projects. Resettlement sites in the West Bengal Corridor, Pasig River, and Sixth Road projects were either problematic in terms of location or facilities and access to public services or common property resources. Where such sites were not offered (for instance as a result of the wish of the APs to self-relocate), many APs wished to occupy temporary shelters or stay with relatives in order to see the road works progress before they started their own construction work, or wished to add their own savings to compensation received before building a new house at their own pace. For this reason, the requirement has to be applied flexibly. Overall, APs proved reasonably satisfied as long as they were warned in time about the compensation and assistance offered, and the date when the move needed to be made. The desire to know well in advance when the APs needed to move was seen as crucial, even more so in some cases than the levels of assistance themselves. Too often, there were either no clear dates set for APs in different road locations, or if they were, they proved wrong. This uncertainty caused considerable inconvenience and even unrest. Another issue was the quality of resettlement sites that were offered to APs; this varied. In some cases, it took a few years for any resettlement site to gain access to the necessary facilities, causing much inconvenience by APs in the transition period.

16. **Were relocation assistance measures included? Did APs find them sufficient?** In all cases reviewed, relocation assistance was provided, and generally it was appreciated. In two cases there were complaints, the West Bengal Transport Corridor Project, and the Pasig River Project. The latter's resettlement was partly done hurriedly by the government before actual approval of the ADB loan and in anticipation of approval, and for this reason was not closely monitored by ADB. In the Sixth Road and the Southern Philippines Irrigation projects, APs received very generous relocation assistance as a result of ADB involvement, which consisted of free transport to resettlement sites, free food allowance for three days, and varying rates of disturbance allowance given by each sending local government unit ranging from an equivalent PhP40 to PhP140 (at \$=PhP50). In the Mianhuatan Dam resettlement case, standards for moving expenses were inconsistently applied. A moving and relocating subsidy was paid to most APs, but each county or city district had a different amount, ranging from \$10 to \$60 per person (at \$=Y8), and there were also cases where the moving subsidy was paid at over \$60 per household. The West Bengal Transport Project provided nonlegalizable APs (small business enterprises [SBEs] and Informal dwellers) with (i) rental assistance for one month at \$5 (\$=Rs50), income and shifting assistance at \$40 for APs and \$30 for SBE owners, and (iii) special assistance for the vulnerable at \$10. The APs were not happy, because they were told earlier that the SBEs were to relocate through a corridor management plan under a new license or contract agreement, which they preferred, as it would bring stability to their businesses and improved facilities. This plan, however, did not move forward.

17. **Was other compensation provided in time (structures, trees, crops, transitional business losses)?** In most cases, when compensation was offered for lost assets, it was offered in a timely fashion, i.e., before relocation. The Sixth Road Project was an exception, for reasons already discussed. In the Pasig River Project, the compensation was integrated in a resettlement package that consisted of the right of the affected squatters to rent a unit in a resettlement site and eventually buy this after five years at subsidized rates. In a power transmission project in India that succeeded an earlier completed project used as a case study,

ADB required a RP indicating the exact number of APs to be compensated for temporary crop losses as a result of the construction of the transmission towers. The EA argued that it could not list the plots and names of their owners long before the actual positioning of the towers, as this depended on terrain and a multitude of other factors. Furthermore, since the compensation due was only for crop losses, the determination of the actual loss during the works on the plot was prescribed by law. Based on documents cosigned by the AP and the EA, the district collector would then determine the compensation afterwards, usually some six months later. Compensation for business losses sustained during the period of transition is an altogether different chapter, and some of the case studies had problems in establishing whether the projects had been able to provide any compensation at all. As mentioned, uncertainty as to the actual need for resettlement in road projects for which the alignment is not yet fully determined can lead to large indirect losses, related to the ripple effect on investment decisions. This by itself is often a strong argument in favor of speedy resettlement planning as part of either detailed design of the project (often after project approval) or as part even of implementation, if such implementation is done incrementally. In depth resettlement planning as part of the feasibility study is then counterproductive, as the announcement of tentative resettlement requirements can foster such uncertainty unnecessarily and can also foster a false sense of certainty about the need for resettlement, which may be later reversed.

