

MANAGEMENT RESPONSE TO THE SPECIAL EVALUATION STUDY ON INVOLUNTARY RESETTLEMENT SAFEGUARDS

On 6 October 2006, the Director General, Operations Evaluation Department, received the following response from the Managing Director General on behalf of Management:

I. General Comments

1. Management welcomes OED's Special Evaluation Study (SES) on ADB involuntary resettlement safeguards and appreciates efforts to complete the study in a short time. As requested by OED, Management's response focuses on the final recommendations of the SES.

2. Management is aware that the findings of the SES are subject to significant limitations as described in para. 9 of the SES and as highlighted in detailed interdepartmental comments on the draft report. We nevertheless believe that the recommendations directed at the safeguard policy update (paras. 166–171) and the recommendations for involuntary resettlement implementation (paras. 172–173) are highly relevant. We would emphasize, however, that both sets of recommendations should be further reviewed and considered in the context of the safeguard policy update, including its consultation process. The current status and timeline of the safeguard policy update is provided on <http://www.adb.org/Safeguards/>.

II. Comments on Recommendations

A. Recommendations for the Update of the Safeguard Policies

- (i) “Management and the Board need to reconcile the difference between the 1995 Policy and the currently applied policy” (para. 166)**

3. Management recognizes that there are ambiguities in the 1995 Policy on Involuntary Resettlement. We believe that successive versions of the Operations Manual were able to clarify these ambiguities and elaborate on operational procedures consistent with the intent of the policy. Management acknowledges the need to ensure that the updated policy to be submitted for Board approval provides full clarity on its scope, objectives, and principles. We also believe that the policy should be accompanied by clear operational procedures for delivery of results.

- (ii) **“The policy should have a results-based framework-distinguishing desired impact, outcomes, outputs, activities, and inputs both at macro (country) and micro (project) level” (para. 167)**

4. Management agrees that achievement of results should guide the policy update. The substance of the recommendation as laid out in para. 167 deserves further review.

- (iii) **“The updated policy should highlight a set of performance standards” (para. 168)**

5. Management agrees in principle that the concept of performance standards is relevant and merits consideration in the safeguard policy update. We note that a set of performance standards for safeguards have been introduced for the first time in the context of International Finance Corporation’s recently approved safeguard policies and procedures, and experience with these may be relevant.

- (iv) **“The updated policy should elaborate on the objective of greater reliance on country executing agency systems for land acquisition and resettlement safeguards” (para. 169)**

6. We agree that consideration should be given to greater reliance on country systems where this does not compromise achievement of safeguard policy objectives. We would note that it is already an established practice for resettlement frameworks and plans to take into account country and executing agency systems, with filling of gaps as required to meet ADB safeguard policy provisions. Over time, such gaps can be expected to diminish, especially with support of development partners, although this might only be a longer-term prospect in several developing member countries (DMCs). We would point out that *TA 6285-REG: Strengthening Country Systems* is reviewing possible approaches for assessing country systems and their increased application. The results will be considered in the safeguard policy update. We are also in close consultation with the World Bank on the performance of its pilot program on the application of country systems.

- (v) **“The updated policy should have clear guidelines and procedures regarding the identification of resettlement operation needed” (para. 170)**

7. Management agrees with this recommendation. We have noted the issues and recommendations summarized in Box 3 and agree these should be considered as part of the safeguard policy update. The need for clarity in guidelines and procedures will be addressed through the revisions to the Operations Manual that will accompany the updated policy and through the revised Handbook on Involuntary Resettlement that will follow. A key issue will be to formulate operational procedures that improve the relevance and effectiveness of resettlement planning and implementation, and address opportunities to reduce transactions costs.

(vi) “The updated policy should be clearer on guidelines and procedures regarding compensation and assistance within resettlement operations” (para. 171)

8. Management agrees that the issues and suggestions in Box 4 should be considered in the safeguard policy update. The need for clarity in guidelines and procedures will be addressed in the revisions to the Operations Manual and the Handbook.

B. Recommendations for Involuntary Resettlement Implementation

9. The SES finds that there are significant constraints on staff resources to implement the Involuntary Resettlement Policy and to ensure strong engagement with executing agencies in this regard (para. 172). Management agrees that this issue warrants serious attention. We have noted that among the three suggested options to address this issue, one is to consider “changing the policy in ways that will be less staff intensive for ADB”. In this regard, Management believes that the emphasis should be to improve the efficiency and effectiveness of operational procedures without compromising policy delivery. This will be explored in the safeguard policy update, along with options to optimize internal resource allocation.

10. The SES makes three further recommendations.

(i) “Formulate a time-sequenced implementation plan” (para. 173 [i])

11. As part of the safeguard policy update process, we agree that the updated policy and operational procedures should be accompanied by a time-bound action plan that includes a realistic assessment of resource requirements and their optimal allocation. The options offered for inclusion in this plan will be considered, including the need to strengthen specialist expertise in resident missions and to review responsibilities of RSES and the Operations Departments.

(ii) “Improve IR monitoring” (para. 173 [ii])

12. Management agrees that monitoring and supervision of involuntary resettlement implementation needs more attention. We would note that the policy update is looking at ways to balance procedural requirements during processing with increased attention to project implementation. We would point out that partnerships with nongovernment organizations and civil society organizations are already being integrated into resettlement plan implementation and monitoring processes, particularly in DMCs with a strong and reputable nongovernment organization base. This recommendation merits attention in the safeguard policy update.

(iii) “Get more involved in building country systems and capacity” (para. 173 [iii])

13. Management agrees that the strengthening of country systems and capacity is a sound development objective that should continue to be pursued. RETA 6285 will elaborate an approach for assessing equivalence between country systems and international best practice, as well as associated capacity constraints. This will allow identification of gaps at country and sector levels for targeted capacity building by ADB and other development partners.