



# **Involuntary Resettlement Safeguards**

## **A Planning and Implementation Good Practice Sourcebook – Draft Working Document**

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**Asian Development Bank**

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## ABBREVIATIONS

ADB	-	Asian Development Bank
ASI	-	assessment of social impacts
CAP	-	corrective action plan
CBO	-	community-based organization
CCO	-	chief compliance officer
CSO	-	civil society organization
DMC	-	developing member country
DMS	-	detailed measurement survey
ESMS	-	environmental and social management system
FI	-	financial intermediary
GMS	-	Greater Mekong Subregion
GRM	-	grievance redress mechanism
IPSA	-	initial poverty and social analysis
JICA	-	Japan International Cooperation Agency
Lao PDR	-	Lao People's Democratic Republic
MIS	-	management information system
NGO	-	Nongovernment organization
OM	-	Operations Manual
PCR	-	project completion report
PMO	-	project management office
PPTA	-	project preparation technical assistance
PRC	-	People's Republic of China
RRP	-	report and recommendation of the President
SES	-	socioeconomic survey
SPS	-	Safeguard Policy Statement (2009)
SRM	-	staff review meeting
TOR	-	terms of reference

## GLOSSARY

**Compensation.** Payment in cash or in kind for an asset or a resource that is acquired or affected by a project at the time the asset needs to be replaced.

**Cut-off date.** The completion date of the census of project-displaced persons is usually considered the cut-off date. A cut-off date is normally established by the borrower government procedures that establishes the eligibility for receiving compensation and resettlement assistance by the project displaced persons. In the absence of such procedures, the borrower/client will establish a cut-off date for eligibility.

**Displaced persons.** In the context of involuntary resettlement, displaced persons are those who are physically displaced (relocation, loss of residential land, or loss of shelter) and/or economically displaced (loss of land, assets, access to assets, income sources, or means of livelihood) as a result of (i) involuntary acquisition of land, or (ii) involuntary restrictions on land use or on access to legally designated parks and protected areas.

**Economic displacement.** Loss of land, assets, access to assets, income sources, or means of livelihood as a result of (i) involuntary acquisition of land, or (ii) involuntary restrictions on land use or on access to legally designated parks and protected areas.

**Eminent domain.** The right of the state using its sovereign power to acquire land for public purposes. National law establishes which public agencies have the prerogative to exercise eminent domain.

**Entitlement.** Resettlement entitlements with respect to a particular eligibility category are the sum total of compensation and other forms of assistance provided to displaced persons in the respective eligibility category.

**Expropriation.** Process whereby a public authority, usually in return for compensation, requires a person, household, or community to relinquish rights to land that it occupies or otherwise use.

**Highly complex and sensitive projects.** Projects that ADB deems to be highly risky or contentious or involve serious and multidimensional and generally interrelated potential social and/or environmental impacts.

**Host communities.** Communities receiving physically displaced persons of a project as resettlers.

**Income restoration.** Re-establishing productive livelihood of the displaced persons to enable income generation equal to or, if possible, better than that earned by the displaced persons before the resettlement.

**Meaningful consultation.** A process that (i) begins early in the project preparation stage and is carried out on an ongoing basis throughout the project cycle; (ii) provides timely disclosure of relevant and adequate information that is understandable and readily accessible to affected people; (iii) is undertaken in an atmosphere free of intimidation or coercion; (iv) is gender inclusive and responsive, and tailored to the needs of disadvantaged and vulnerable groups; and (v) enables the incorporation of all relevant views of affected people and other stakeholders into decision making, such as project design, mitigation measures, the sharing of development benefits and opportunities, and implementation issues.

**Physical displacement.** Relocation, loss of residential land, or loss of shelter as a result of (i) involuntary acquisition of land, or (ii) involuntary restrictions on land use or on access to legally designated parks and protected areas.

**Replacement Cost.** Replacement cost involves replacing an asset at a cost prevailing at the time of its acquisition. This includes fair market value, transaction costs, interest accrued, transitional and restoration costs, and any other applicable payments, if any. Depreciation of assets and structures should not be taken into account for replacement cost. Where there are no active market conditions, replacement cost is equivalent to delivered cost of all building materials, labor cost for construction, and any transaction or relocation costs.

**Relocation assistance.** Support provided to persons who are physically displaced by a project. Relocation assistance may include transportation, food, shelter, and social services that are provided to the displaced persons during their relocation. It may also include cash allowances that compensate displaced persons for the inconvenience associated with resettlement and defray the expenses of a transition to a new locale, such as moving expenses and lost work days.

**Security of tenure.** Protection of resettled persons from forced evictions at resettlement sites. Security of tenure applies to both titled and non-titled displaced persons.

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- Appendix 5: Sample Terms of Reference for External Experts for Verifying Monitoring Information of Resettlement Plan Implementation

#### REFERENCES



## I. INTRODUCTION

### A. The Purpose of This Sourcebook

1. On 20 July 2009 ADB's Board of Directors approved the Safeguard Policy Statement (SPS)<sup>1</sup> on environment and social safeguards applicable to ADB's operations in DMCs. The SPS became effective on 20 January 2010. The SPS builds upon the three previous ADB safeguard policies<sup>2</sup> on the environment, involuntary resettlement and Indigenous Peoples, and brings them into one consolidated safeguard policy framework to enhance relevance and effectiveness.

2. This sourcebook focuses on the SPS requirements pertaining to involuntary resettlement. The Sourcebook does not change or establish policy. Instead, it aims to increase the likelihood that ADB-supported project will achieve the objectives of involuntary resettlement safeguards set out in the SPS, through adding clarity, providing further technical guidance and recommending good practices in the implementation of the SPS. It is based on ADB's own experience in effective planning and implementation of involuntary resettlement programs and on international good practices that have been adopted by multilateral development banks. It updates ADB's previous *Handbook on Involuntary Resettlement*.<sup>3</sup> The earlier *Handbook* can still be used as a reference where relevant. The Sourcebook does not seek to be definitive and exhaustive, good works of comparable multilateral development banks, in particular the World Bank's *Involuntary Resettlement Sourcebook*<sup>4</sup>, can be used as reference materials.

3. The Sourcebook is for the use of ADB staff and consultants, borrowers/clients and executing agencies, private sector clients, and resettlement practitioners, including non-government organizations and civil society. It should be considered a working document which will be updated periodically in the light of lessons learned in the application of the SPS.

### B. How the Sourcebook is Organized

4. The sourcebook includes nine sections. Section II discusses policy objectives, policy scope and triggers as well as policy principles for addressing involuntary resettlement in ADB's operations. Section III - IX examine step by step the technical aspects of involuntary resettlement planning and implementation, including requirements, tasks, processes, and good practices that need to be considered or addressed. Section III explains the key attributes and methodology for assessing the social impacts of involuntary resettlement. Section IV discusses the key elements and processes of resettlement planning, including preparation of a budget for implementing a resettlement plan are discussed. Section V explains the requirements for information disclosure, the need to consult with and involve all those affected by involuntary resettlement, and the mechanism for redressing grievances. Section VI covers the implementation of the resettlement plan. Section VII discusses income restoration and improvement programs. Section VIII deals with the institutional arrangements and capacity

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<sup>1</sup> ADB. 2009. *Safeguard Policy Statement*. Manila.

<sup>2</sup> ADB. *Involuntary Resettlement Policy* (1995), *Indigenous Peoples Policy* (1998), *Environment Policy* (2002).

<sup>3</sup> ADB. 1998. *Handbook on Resettlement – A Guide to Good Practice*. Manila.

<sup>4</sup> The World Bank. 2004. *Involuntary Resettlement Sourcebook*. Washington, D.C.

development for resettlement. Section IX addresses resettlement monitoring and reporting. A list of reference materials is provided at the end of the main text.