C. Sufficiency of Compensation

18. The OM is not fully clear on the definition of the term compensation as opposed to assistance (or even “entitlements”), as was also pointed out earlier. This study sees entitlements as those compensations mandated by the country’s laws or policies, and in practice they mainly cover physical assets such as land and structures, but not economic or livelihood losses such as business losses and losses due to longer travel time, etc. The latter are generally part of either “relocation assistance” or “rehabilitation assistance.” OM F2/BP para. 4, however, states: “All compensation is based on the principle of replacement cost.” A footnote explains replacement cost as the cost based on the method of valuing assets to replace the loss at market value, or its nearest equivalent, plus any transaction costs such as administrative charges, taxes, registration, and titling costs. Where national law does not meet this standard, the replacement cost will be supplemented as necessary.

19. **Was compensation for land paid in accordance with standards set in the RP or RF?** Most RPs and all RFs have an entitlement matrix that does not specify actual compensation amounts but reiterates the policy principle of compensation at replacement cost and without indicating how this is actually to be squared with the normal land loss valuation processes in the country. This means that actual amounts of compensation are seldom mentioned in RPs and RFs, except in the PRC (among the case study countries). In India, compensation levels as sanctioned by authorities are usually based on the average of land sales in the surroundings—a value that underestimates the real value due to systematic underreporting of sales prices for fear of taxation. With great difficulty, consent awards can be negotiated based on special approvals by district collectors. In the PRC, the average annual output value (AAOV) method is used; the calculation of replacement value is impossible, as rural land is not marketable; farmers losing land cannot so far acquire this elsewhere. In the Philippines, a more realistic assessment can be made of market value of the land, if the landowner is not happy with the zonal value offered, enforced by court decisions. In Viet Nam, the compensation is determined by people’s committees, within a prescribed band width. Thus, in the absence of actual amounts being mentioned in RPs, it proved difficult to assess whether the compensation provided to APs for land loss met with the criterion of replacement cost. However, RPs for the PRC sometimes specified actual amounts per category of unit of land,

which could be compared with actual amounts received. In the cases where this was possible, these amounts were not met due to changes in provincial and lower level government standards. In the Sixth Road Project, lands for compensation were classified as severely and marginally affected properties, either eligible or non-eligible for compensation. APs who did not have documents of ownership were not entitled to land compensation, while those who had documents of ownership were compensated according to land values agreed upon between the APs and the EA, and based on a contracted land appraiser's assessment of the replacement cost.

20. Did compensation for land lost meet the standard of replacement cost? In the three projects investigated in the Philippines, most of the APs were squatters, but where they were not, the compensation for land generally met the standard of replacement cost. Applicable laws governing land acquisition for government projects allow that the requirements of the ADB policy are met. However in the PRC, compensation for loss of land was felt as being short of replacement cost in the earlier dam cases, Mianhuatan and Zhejiang Shanxi, as the compensation rates under the hydropower regulation have not been as generous as the ones under the Land Management Law of 1998. They were, however, better in the road and railway transport projects. They were best in the urban environments of Shanghai Suzhou Creek and Fuzhou; however, in some rural areas, a smaller or larger part of the compensation for loss of land was retained by the village collectives, to be spent for public purposes. In India, the award of compensation is based on the calculation of average sales of land in the vicinity over the last three years, which one study estimated is generally underreported at about 40% of the real value.³ The difference was made up partially by (i) the Land Acquisition Act allowing for an additional 30% solatium and additional 12% per year of delay in the award, and (ii) projects awarding additional assistance to landed APs. The limited surveys done for several projects in India indicated the likelihood of discontent among a number of APs with compensation levels (West Bengal Corridor, Western Transport Corridor). In the Rajasthan Urban Project and the Power Transmission Project, compensation may have been based on replacement value, but this did not increase the satisfaction of the APs significantly. In the Western Transport Corridor project, the compensation was awarded at replacement cost, but arrived only after a long and uncertain process of arbitration.

21. Was compensation for other assets (structures, crops, trees) paid in accordance with standards set in the RP or RF? In all cases where such standards were needed, compensation was indeed paid broadly in accordance with the standards set. This, however, does not imply uniformity in such compensations across the country where the project case studies took place. In the Philippines, compensation for mango trees on one island in the same (sector) project proved to be very different from compensation on another island, with little justification.

22. Was compensation for business losses paid in accordance with or higher than in the RP? Business losses were generally not fully taken into account, especially in the older RPs and their entitlement matrixes. Income assistance for the period of relocation (transitional income) was provided in some older projects in India and PRC. In the Philippines, the Sixth Road Project provided for income loss based on tax records of APs. Business losses of squatters were not taken into account in proportion to their losses, other than indirectly through the provision of a standard assistance package that was equal for all those who moved. As ADB increasingly focuses on business losses in RPs, APs such as scavengers of open dump sites who are displaced when the sites are replaced by controlled landfills, and water vendors robbed

³ TA 6091: *Capacity Building for Resettlement Risk Management*, for \$500,000, approved 19 December 2002.

of business because of the extension of piped water systems, are compensated more systematically. In the Suzhou Creek project, farmers who used to rent out part of their houses to migrants illegally were not compensated for the loss in income.

23. Were nonlegalizable nontitleholders (squatters) compensated for loss of structures and other (nonland) losses? The IR Policy is not fully clear on the eligibility of compensation for losses of access to land by nontitleholders. It states: "The absence of formal legal title to land by some affected groups should not be a bar to compensation," which seems to imply that loss of land needs to be compensated for; the principle of replacing what is lost would also require that squatters who are moved need a home, i.e., a location with a structure. However, OM F2/OP is very clear on this matter and excludes such eligibility for compensation of land; it offers squatters only assistance with relocation and rehabilitation. In cases where squatters were the main APs, such as in the Kolkata and Pasig River projects, they were offered replacement housing on conditions of either heavily subsidized price or subsidized rent.

D. Sufficiency of Assistance to the Vulnerable

24. Were vulnerable people assisted during relocation? This was usually the case in Philippines and PRC, and it was generally in conformity with the RPs. In the India case study, fewer APs needed to be moved, and the Kolkata Project was the main case: good relocation assistance was provided. In the Western Transport Corridor Project, 44 vendors were to move to a vendor market resettlement site. However, although the households were evicted from the national highway in 2002, the allotment of the new shops was made only in 2003. For one and a half years, the households had to work as laborers to make ends meet. No assistance was provided to them during this period, and it took these households nearly two years to reestablish their livelihoods. The association of the vendors would have thought it beneficial if, instead of the assistance of Rs. 2000 (around \$50 in 2003) allocated to each household, the project had made some working capital available to the members or provided them with linkages to financial institutions, so that they could reestablish their businesses. Large relocation expenses were incurred in many cases in Philippines and PRC, such as in the Zhezijang Shanxi Resettlement Project in Wenzhou, which provided transportation subsidy, the cost of a meal during moving, medical costs during moving, transportation costs and transportation damage to goods/household items, lost labor time due to moving, and transitional rent subsidy. Income assistance to bridge the time taken by relocation was often provided in lump sums. As mentioned, the government moved the APs away from the two sites investigated for the case study of the Sixth Road Project without much assistance, in the absence of an RP. However, upon approval of the RP, those who could still be traced were extended an entitlement package that included (retroactive) transportation allowance, rental subsidy, disturbance allowance, and income loss allowance. Compensation to cover the costs of reconnecting utilities was also provided.

25. Were vulnerable people assisted in their need for rehabilitation? As per the procedures, the need for income rehabilitation measures for vulnerable people is determined based on their socioeconomic profile, on consultations, and on the state of the economy in the area. When greenfield resettlement sites are involved, usually a lot of public facilities and services are required in addition to income restoration activities. There are no hard and fast rules for the most effective types of rehabilitation assistance, and each RP has formulated different rehabilitation measures, as also negotiated with governments. This is even the case in the PRC, a country with a system that provided its population with jobs and a social safety net in the past. The rehabilitation measures included in RPs studied by this study were different in each project and province in accordance with their resources. The two similar dam reservoir