5. The sourcebook also includes a brief discussion on involuntary resettlement in the ADB project cycle (Appendix 1), a sample voluntary land donation and negotiated settlement agreement (Appendix 2), a note on the involuntary resettlement safeguard instruments in ADB's different lending modalities (Appendix 3), an outline of an environment and social management system (Appendix 4), and Appendix 5 provides a sample terms of reference for engaging external experts for verifying monitoring information.

## **II. OBJECTIVES, SCOPE AND TRIGGERS, AND PRINCIPLES OF ADB IR POLICY**

### **A. Policy Objectives**

6. The SPS objectives regarding involuntary resettlement are (i) to avoid involuntary resettlement wherever possible; (ii) to minimize involuntary resettlement by exploring project and design alternatives; (iii) to enhance, or at least restore, the livelihoods of all displaced persons in real terms relative to the pre-project levels; and (iv) to improve the standards of living of the displaced poor and other vulnerable groups.

7. The policy objectives reflect the recognition that unless properly managed, people and communities displaced by development projects can suffer severe economic, social, and environmental distress, including the loss of their housing, productive lands, income sources and livelihoods as well as social tensions and diminished cultural identity. The vulnerable group and poor are more likely to be disproportionately affected, resulting in long-term hardship and impoverishment.

8. The ideal way to minimize resettlement impacts is to design projects that avoid or minimize the number of persons affected by physical relocation, loss of land, or disturbance of income generation activities. However, the context of economic, technical, ecological, and other social factors in which a development project is designed must be also considered, and therefore land acquisition and involuntary resettlement are often impossible to be eliminated altogether. If involuntary resettlement is unavoidable, the SPS mandates that ADB-supported projects meet all applicable specific requirements on compensation, assistance, benefit sharing, assessment of social impacts, resettlement planning, information disclosure, consultation, grievance redress mechanism, and monitoring and reporting, as laid out in the SPS. It is believed that the policy objectives can be achieved only if all these requirements are appropriately incorporated into project design and effectively implemented.

### **B. Policy Scope and Triggers**

9. The SPS applies to all ADB-financed and/or ADB-administered sovereign and non-sovereign projects and project components, no matter whether they are financed by ADB, the borrower/client, or cofinanciers.<sup>5</sup> ADB will not finance projects that do not comply with the

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<sup>5</sup> The term "project components" does not include facilities that are not funded as part of the project and therefore are not under the control or influence of the borrower/client and ADB. ADB due diligence will be conducted to determine the level of risk to the environment and affected persons and to ADB by association.

requirements laid out in the SPS.<sup>6</sup> Nor will it finance projects that do not comply with the host country's laws and regulations, including those laws for which the implementing host country has obligations under international law.

10. **Scope and Triggers.** The involuntary resettlement safeguards of SPS cover both physical and economic displacement as a result of (i) involuntary acquisition of land, or (ii) involuntary restrictions on land use or on access to legally designated parks and protected areas. Such displacement can be full or partial, permanent or temporary. Physical displacement refers to relocation arising from the loss of residential land or loss of shelter. Economic displacement refers to loss of land, assets, access to assets, income sources, or means of livelihoods. Restrictions on land use or on access to legally designated parks and protected areas means the imposition of involuntary restrictions on the use of resources on people who live around or within such areas.

11. **Full and Partial Displacement.** Many ADB projects, such as linear projects like roads and pipelines can affect only a part of land holdings, and result in partial economic displacement. On the other hand, a large dam project often fully affects a given area and displaces the affected persons both physically and economically. Whether involuntary acquisition of land affects a full parcel of land or only a part of it, ADB involuntary resettlement requirements apply and resettlement entitlements are commensurate with the severity of actual impact on livelihoods of displaced persons.

12. **Permanent and Temporary Displacement.** Displacement affecting people permanently or temporarily is within the scope of the SPS. Temporary displacement generally occurs in linear projects involving communications networks, electricity transmission lines, gas pipelines, and transport systems. For example, roadside shops are sometimes forced to move a safe distance during earth moving, heavy machinery activity, and other construction operations before returning once work is complete. Activities on borrow areas<sup>7</sup> too can cause temporary displacement.

13. **Involuntary Resettlement.** The SPS considers resettlement involuntary when the displaced persons have no right to refuse the land acquisition by the state that result in their displacement. This occurs when land is acquired through (i) expropriation by invoking the eminent domain power of the state, or (ii) land is acquired through negotiated settlement when the pricing is negotiated in a process where expropriation will be the consequence of a failure in the negotiation.

14. **Voluntary Resettlement.** Voluntary resettlement, on the other hand, refers to any resettlement not attributable to eminent domain or other forms of land acquisition backed by powers of the state. The important principles in voluntary resettlement are informed consent and power of choice. Informed consent means that the person involved is fully knowledgeable about the project and its implications and consequences and freely agree to participate. Power of choice means that the person involved has the option to agree or disagree with the land acquisition, without adverse consequences being imposed formally or informally by the state. Power of choice is only possible if project location is not fixed. The route for a rural road project,

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<sup>6</sup> Safeguard Requirements 2 are in Appendix 2 of the SPS (see footnote 1).

<sup>7</sup> Borrow area refers to land that is "borrowed" to facilitate project construction, such as a piece of land which is dug to provide fill material, or land on which construction material can be put, etc.

for example, could be changed if a landowner objected. The area of the reservoir in a hydropower dam project, by contrast, is immutable. The former project could allow for voluntary resettlement, the latter could not.<sup>8</sup> The SPS does not apply to voluntary resettlement.

15. **Voluntary Land Donation.** Voluntary donation of land usually involves the contribution by individuals of land for a project that has community benefits, such as a school or health care facility. For example, even rural roads that are part of the community driven development are built with voluntary donation of land. The basic idea is that the project benefits will realistically offset the size of the donated land. In the case of voluntary land donation, eminent domain or other powers of the state should not be involved in the acquisition. Therefore, voluntary land donation is not within the scope of the SPS. However, the project team should exercise judgment in such cases and conduct due diligence to avoid adverse impacts on affected persons and possible reputational risks to ADB. The project team should (i) verify that the donation is in fact voluntary and did not result from coercion, using verbal and written records and confirmation through an independent third party such as a designated nongovernmental organization or legal authority; and (ii) ensure that voluntary donations do not severely affect the living standards of affected persons and benefit them directly. As a good practice, an ADB project team may consider including appropriate loan or grant conditions. Voluntary land donation is only possible if a project is not location-specific—for example, a school or health care facility that can be built somewhere else if the landowners object. Appendix 2 (Section A) of this *Sourcebook* provides a sample for voluntary donation agreement, which may be improvised for a given project.

16. **Negotiated Land Acquisition.** Negotiated land acquisition or negotiated settlement is normally achieved by providing fair and appropriate compensation and other incentives to the willing seller, negotiated through meaningful and well documented consultations. To the extent negotiation is based on the concept of willing buyer and willing seller, negotiated settlement is voluntary. In cases where negotiation over land acquisition ends up with a willing seller and a willing buyer, the price negotiated is acceptable to both parties. Such transactions do not trigger ADB's involuntary resettlement policy beyond appropriate documentation of the process involving being overseen by an independent third party, and the process must openly address the risk of asymmetry of information availability and bargaining power of both parties (more on this below). ADB encourages negotiated settlement as it is normally a faster and more effective arrangement than expropriation. In cases where the failure of negotiations would result in expropriation through eminent domain or the buyer could acquire the property regardless of its owner's decision to sell it or not, will trigger ADB's involuntary resettlement policy. The Safeguard Requirements 2 will apply in such cases, including preparing a resettlement plan.<sup>9</sup>

17. The SPS seeks to protect land sellers from the variety of risks presented by negotiated transactions, whether the purchaser is a government or one of ADB's private sector clients. As a principle, borrowers/clients are required to develop procedures in a transparent, consistent, and equitable manner to ensure that persons who enter into a negotiated settlement in land acquisition will maintain the same or better income and livelihood status. The key words are "adequate" and "fair price" for land and/or other assets. The borrower/client ensures that the negotiating process will not adversely affect the marginality and vulnerability of any affected persons due to the inherent powers of the acquiring agency. The documents pertaining to the

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<sup>8</sup> The World Bank. 2004. *Involuntary Resettlement Sourcebook*. Washington, D.C. (page 21.)