resettlements had postresettlement rehabilitation programs that were different in their coverage. Postproject rehabilitation is usually not part of investment projects in the PRC, and is at the discretion of local governments, which may have different resources, standards, and practices. The Kolkata project provided relatively more rehabilitation assistance than the other cases in India, where the assistance to the vulnerable was usually confined to cash lumpsums to such generic categories female-headed households, scheduled tribes, scheduled castes, disabled and elderly households, and households below the poverty line. This led to cases where the policy provision for additional assistance was utilized by households headed by women but who were not poor. Similarly, households that had a 'Below Poverty Line' card obtained special assistance but sometimes the really poor did not have such cards. The conclusion of very variable application of the policy principle to focus on vulnerable APs also proved to apply in the Philippines. Like many other countries, the Philippines has no policy prescribing extra assistance to vulnerable groups, or prescribing the level of rehabilitation assistance. Rehabilitation cannot be claimed by APs, titled or nontitled, in the context of projects, and therefore, APs are dependent on ad hoc project decision making, which can be sparing or generous. In some project sites, good rehabilitation activities were undertaken, in others less. In the Southern Philippines Irrigation Project, a very good deal was made for vulnerable APs. A group of 41 nontitled families occupying government land classified as timber land got a concrete house in addition to compensation for their old traditional huts, a plot of land at 25% of the purchase price of government and at very liberal terms, a service truck, income loss during demolition, transfer and house construction, relocation expenses, a piped water system, power, road access, access to health and educational facilities, and a chapel. Rehabilitation in the form of livelihood training, technical assistance in farm technology and production, and microcredit continue to be provided to APs. In the Pasig Project, no special deals were made for particularly vulnerable APs; all APs were treated in the same way. APs received transportation allowance, food allowance during the transition period, daily shuttle service to Metro Manila, a flexible rent scheme prorated according to capacity to pay, basic utilities and services, a college, a church, and day care centers. All APs in the Sixth Road Project were also treated in the same way. The EA provided a disturbance allowance of \$200 per family (at \$=PhP50), rental subsidy, compensation for income loss, rehabilitation assistance of \$300 per family, and compensation to cover the cost of reconnecting utilities.

26. Were nonlegalizable nontitleholders (squatters) assisted in economic rehabilitation? In both Philippines and India, squatters were among the main APs. In the Pasig River, Southern Philippines Irrigation, Kolkata, and West Bengal projects, some assistance was provided in terms of training programs and microcredit. In the Sixth Road case studied, a rehabilitation program was provided belatedly for the Mulanay resettlement site in Bondoc, for reasons discussed earlier. Due to ADB's insistence, some measures were indeed directed at resettled squatters.

27. Were rehabilitation assistance measures sufficient for restoration of livelihood according to the APs? Several questionnaire surveys and in-depth interviews conducted with APs established that there were large differences in the appreciation by APs of the rehabilitation assistance provided, and that APs particularly complained about the lack of economic opportunities provided in the usually more remote resettlement sites. The evaluation of the extent of rehabilitation is bedeviled by the lack in the Policy of an overall point of reference, for example a target of full economic and social rehabilitation within two years of actual resettlement. If such a criterion would be taken, then in most projects studied outside the PRC, in Philippines and India, the rehabilitation of APs has not been fully achieved yet. This is in spite of the satisfaction by many with improved living conditions as a result of better housing and other conditions. In the PRC, income levels were generally quickly restored, barring exceptions

in the two dam projects, although at the cost of significant changes in lifestyle and types of employment.

28. **Were rehabilitation measures continued after the project?** According to the IR Policy, continuation of the rehabilitation measures after the project may be required, including ADB's monitoring of this. In the PRC, the economic rehabilitation in case of mass movements of people, as in the two dam reservoir cases, is seen as a postresettlement issue, and is pursued, albeit with varying focus. In the Suzhou Creek Project in Shanghai, where, due to urban renewal, people were placed in apartment buildings outside the center, such postresettlement work is not seen as necessary, as the people are viewed as benefiting from being in close proximity to the city center. In the road and railway cases, no economic rehabilitation work was done, and rehabilitation was viewed as part of the resettlement or rehabilitation subsidy (4-6 x AAOV), a component of the cash compensation offered to APs who lost their land. In India, economic rehabilitation activities were part of NGO work postresettlement for the Kolkata Project; in the West Bengal Corridor Development and Western Transport Corridor projects, rehabilitation activities were much less prominent. In the Philippines, the Pasig River Project APs received much training and some microcredit, but the distance of the sites to the center of Manila (1 hour travel time) remained a main disadvantage for many of the resettles. the Southern Philippines Irrigation project APs received livelihood training and microcredit.