<sup>9</sup> ADB 2009, SPS, Safeguard Requirements 2, paras. 5 and 25. (See footnote 1.)

settlements, such as maps, land registries, sales records, consultation records, decision records, laws and policies pertaining to the negotiations, and development plans are to be disclosed to the affected persons who are involved in the negotiated settlements. The borrower/client is required to engage an independent external party to document the negotiation and settlement processes. The independent external party cannot be associated with the project in any past or present capacity. Appendix 2 (Section B) of this *Sourcebook* provides a sample for negotiated settlement agreement, which may be improvised for a given project

**18. Types of Displaced Persons Eligible for Compensation.** The SPS involuntary resettlement safeguard requirements can apply to three types of displaced persons: (i) persons with formal legal rights to land and/or structures lost entirely or in part, (ii) persons who have no formal legal rights to land and/or structures lost wholly or in part but who have claims to such lands that are recognized or recognizable under national law, and (iii) persons who lost the land they occupy in entirety or in part who have neither formal legal rights nor recognized or recognizable claims to such land. However, compensation varies according to the type of displaced persons. The groups can be further defined as follows:

- (i) Displaced persons with formal legal rights, or Type 1, are generally defined by the possession of individual freehold titles duly recorded in title registries and cadastral records in most countries.
- (ii) Type 2 encompasses displaced persons whose rights are not formal or legal but whose claims are recognized under national laws. In some countries the process of land ownership has not been fully formalized but there are people who have inherited, occupied, and utilized the land for generations who may not have titles simply because the state has not issued them. In other type 2 cases, traditional land tenure systems are based on usufruct right to lands held collectively. Hence, no state-issued individual titles may exist although in practice individual household usufruct rights are well recognized and regulated by a community or kinship group or the state. Resettlement planning for type 2 displaced persons should include application of legal instruments to update land records prior to their displacement. Where juridical procedures are so slow as to make this impossible, other documentation such as tax receipts, electricity or telephone bills, testimony of village elders or town councils, and confirmation by neighbors may be proposed to determine eligibility for compensation, replacement land, a replacement house, or other resettlement assistance.
- (iii) Type 3 covers displaced persons without formal legal rights. This category includes squatters, tenants, sharecroppers, and wage laborers who depend upon the land acquired. They have neither legal rights to the land nor recognizable ownership claims to the land but because land acquisition destroys their livelihoods they are considered displaced persons and are entitled to receive resettlement assistance.

**19. Involuntary Resettlement in Anticipation of ADB Support.** The SPS also applies when the land acquisition process has begun or been completed and/or population has already been moved in anticipation of ADB support. Involuntary resettlement actions in anticipation of ADB support generally refer to actions that preceded ADB support. In such cases ADB's due diligence at an early stage of project preparation should identify if there are any outstanding grievance or resettlement actions in noncompliance with ADB's SPS requirements. If such outstanding issues are identified, ADB works with the borrower/client to ensure appropriate mitigation measures are developed and implemented with an agreed timeline. In most cases, it is also important for ADB's due diligence to assess potential risks associated with the project,

even if the government's previous resettlement actions are not done in anticipation of ADB support. The case of ADB's Bangalore Metro Rail Project illustrates this issue.<sup>10</sup> Processing for a loan that was initiated in early 2010 revealed that the borrower had acquired land through expropriation. ADB conducted due diligence to establish whether this was done in anticipation of the ADB loan and whether the land acquisition was consistent with the requirements of the SPS. Due diligence established that land acquisition was not done in anticipation of ADB support because the borrower acquired land between 16 January 2006 and 8 January 2008. Due diligence also established that compensation for the land acquisition followed the principle of replacement cost. The displaced persons were paid resettlement assistance as well and vulnerable slum dwellers were given free housing with land rights. Based on these findings, the project was found compliant with SPS requirements. The same scrutiny would be required in cases where (i) land acquisition is still in progress, (ii) project authorities are not aware that the related project may be financed by ADB, and (iii) ADB and the borrower have yet to decide on whether or not to include it in ADB financing.

**20. Adverse economic, social and environmental impacts caused by project activities other than involuntary land acquisition.** There are often project-related impacts that are not related to involuntary land acquisition and, therefore, does not fall under the purview of involuntary resettlement safeguards. Most of such impacts are indirect and often occur through the environmental media. A typical example is downstream impacts on livelihoods such as fishing, made by changes in the quality, quantity, and timing of water flows that may occur at different stages of the project cycle due to construction and operation of large-scale hydroelectricity dams. These activities can also impact drinking water supplies, irrigation networks, and the ability to use a river for transport. The SPS requires that such indirect impacts need to be avoided or at least minimized, mitigated or compensated through the environmental assessment process, and if such impacts are found to be significantly adverse at any stage of the project, a management plan should be developed and implemented to restore the livelihoods of affected persons to at least pre-project level or better. This aspect is further elaborated in the section on impacts assessment, paras.51-55.

**21. Linkage between ADB and Other Financier or Government Projects.** For a project that is not funded by ADB and may cause involuntary resettlement but is critical to the design or implementation of the ADB project, ADB will carry out due diligence on involuntary resettlement that results from such projects by obtaining information on how the adverse impacts will be identified and addressed. An example is provided by the Bangladesh–India Electrical Grid Interconnection.<sup>11</sup> ADB will finance the project that is in Bangladesh and safeguard documents were prepared for this. Because the Indian project was to be funded by the Power Grid Corporation of India (Government of India), no safeguard information was directly available. It is ADB's responsibility to carry out due diligence to determine the level of risk posed by the Indian project to affected persons and, by association, to ADB. If some risks are identified but the financier's safeguard policies and practice are consistent with ADB's, or the borrower (and through them ADB) has influence on assessment of resettlement impacts and planning over the project not funded by ADB, the project is acceptable for ADB funding. This was the case in the Bangladesh–India Electrical Grid Interconnection because the ADB-funded project authorities in Bangladesh could access the safeguard documents of their Indian counterparts for review and

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<sup>10</sup> ADB. 2010. *Bangalore Metro Rail Project*. Manila (Project Number 43912-IND; it is a public-private partnership project).

<sup>11</sup> ADB. 2010. *Bangladesh-India Electrical Grid Interconnection*. Manila (Project Number 44192-01 BAN).

the safeguard policy of the Power Grid Corporation of India is publicly available and deemed by ADB consistent with ADB's. However, if the identified risks are high but the ADB borrower (and through them ADB) has no influence over the project that is not funded by ADB or if the financier of the other project would not implement safeguards consistent with ADB's requirements, it is best practice for ADB not to finance such projects.