IMPACT OF CASE STUDY PROJECTS ON HOUSING, RESETTLEMENT SITES, AND RESTORATION OF LIVELIHOODS

1. **Housing.** Almost uniformly, housing quality for affected persons (APs) improved after resettlement, not only housing in resettlement sites, but also houses such as those built by APs themselves in the People's Republic of China (PRC) and in India road projects. In the PRC, the dam resettlement projects offered cash compensation for lost housing and land, but APs were required to use townhouse designs prepared by the project. In many cases, the compensation was not sufficient to build the 3- or 4-storey townhouse as planned by the authorities. APs therefore had to invest their own savings or borrow, which led to some indebtedness that persists to this day. However, in the Shanxi water supply projects, many families of four members or more were offered two housing units, the second of which could subsequently be rented out. Also, a number of ground floor workshop areas near urban streets were rented out, sometimes as shops. When the debts (mortgages) are paid, the value of the properties are certain to go up by very much. A minority of farmers that had opted to resettle nearer to the reservoir, higher in the hills and away from the busy coastal areas, now regret that choice, and have become seriously indebted as their incomes are very low due to reduced production resources or common property resources. Mostly these are older farmers, of less interest to employers in the "new economy" of the coastal areas. Urban projects such as Suzhou Creek Rehabilitation in Shanghai resettled people that used to live in tiny degraded tenements in waterlogged areas in big apartment buildings on the outskirts of this megacity. They were uniformly very happy in spite of the longer travel distances, as their new and much larger apartments gained in value and enhanced their living standards. Expressway and railway construction projects had seldom engaged in creating resettlement sites in the PRC, and cash compensation was uniformly relied on to provide APs with sufficient funds to make their own arrangements within the ambit of their village collectives. Usually, they would find a "foundation plot" for a new house, for which the project often already provided architectural designs. Since compensation standards have gone up significantly in the PRC over the past 10 years, the compensation offered was often sufficient for building a much better, concrete and brick house. In India, the Kolkata Project case is illustrative. Thousands of nontitled canal bank dwellers were first moved to a temporary camp in the immediate vicinity, and in 2005 the process begun to transfer them to 4-storey, 17 square meter apartment blocks built by a company several hundred meters further away. The dwellers do not need to pay for the apartments; half of their cost will be paid for by the project, the other half by a national program for poverty relief. Poor squatters who used to live in shacks along the canals will now have to live together in 4-storey buildings, pay bills for services, and make joint maintenance arrangements. Whether they will stay in the apartments remains to be seen; the influence on this from squatting syndicates cannot be assessed at this stage, neither that of other factors such as the payment of 5% of the cost of the apartment. In the Philippines, the Pasig River Project offered 20–30 square meter housing to thousands of affected families in various resettlement sites 10–50 kilometers from Manila. The families would not own the land, but could opt to buy it at subsidized rates, whereas the monthly rent was also offered at rates of around \$10 a month equivalent. In the resettlement site of the Sixth Road Project in Munsayac in the Bondoc Peninsula, land was offered free to the squatter families, barring registration and titling fee; concrete roads, concrete septic vaults, power, and piped water were offered as well. As per the surveys held, APs both in the Kolkata Project and the three Philippines cases were almost uniformly satisfied with housing conditions, calling them greatly improved as compared with their previous housing situation.