### **C. Involuntary Resettlement Safeguard Policy Principles**

22. The SPS sets out the following principles<sup>12</sup> to be delivered in the area of involuntary resettlement in all projects in which ADB is involved:

- (i) Screen the project early on to identify past, present, and future involuntary resettlement impacts and risks. Determine the scope of resettlement planning through a survey and/or census of displaced persons, including a gender analysis, specifically related to resettlement impacts and risks.
- (ii) Carry out meaningful consultations with affected persons, host communities, and concerned nongovernment organizations. Inform all displaced persons of their entitlements and resettlement options. Ensure their participation in planning, implementation, and monitoring and evaluation of resettlement programs. Pay particular attention to the needs of vulnerable groups, especially those below the poverty line, the landless, the elderly, women and children, and Indigenous Peoples, and those without legal title to land, and ensure their participation in consultations. Establish a grievance redress mechanism to receive and facilitate resolution of the affected persons' concerns. Support the social and cultural institutions of displaced persons and their host population. Where involuntary resettlement impacts and risks are highly complex and sensitive, compensation and resettlement decisions should be preceded by a social preparation phase.
- (iii) Improve, or at least restore, the livelihoods of all displaced persons through (a) land-based resettlement strategies when affected livelihoods are land based where possible or cash compensation at replacement value for land when the loss of land does not undermine livelihoods, (b) prompt replacement of assets with access to assets of equal or higher value, (c) prompt compensation at full replacement cost for assets that cannot be restored, and (d) additional revenues and services through benefit sharing schemes where possible.
- (iv) Provide physically and economically displaced persons with needed assistance, including the following: (a) if there is relocation, secured tenure to relocation land, better housing at resettlement sites with comparable access to employment and production opportunities, integration of resettled persons economically and socially into their host communities, and extension of project benefits to host communities; (b) transitional support and development assistance, such as land development, credit facilities, training, or employment opportunities; and (c) civic infrastructure and community services, as required.
- (v) Improve the standards of living of the displaced poor and other vulnerable groups, including women, to at least national minimum standards. In rural areas provide them with legal and affordable access to land and resources, and in urban areas provide them with appropriate income sources and legal and affordable access to adequate housing.

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<sup>12</sup> Involuntary Resettlement Safeguards, page 17 of the SPS. (See footnote 1.)

- (vi) Develop procedures in a transparent, consistent, and equitable manner if land acquisition is through negotiated settlement to ensure that those people who enter into negotiated settlements will maintain the same or better income and livelihood status.
- (vii) Ensure that displaced persons without titles to land or any recognizable legal rights to land are eligible for resettlement assistance and compensation for loss of non-land assets.
- (viii) Prepare a resettlement plan elaborating on displaced persons' entitlements, the income and livelihood restoration strategy, institutional arrangements, monitoring and reporting framework, budget, and time-bound implementation schedule.
- (ix) Disclose a draft resettlement plan, including documentation of the consultation process in a timely manner, before project appraisal, in an accessible place and a form and language(s) understandable to affected persons and other stakeholders. Disclose the final resettlement plan and its updates to affected persons and other stakeholders.
- (x) Conceive and execute involuntary resettlement as part of a development project or program. Include the full costs of resettlement in the presentation of project's costs and benefits. For a project with significant involuntary resettlement impacts, consider implementing the involuntary resettlement component of the project as a stand-alone operation.
- (xi) Pay compensation and provide other resettlement entitlements before physical or economic displacement. Implement the resettlement plan under close supervision throughout project implementation.
- (xii) Monitor and assess resettlement outcomes, their impacts on the standards of living of displaced persons, and whether the objectives of the resettlement plan have been achieved by taking into account the baseline conditions and the results of resettlement monitoring. Disclose monitoring reports.

23. Based on these policy principles, specific requirements that the borrower/client is expected to meet when addressing involuntary resettlement issues are set out in Safeguard Requirements 2: Involuntary Resettlement of the SPS<sup>13</sup>. Technical guidance and good practices are discussed in the following chapters to facilitate effective implementation of these requirements.

### **III. ASSESSMENT OF SOCIAL IMPACTS**

#### **A. Assessment of Social Impacts as a Process**

24. Assessment of social impact (ASI) is a process to identify the social impacts of a project due to involuntary resettlement.<sup>14</sup> ASI refers to the requirement in the SPS that "the borrower/client will conduct socioeconomic survey(s) and a census, with appropriate socioeconomic baseline data to identify all persons who will be displaced by the project and to assess the project's socioeconomic impacts on them."<sup>15</sup> ASI has always been a requirement in involuntary resettlement planning and good practice has long addressed the key components

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<sup>13</sup> Safeguard Requirements 2 are in Appendix 2 of the SPS (see footnote 1).

<sup>14</sup> The sourcebook uses the term assessment of social impacts (ASI) to describe a required process for involuntary resettlement planning that is not to be confused with the social impact assessment report.

<sup>15</sup> ADB 2009, *SPS*, Safeguard Requirements 2, para 15. (See footnote 1.)

now formalized in the SPS.<sup>16</sup> ASI processes form an integral part of a resettlement plan but a stand-alone impact assessment report is not necessary or mandatory for implementing the SPS. However, a particularly complex and/or sensitive project, such as a big hydropower project, may require a separate, detailed ASI report.

25. ASI in the context of involuntary resettlement encompasses (i) identification of past, present, and future potential social impacts, based on baseline data analysis; (ii) an inventory of displaced persons and their assets; (iii) an assessment of the displaced persons' income and livelihoods; and (iv) gender-disaggregated information pertaining to the economic and sociocultural conditions of the displaced persons. It also requires analysis of potential impacts on the identified vulnerable individuals and groups. The key elements of baseline data include demographic information, social organization, occupational structure, income level and assets, and access to public services. In a nutshell, this information includes who the displaced persons are, what they do for a living, and what they are likely to lose due to a development project. This information later becomes the basis for the mitigating measures.

26. In large infrastructure projects, a detailed inventory of projected losses may not be possible at the feasibility stage. Instead, sample surveys need to be conducted to assess the degree of impacts and the feasibility of resettlement. The results will inform consideration of project alternatives and even the decision whether to proceed with the project. Once the decision is made to proceed to design, the focus shifts to resettlement planning and the formulation of options for resettlement and rehabilitation based on the census and final assets inventory of the displaced persons. The assessment of social impacts remains an ongoing feature in this process until the resettlement decision is finalized.

27. ASI includes a broad representation of all settlements and segments of the population affected by a project. In many DMCs, population records are often old and out of date. If a project level census is not carried out prior to project appraisal, it is required that an updated resettlement plan be prepared based on a census of the displaced persons after a detailed measurement survey (DMS) of the affected properties has been completed. A DMS involves staking out of the affected land on the ground based on the engineering design of a project; this forms the basis for carrying out the census and assets inventory of losses of the displaced persons. Other important elements of ASI are elaborated below.

### **1. Identified past, present and future potential impacts**

28. Past impacts refer to involuntary resettlement activities that may have been undertaken by the borrower/client in the proposed project area in anticipation of an ADB project. These activities may not have been in conformity with the ADB's involuntary resettlement safeguard requirements under the SPS. A due diligence exercise should be carried out for such incidents as part of the impact assessment and appropriate mitigation measures proposed in a corrective action plan. However, the past impacts are often not necessarily the result of anticipation of an ADB project and may have come about for other reasons, such as, incomplete resettlement efforts. For example, in Bisalpur Water Supply Project in Rajasthan, India, some unfinished involuntary resettlement issues resurfaced after 20 years when ADB tried to introduce a drinking

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<sup>16</sup> ASI is covered in sections C and D of a resettlement plan, as outlined in the SPS, Annex to Appendix 2. (See footnote 1.)

water project in Jaipur.<sup>17</sup> In such legacy cases, a retrofitted resettlement plan to address the outstanding issues, including compensation payment, may be recommended. It is to be noted, however, that such efforts may not be put to practice due to legal provisions over the use of the loan money, if the compensation for land acquisition is sought to be paid from the loan money. In a case like that, the outstanding compensation should be paid from the borrower's internal funding sources.

29. It is further noted, however, that compensation for past grievances does not necessarily have to be paid in cash. To address such issues often development projects have adopted comprehensive community consultations with an emphasis on training and employing local people for participation in the new projects. This may include assisting a women's group to set up catering services for the work force, and/or funding community development projects to improve health facilities, for example. Such solutions are known to be quite pragmatic because the facilities created are potentially useful to all ages and both sexes in the community, and also for the project work force. Such a strategy does not directly address past personal grievances except in the targeting for employment of the youth of those families who may have directly suffered, but generally the entire community gains something. The most important thing here is that the community is taken into confidence and meaningful consultation is carried out with them for finding a solution. What matters is the agreed upon and documented decision for a workable solution. Good practice is to assess any outstanding involuntary settlement issues that could generate disadvantages for the displaced persons or reputational risks for ADB and assist the borrower to prepare a time-bound action plan to resolve outstanding grievances. Present and future potential impacts refer to the likely impacts due to the project under consideration for an ADB loan. The critical issue to consider is how impacts caused by development projects will affect the livelihoods and living standards of the displaced persons.

## 2. Tools for carrying out assessment of social impacts

30. **An inventory of displaced persons and affected assets.** An inventory of displaced persons and their affected assets is essential for identifying displaced persons eligible for resettlement entitlements, determining categories of the entitlements, and providing a basis for valuation and compensation. This includes (i) a census of all displaced persons with basic demographic and socioeconomic data, such as household size, age, gender (especially of the head of household), ethnicity, occupation, household income, and vulnerability; (ii) an inventory of all affected assets located within the designated alignment of the project facilities, including land of various types (residential, commercial, and agricultural) and other immovable property (buildings, fences, sheds, irrigation canals, wells, and other structures) where quantities and relevant measurements are clearly determined; and (iii) the valuation of these assets at replacement cost according to local market prices and standards of valuation, without deductions for age-related depreciation, recovery of salvageable materials, or registration fees and other transaction costs. The inventory of displaced persons and their affected assets also supplies an important part of the resettlement database to be used for project monitoring and supervision.

31. **Socioeconomic survey.** Socioeconomic survey focuses on income-earning activities and other socioeconomic indicators. Although preliminary information can be gathered from secondary data sources, socioeconomic information needs to be supplemented with information

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<sup>17</sup> ADB. 1998. *Rajasthan Urban Infrastructure Development Project*. (Loan 1647-IND).

obtained from a socioeconomic survey. While census covers 100% of the displaced persons, a socioeconomic survey may be carried out on a sample basis. The ADB project team will work with the borrower to determine the sample size, depending on the population size of the project area (elaborated in para.48). The inventory, supplemented with data from socioeconomic surveys, are used to establish baseline information on household income, livelihood patterns, standards of living and productive capacity, which enables the project to design appropriate rehabilitation measures and to enlist the participation of the people to be affected the project. Apart from these quantitative tools, relevant qualitative tools include focus group discussions, interviews with key informants, and participatory assessment, carried out through the consultation process.

### **3. Assessing impacts on communities other than displaced persons**

32. The ASI identifies the nature and magnitude of impacts based on data collected in the field. Experience demonstrates that not only the displaced persons are affected but also the host population among whom they may be relocated. Where only part of a community is displaced, those who do not lose land or houses but are left behind are also affected because their economic and social support systems are disrupted. Good practice is to consider that the displaced, those who remain behind, and host populations are all affected persons who should be included in the ASI to a degree commensurate with the impacts stemming from the project. The following example demonstrates participatory assessment.

**Example.** The Shanxi Road Development II Project in the People's Republic of China provides an example.<sup>18</sup> Land acquisition for the main highway and local roads affected over 50 villages in 13 townships in three counties. The Second Highway Design and Research Institute carried out the surveys at the feasibility stage from February 1998 to June 1999. Social assessment was carried out in November–December 2001 by local village committees formed for the purpose, composed of both displaced persons and host villagers, together with staff from county government officials working under the supervision of the highway design and research institute and the Shanxi Communications Department. The village-based ASI, which involved direct participation of the affected persons, showed only 20 houses had to be demolished and rebuilt elsewhere but that 3,532 households (15,187 persons) would lose irrigated land, vegetable gardens, orchards, wood lots, and other property and assets that would have to be replaced. Village committees composed of host and displaced persons agreed upon redistribution of farmlands, increasing productivity through irrigation, reclaiming wastelands, and innovating processing industries to resettle the displaced persons within the same villages. On the basis of the participatory ASI, the impacts were accurately identified, acceptable income restoration plans were designed with each village committee, and resettlement and rehabilitation agreements were formally signed with each affected household.

### **4. Identifying and assessing the potential impacts on vulnerable groups**

33. The SPS requires that the borrower/client identify through ASI any individuals and groups who are likely to be differentially or disproportionately affected by a proposed project due to their vulnerable status. When it is anticipated that the project will have involuntary

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<sup>18</sup> ADB. 2008. *Technical Assistance Completion Report: Shanxi Road Development II Project in PRC*. Manila.

resettlement impacts on one or more communities, the assessment process, through the socioeconomic survey, and census and assets inventory, will identify and locate vulnerable individuals or groups within the affected population and collect data on a disaggregated basis, and will use the disaggregated information to assess potential impacts and propose targeted measures to ensure that potential impacts to these individuals or groups are appropriately avoided, mitigated, and compensated. The measures to assist vulnerable groups may include better housing standard after resettlement, assistance with house construction and relocation, and preferential employment. Vulnerable individuals and groups should be able to benefit from project opportunities to the same extent as the rest of displaced persons. This may require that gender differentiated benefit-sharing measures are available, such as ensuring that compensation for a house is provided equally to the woman and man of the household, providing training for individuals or groups who might lack the necessary skills to find a job with the project, and ensuring access to medical treatments. Further discussions on resettlement planning considerations for the vulnerable groups are provided in paras.67-74.

34. The ASI identifies social impacts caused by land acquisition, calculates the numbers of persons and properties expected to be impacted, assesses the incomes and livelihoods of displaced persons, and provides a gender-disaggregated analysis of the socioeconomic conditions of the host and displaced persons. These data are vital to the consultation with the displaced persons on the design and costs of resettlement assistance measures. Data sets or raw data upon which the ASI is based are normally presented as appendices to the resettlement plan, not in the text. The text itself presents conclusions derived from data analysis.

## 5. Considerations for Indigenous Peoples in the assessment of social impacts

35. Indigenous Peoples often have traditional land rights but no formal titles. If Indigenous Peoples will be affected by a project that is likely to impact their identity, culture, and customary livelihoods, detailed information on their land-use, economic activities, and social organizations should be collected to prepare a separate Indigenous Peoples plan. If a project causes land acquisition and resettlement of Indigenous Peoples, a combined Indigenous Peoples plan and resettlement plan can be formulated and the ASI will address the requirements for both involuntary resettlement and Indigenous Peoples planning. In the case of physical displacement of Indigenous Peoples from traditional or customary lands, the broad community support of the affected indigenous peoples is required. The ASI of the combined indigenous peoples plan and resettlement plan needs to address this issue. Further information on ASI for Indigenous Peoples will be found in the *Indigenous Peoples Sourcebook*.<sup>19</sup>

## 6. Impacts on common property and public resources

36. The ASI also considers project impacts on common property and public resources, including losses of community-owned facilities or cultural property, and loss of access to direct use of natural resources. An accurate assessment of loss of these resources is also required for resettlement planning purposes (Box 1).

### Box 1: Public Resources

- **Natural resources.** These include water sources, pastures, wastelands, and forests (including sources of building and craft materials and biomass for domestic energy).
- **Community-owned structures.** These may include a wide range of facilities, such as places of worship, community-operated schools, bathing and washing places, community centers, fishponds, and wells.
- **Cultural property.** Cultural property includes archeological sites, monuments, burial grounds, and places of historical or religious importance.