2. **Resettlement Sites.** Small sites housing 50–200 families were constructed in the West Bengal Corridor, Sixth Road, and Southern Philippines Irrigation projects; larger complexes were built or acquired under the Kolkata and Pasig River projects; some were not fully complete

with facilities, but overall, over the years, good progress was made. In the Pasig River Project, the majority of the APs were satisfied with the improved environment, access to services and access to utilities; and almost 90% were satisfied with the housing conditions. More than 50% felt better off in the resettlement site compared with their original location, although 60% felt that it was more difficult to get to employment centers from the resettlement sites. APs of the Sixth Road project overwhelmingly expressed satisfaction with the housing conditions and access to services and utilities. In the Southern Philippines Irrigation Project, all APs stated that they were much better off in the resettlement site and noted that they were satisfied with the better living conditions, access to services and utilities; and access to the town center from the resettlement site. In the West Bengal Corridor project and Western Transport project, market or shop complexes were built, however not to the liking of the APs due to their distance from the main road. In road projects in the PRC, the different situations have already been described. Greenfield resettlement sites were seldom developed for APs, but APs were regularly fitted in new township developments planned with a wider purpose than housing APs exclusively, whereas smaller scale resettlement would often be handled relying on generous compensation for lost assets on the one hand, and cooperation from village collectives on the other. In the Mianhuatan Project, more than two thirds of APs were relocated to agricultural regions that were not far from their original homes. About 37% of APs voluntarily chose near-reservoir agricultural resettlement—compared with only 3% in the Zhejiang-Shanxi water supply project. All interviewed APs reported that they were offered at least two options in terms of resettlement sites. As with overall housing conditions, APs in the various projects were often satisfied with the residential qualities of the resettlement sites built for them, especially after the teething problems were by and large over. APs were often not satisfied with the locations of the sites, and were not satisfied because of not having been able to choose themselves whether to be in a resettlement site or get cash compensation in order to settle on their own.

3. **Access to Livelihood Opportunities.** In the projects reviewed that affected farmers (or fishers, as in the Mulanay area) most APs lost more land than they gained after resettlement. The land-for-land option that the ADB Policy favors could not always be exercised. The two dam reservoir resettlement projects operated on the principle of providing new land to APs but succeeded in doing so only in part; smaller parcels were provided, along with compensation for land losses. Many farmers made even more use of casual labor opportunities than they did before, or utilized microcredit to start small businesses (carpet weaving with carpet looms, etc.), leaving the farming of their share in the replacement land offered to their communities to a few farmers who would then provide them with a share of the produce. As a result, income from farming decreased, but income from other sources increased, also as a result of the booming economy in the eastern seaboard. In the other projects in the PRC that took away land from farmers, the remaining land was often redistributed among farmers of the village collective, so that all shared equally in the land loss. In the three projects evaluated in the Philippines, APs from the Southern Philippines Irrigation Project expressed most satisfaction about the access to livelihood opportunities. However, they still complained that after three years they had not regained the income levels they had had in the former location, since they were starting anew with their agricultural activities including propagation of fruit trees, which take much longer to mature and bear fruit. Furthermore agricultural lands given them were much smaller than the lands they occupied around the dam area. In the Pasig River, APs rued that the distance from Metro Manila adversely affected their access to livelihood opportunities and emphasized that the reason why they illegally settled along the banks of the Pasig River was its close proximity to livelihood and employment opportunities. Many of the APs of the Sixth Road Project relocated some distance from their former location along the easement of the national highway. Their former location accorded opportunities for small-scale commercial activities, and farmers had better access to markets in their former location along the highway. APs in the PRC overall

did well, as far as economic opportunities other than farming were concerned, even if they were forced by circumstances to work as casual migrant laborers or to do petty business. The PRC economy was able to absorb most in the margins of the new economy. Most problematic was the situation for older and illiterate farmers, who generally could not find a place in the new economy. For these, the limited social safety nets that the government provides, for instance through the “five insurances scheme,” needed to be employed, but are not able to lift these people out of poverty.

4. Can APs be held to be on the way to restoring their livelihood? In the PRC, the surveys confirmed that this was the case for between 70% and 85% of the APs, but not the case for the elderly and some other vulnerable categories. Some would, however, also have been among the poorest if they had not resettled. The greater access to land before resettlement would have provided them with a larger and more secure source of livelihood than is available to them today. In the Philippines, income restoration has not been fully achieved for many in the Pasig River and Southern Philippines Irrigation projects. In India, the results were most disappointing, with the large majority of APs claiming they were worse off than before (except in the Kolkata project). APs surveyed in at least 9 of the 16 case study projects stated that they had complaints against the resettlement process.