37. Emphasis on the loss of common property resources is important for several reasons. Empirical field studies in India have shown that the landless poor and vulnerable households among the displaced persons depend upon common property resources, especially grasslands, forests, and so-called wastelands, for up to 80% of their total income from livestock rearing.<sup>20</sup> Second, because the expropriation laws of some countries do not recognize common property resources, these DMCs do not provide for compensation and/or replacement of expropriated common properties that the landless poor and vulnerable depend on for survival. The SPS calls for these cases to be treated as involuntary restrictions on land use that need to be compensated for by providing replacement assets in consultation with the affected communities and by including the losses in the entitlement matrix. The loss of public infrastructure due to project construction activities, including education and health care facilities, water and sewage lines, power lines, access roads, bridges, etc. are generally replaced by the construction contractor as per their contract.

## **B. Data Collection Planning and Methods for Assessment of Social Impacts**

### **1. Planning for data collection**

38. A good first step in planning data collection is to take stock of available information and assess what needs to be collected to understand the full impacts and social risks associated with a project (Box 2). The database may comprise the project planning document, survey documents and maps of the area, land records, and government census reports. Secondary data collection may contribute to a social analysis of the project and identify the need for primary data generation.

#### **Box 2: Questions to Consider for Data Collection**

- Is the project footprint adequately identified?
- Are there any existing data on the project's impact and the affected communities that may be used for assessment?
- If so, who collected it, when, and how reliable is the information?
- Are the land acquisition data from the land agency or existing census data adequate to assess the likely impact of the project on the displaced persons?
- Does the borrower/client need a consultant to carry out the data collection?
- Are the host villages already identified?
- Is an influx of outsiders into the project area likely to be a problem?

39. In projects involving land acquisition and involuntary resettlement, surveys and data collection for resettlement planning serve three important purposes:

- (i) understanding how the existing socioeconomic profiles may be affected by the project, particularly its adverse impacts and potential risks;
- (ii) identifying and assessing all social dimensions that are needed to formulate plans to restore and improve the quality of life of the displaced persons; and
- (iii) setting a baseline for monitoring and evaluating implementation of a resettlement plan.

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<sup>20</sup> Jodha, N. S. 1986. Common Property Resources and the Rural Poor in Dry Regions of India. *Economic and Political Weekly*. 5 July.

## **2. Data collection operations**

40. Data collection operations consist of (i) designing a census and socioeconomic survey questionnaire form; (ii) hiring and training field investigators; (iii) field supervision, verification, and quality control; and (iv) data processing and analysis. When the project agency lacks the appropriate skills to conduct census and surveys, these services are typically provided, with assistance from officials and resettlement staff, by consultants or independent institutions such as NGOs, social science research agencies, and independent experts. It is important that the terms of reference in these cases define both the objectives and the expected outputs clearly. Consultants preparing the census or survey questionnaires should be briefed fully on the requirements of the survey and policy needs, including eligibility and entitlement categories, if these have already been defined. A short seminar or workshop is often helpful prior to data collection in the field.

41. The team for the census and socioeconomic survey should be interdisciplinary, comprising a range of skills (for example, legal, economic, socio-cultural, environmental, land use planning). The team should also include female members so that the female respondents feel comfortable with the surveys and gender perspectives are developed with respect to land acquisition and resettlement. The survey operation can be enhanced by direct involvement of resettlement personnel, local government agency staff, and displaced persons and their representatives. This is likely to reduce the potential for disputes and grievances and increase general awareness about resettlement issues and policies among the affected and the displaced persons.

## **3. Data collection methods**

42. The ASI baseline data are drawn from the socioeconomic survey and the population census and assets inventory records that include information on land titles, hereditary usufruct claims, common property resources, and land use. Data may also be collected from community leaders, electoral lists, municipal authorities, cadastral maps, aerial photographs, tax records, land registries, and a national census.

43. Accurate baseline data are central to the formulation of a resettlement plan. When the gap between the ASI and the beginning of construction is long (generally, 2 years or more), the ASI baseline data require updating before resettlement operations begin. One reason to update the census and property data is that impacts may have changed when detailed design-level engineering studies are completed that may have accommodated changes in the design. This is particularly relevant for large dam projects where ASI is usually conducted 1–2 years prior to the actual displacement. The original ASI data will not reflect the formation of new households through marriage, the deaths of titleholders and transmission of rights to heirs, out-migrations, separations, and divorces that have occurred in the meantime. If a draft resettlement plan is based on a sample socioeconomic survey, an updated or final resettlement plan must be prepared based on the census data subsequent to the detailed engineering design and the DMS to update and finalize the census and assets inventory database.

44. When it is proposed that displaced persons be relocated in other communities, host populations become an essential part of the baseline data collection process. Detailed information on the host communities (demography, land area, land distribution pattern, land-use practices, economic activities agriculture, business, and foraging, fishing and common property resources) must be collected. This is necessary to assess the likely impact on these communities of the proposed relocation and to develop programs both for the displaced persons

and the host populations for economic development and social integration. The host population survey may use participatory rapid appraisal techniques.

45. The set of variables in this baseline data may include the following areas:

- (i) demographic (household composition by age, gender, relationship, ethnicity, education levels);
- (ii) social (corporate groups such as family, lineage, clan, community, and non-corporate such as caste, class, ethnic, religious groups);
- (iii) income and assets (individual, corporate, or collective incomes as well as ownership land, livestock, fishing boats, shops, wood lots, among households) as well as expenditures;
- (iv) occupation (farmers, teachers, shopkeepers, artisans, laborers, transporters, students, spiritual leaders, etc.);
- (v) access to public services (health care, water supply and sanitation, education, transport, etc.);
- (vi) gender roles and issues; and
- (vii) attitudes and preferences on resettlement.

46. All data generation and collection and presentation need to be disaggregated by gender and other relevant social characteristics, depending on the social groups concerned—for example, Indigenous Peoples or ethnic or vulnerable groups. Data generation and collection are supplemented by consultation with the affected persons regarding mitigating measures and development opportunities. The results of the surveys help determine the entitlement for the displaced persons. Table 1 demonstrates the methods of data collection.

**Table 1: Methods of Data Collection**

Type	Timing	Data Collection Tools	Objectives
<b>Socioeconomic Survey</b>	Feasibility study stage	Household questionnaire, usually covering a 20%–25% sample of affected population but could be less or more	<ul style="list-style-type: none"> <li>✓To prepare a profile of the displaced persons</li> <li>✓To prepare an entitlement matrix for a resettlement plan</li> <li>✓To assess incomes, identify productive activities, and plan for income restoration</li> <li>✓To develop relocation options</li> <li>✓To develop a social preparation phase<sup>a</sup> for highly complex and sensitive projects</li> </ul>
<b>Census and assets inventory of losses</b>	Best done after the engineering design and DMS	Complete enumeration of all displaced persons and an inventory of their assets through a household census questionnaire	<ul style="list-style-type: none"> <li>✓To prepare a complete inventory of the displaced persons and their assets as a basis for compensation and assistance</li> <li>✓To identify non-titled persons</li> <li>✓To minimize impact of later influx of outsiders to project area</li> </ul>

<sup>a</sup> Social preparation is a requirement for projects in which the involuntary resettlement impacts and risks are highly complex and sensitive, as mentioned in the SPS, Policy Principle 2. It is a pre-investment phase for strengthening the absorptive capacity of the displaced persons, especially vulnerable groups who may be marginal to mainstream development activities and also the host communities. It entails some preliminary activities to provide the vulnerable groups and the host communities with the confidence, motivation and opportunity to address resettlement issues.

47. The initial estimated number of displaced persons and the scale of impacts will largely determine the data generation methods and the level of required detail. The guiding principle is

that data generation should meet policy requirements but at the same time be kept simple. The data collection tools are described below.

#### **4. Socioeconomic survey**

48. A socioeconomic survey (SES) is carried out at the feasibility stage on a sample of usually 20%–25% of the number of persons anticipated to be displaced by a project. This percentage could rise or fall, depending on the population size of the project influence area. In smaller populations, a larger sample makes sense. The ADB project team may advise the borrower/client on the sample size based on the findings of the initial poverty and social assessment ADB has carried out during the project's pre-design phase. A SES is usually carried out through a household questionnaire. The SES obtains data on the likely impact of land acquisition on the local economy, economic institutions, land-use patterns, tenancy and sharecropping, occupation and employment patterns, income and economic interdependence between households, poverty levels, local social organization and authority structure, and women's economic activities and income.

#### **5. Census of displaced persons and inventory of affected assets**

49. The census is a count of all displaced persons irrespective of their titled or non-titled land ownership status. Its purpose is to accurately document the number of displaced persons and to create an inventory of their losses finalized on the basis of a DMS. A census informs the borrower about the persons who are displaced, their livelihoods and income sources, and what they are likely to lose because of the project. A census and assets inventory of losses at the feasibility study stage is in most cases based on an estimate of the number of the affected persons in the project area to facilitate an assessment of social impacts, feasibility of the project with regard to involuntary resettlement as well as for budgeting purpose. This exercise is updated after the completion of the DMS subsequent to the engineering design.

50. The SPS requires that if a census has not been conducted before project appraisal and a resettlement plan is based on a sample survey, an updated resettlement plan must be prepared based on a census of displaced persons after the detailed measurement survey has been completed.<sup>21</sup> Often, a follow-up census is required to update the displaced persons list if project implementation is delayed (generally, if delayed by 2 or more years by which time the impacts may have changed) from the date of the initial census or if the project design changes significantly. Some adjustments, including a new displaced persons list, may be necessary to design appropriate entitlement measures.

### **C. Impacts on Livelihoods Caused by Activities other than Land Acquisition**

51. Often, project-related impacts on livelihoods are not related to involuntary land acquisition (including involuntary restrictions on land use or on access to legally designated parks and protected areas). Such impacts are often indirect and occur through the environmental media. A typical example is downstream impacts on livelihoods such as fishing, made by changes in the quality, quantity, and timing of water flows that may occur at different stages of the project cycle due to construction and operation of large-scale hydroelectricity

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<sup>21</sup> As explained in footnote 2 of Appendix 2 of the SPS, page 47. (See footnote 1.)

dams. These activities can also impact drinking water supplies, irrigation networks, and the ability to use a river for transport.

52. To address such impacts the SPS, as a first step, requires that the environmental assessment process be undertaken to identify potential adverse socioeconomic (including impacts on livelihoods through environmental media, community health and safety, vulnerable groups and gender issues) and environmental impacts that are caused by project activities other than land acquisition and to recommend measures to avoid, minimize and mitigate such impacts during project construction and operation. For example, incorporating a re-regulation pond in the design of a hydropower project can minimize/mitigate potential destruction of vegetable gardens due to soil erosion or sedimentation, and ensuring ecological flow in the design of hydropower project can help maintain the functions, and resilience of aquatic ecosystems that provide goods and services to downstream communities.

53. If such impacts are found to be significantly adverse (such as on livelihoods) at any stage of the project, as a second step, the SPS requires a project to develop and implement a management plan to restore the livelihoods of affected persons to at least pre-project level or better. The results of environmental assessment need to be linked to social and economic outcomes in developing the management plan. To develop the management plan, the borrower may consider applying the policy principles and requirements for involuntary resettlement, even though no land acquisition was involved.

54. Many projects, particularly those involving large-scale infrastructure, involve potential interrelated social and environmental impacts that require interdisciplinary teamwork. In these cases, the social consequences of a project can be accurately understood and effectively mitigated only if the environmental effects with which they are linked are properly assessed. The appropriate measures or a management plan should then be developed to address these linked issues comprehensively. For example, ecological flow in the design of a hydropower project not only affects the aquatic ecosystem but also the goods and services the ecosystem provides and on which downstream communities rely. While environmental assessment is aimed at ecosystem outcomes, how to allocate water between the environment's needs and the consumption and livelihood needs of communities is a social decision that needs a multisectoral framework.

55. It is important for ADB project team to coordinate the social and environmental due diligence processes to ensure that social impacts related to the environmental media are addressed appropriately. The environmental and social experts will collaborate when preparing the environmental assessment documents and the subsequent management plan by assessing and designing mitigation measures for the interdependent impacts together.

#### **D. Expertise Requirements**

56. The SPS requires that the borrower/client use qualified, experienced experts to assess social impacts for a project resettlement plan. These experts will have experience in assessing involuntary resettlement impacts for projects of similar complexity. This experience will include land acquisition and resettlement planning that includes income restoration and familiarity with the relevant local institutions and procedures. Qualifications may be demonstrated through a combination of formal technical training and practical experience. The ability to communicate in the language of the displaced persons is a desirable qualification.

## IV. RESETTLEMENT PLANNING

### A. Resettlement Plan

57. The SPS requires a borrower/client to prepare a resettlement plan with time-bound actions and a budget based on an assessment of social impacts for every project in which there are involuntary resettlement impacts.<sup>22</sup> The objective is to ensure that the livelihoods of all displaced persons are improved or at least restored to the pre-project levels and the standards of living of the displaced poor and other vulnerable groups are improved.

58. The SPS presents an outline of a resettlement plan in its Appendix 2.<sup>23</sup> It shows that a resettlement plan would cover (i) project description, (ii) a discussion on the scope of land acquisition and resettlement (iii) socioeconomic information and profile that reflects an assessment of social impacts, including gender concerns; (iv) information disclosure, consultation, and participation; (v) a grievance redress mechanism; (vi) a legal framework, including analysis to identify gaps, if any, between national laws and regulations and ADB requirements regarding compensation, relocation and rehabilitation, and to develop an appropriate gap-filling strategy; (vii) entitlements, assistance, and benefits; (viii) relocation of housing and settlements; (ix) income restoration and rehabilitation, including access to training, employment, and credit; (x) a resettlement budget and financing plan that includes valuation of and compensation for lost assets, relocation, and rehabilitation; (xi) institutional arrangements; (xii) an implementation schedule; and (xiii) monitoring and reporting. The following sections discuss issues (iv)–(xiii) while issues in (i)–(iii) have been discussed in preceding sections.

59. Projects with involuntary resettlement impact require a resettlement plan but the degree of detail will be proportionate to the severity of actual impacts. While there will be no compromise on the prescribed issues to be addressed, the details in the resettlement plan may be less elaborate for projects with minor impacts. For example, the entitlement matrix will be much simpler and the grievance redress procedure too will be simple without the need for an elaborate grievance redress mechanism. ADB helps borrowers/clients carry out their responsibility to prepare the resettlement plan.

60. The borrower/client will analyze and summarize national laws and regulations pertaining to land acquisition, compensation payment, and relocation of displaced persons in the resettlement plan. It will compare and contrast such laws and regulations with ADB's involuntary resettlement policy principles and requirements. If a gap exists, the borrower/client will propose a suitable strategy for the resettlement plan to employ to fill this gap in consultation with ADB. A common major gap relates to compensation at replacement cost, which most DMC expropriation laws generally do not permit. This issue is discussed and elaborated in paras.81-85.

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<sup>22</sup> Other instruments for involuntary resettlement planning and management include resettlement framework and environmental and social management plan (ESMS) depending on a given lending modality. Appendix 3 describes these instruments used in ADB's different lending modalities, and Appendix 4 includes an outline of an ESMS.

<sup>23</sup> Annex to Appendix 2, SPS. (See footnote 1.)

## **B. Cut-Off Date for Qualifying Displaced Persons**

61. A cut-off date is normally set by host government procedures to establish displaced persons who are eligible to receive compensation and resettlement assistance by a project. The aim is not to inflict losses on people. Any person who purchases or occupies land in the demarcated project area after a cut-off date is not eligible for compensation or resettlement assistance. Fixed assets such as built structures, crops, fruit trees, and woodlots established after this date, or an alternative mutually agreed on date, will not be compensated.

62. The good practice is to use the completion date of the census of displaced persons as the cut-off date. Timing is important. If the cut-off comes too early, it can disadvantage displaced persons. When a DMC lacks established procedures, the borrower/client should determine a cut-off date for eligibility.

63. The SPS requires that the borrower/client document and disseminate the cut-off date information throughout the project area. The key is to inform all displaced persons and enforce the requirements to prevent eligibility and implementation problems. An example is provided by the Jamuna Bridge project in Bangladesh.<sup>24</sup> Jointly financed by ADB, Japan International Cooperation Agency (JICA) and the World Bank, the resettlement operation in this project illustrates the importance of documenting impacts and precisely determining eligibility in the social impact assessment (SIA). The land areas subject to acquisition were prone to flooding and not densely populated. But shortly before construction was to begin, thousands of squatters invaded the project impact area and erected make-shift shelters in the hope of securing compensation. The project had conducted a detailed census and taken aerial photographs of the area during the SIA and was able to use these as evidence that many claims for cash indemnification were unjustified.<sup>25</sup>

64. It is a good practice to consider including seasonal resource users who may not be present in the project area when the census of the project affected persons is carried out. This would include nomadic pastoralists and seasonal migrants to cities.

## **C. Avoiding or Minimizing Involuntary Resettlement through Exploring Project Design Alternatives**

65. A project's resettlement planning begins during the feasibility studies and continues through final design studies and sometimes into project implementation. It may be possible at each point to avoid or minimize population displacement. This is achieved by analyzing design alternatives that will yield the same or similar project benefits while requiring less land acquisition, less disruption of livelihood, and less resettlement plan implementation cost.

66. Project design can reduce involuntary resettlement impacts in varied ways. Technical design elements such as alignments for roads, railways, power lines, canals, and embankments can be carefully altered to minimize their effects on heavily populated areas or agricultural lands. Rights of way can sometimes be narrowed. Infrastructure or borrow pits can be located on land of low value. Water and sewerage pipes can be run along existing road corridors. The dam

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<sup>24</sup> ADB. 1994. *Jamuna Bridge Project*. Manila (Loan 1298-BAN).

<sup>25</sup> The World Bank. 1996. *Report and Recommendation to the Executive Directors of the International Finance Association on Request for Inspection Bangladesh: Jamuna Bridge Project*. Washington, DC.

height for reservoir projects might be lowered to reduce the inundation area while still providing reasonable storage. Buffer walls might be utilized to minimize noise or other environmental effects which might otherwise have led to relocation. These two ADB supported projects demonstrate this approach:

- (i) **The Power Transmission Enhancement Investment Program in Pakistan.** The project design team made small deviations in the location of power transmission towers within the existing right-of-way to avoid involuntary resettlement. Demolition and relocation of 117 houses was avoided, including a number occupied by 22 sharecroppers with no titles to their houses and thus no right to compensation under domestic law. Project costs did not increase.<sup>26</sup>
- (ii) **Western Transport Corridor Project in India.** The 265-kilometer highway project built by the National Highways Authority in the state of Karnataka passes through 32 villages. During implementation, engineers and resettlement officials reduced projected land acquisition requirements by 35%, 13%, 48%, and 51% in the four project districts and from 1,093 hectares to 577 hectares overall through pragmatic alignment changes that helped avoid cultivated land, make use of wasteland, and reduce the quantum of land needed for interchanges.<sup>27</sup>

#### **D. Resettlement Planning Considerations for the Vulnerable Groups**

67. One of the objectives of the SPS requirements on involuntary resettlement is to improve the standards of living of the displaced poor and other vulnerable groups. The vulnerable are individuals or groups who may experience adverse impacts from a proposed project more severely than others because of their vulnerable status. Typically, those below poverty line, the landless or those without a title to land, the elderly, female headed households, women and children, and Indigenous Peoples comprise the disadvantaged or vulnerable groups within a project's displaced population.<sup>28</sup> In some countries, Indigenous Peoples and those dependent on natural resources may not be protected by national land tenure legislation and are therefore extremely vulnerable. The SPS requires that vulnerable displaced persons be targeted with measures that ensure that a project's adverse impacts do not fall on them disproportionately and that they share the benefits and opportunities of the development equally with others. Individual vulnerable groups, a select list of which follows, may face specific challenges and targeted assistances are required in resettlement planning to meet their specific needs.

##### **1. Women**

68. The needs of women affected by involuntary resettlement are likely to be different from those of men, particularly in terms of social support, services, employment, and livelihood. For example, women might face greater difficulty than relocated men in reestablishing markets for home industry produce or small trade items if they are constrained by lack of mobility or illiteracy. Female heads of household are eligible for the same benefits as their male counterparts but they need special attention if, when compared with men, they lack resources, educational qualifications, skills, or work experience.

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<sup>26</sup> ADB. 2009. *Power Transmission Enhancement Investment Program Tranche 3 – Revised Land Acquisition and Resettlement Plan (LARP)*. Manila (Loan 2396-PAK: MFF).

<sup>27</sup> ADB. 2007. *Capacity Building for Resettlement Risk Management: Country Report – India*. Manila.

<sup>28</sup> Appendix 2 of the SPS, para. 28. (See footnote 1.)

69. The relocation process should provide opportunities for women's participation, enabling them to get involved in the design and layout of housing. Infrastructure development within the site should ensure that women have easy access to basic social amenities like water and household energy sources. Women in subsistence communities often depend on forest resources for basic needs such as food, fuel, or animal forage. The SPS requires gender inclusive and responsive consultations on matters of involuntary resettlement. Measures to safeguard the interests of women in the resettlement process are suggested in Box 3.

**Box 3: Steps to Safeguard Women's Interests in Resettlement**

- Separately identify the socioeconomic conditions, needs, and priorities of women as part of the assessment of social impacts.
- Surveys and entitlements criteria should recognize female-headed households. Impact on women should be monitored and evaluated separately.
- Ensure that the process of land acquisition and resettlement does not disadvantage women.
- Land and/or house titles and grants should be in the name of both spouses.
- Female staff should be hired by the resettlement agency to work with and assist women in all aspects of resettlement activities, including planning and implementation of income restoration programs. Involve women's groups in resettlement planning, management, and operations and in job creation and income generation.

Source: ADB. 2003. *Gender Checklist: Resettlement*. Manila

70. It is a good practice to register the new assets of the relocated households as joint property of husband and wife. This joint control of household assets may change a woman's position and decision making power. However, this will be possible depending on the laws of a given DMC that permits the registration of assets of a household as joint property of husband and wife.

## 2. Customary land users and Indigenous Peoples without formal titles

71. Some communities, including Indigenous Peoples and ethnic minorities, may not have formal titles to land they own or use but have ancestral customary rights to regulate collective common property. They depend on open access to common grazing lands, fishing areas, or forest resources for subsistence and cash incomes. The survey and census work should take full account of these patterns of resource use, including the systems of land use and land transfer that operate under customary law and usufruct systems. An ADB-assisted project may provide an opportunity to regularize traditional land tenure and provide formal title. Resettlement planners should work in close consultation with all of the affected persons to ensure that this process continues to provide access to all traditional users, including women.

## 3. Informal dwellers and squatters

72. Informal dwellers or squatters<sup>29</sup> in urban or rural areas and encroachers<sup>30</sup> on forest or

<sup>29</sup> Informal dwellers or squatters are those that are landless or without title to land and occupy public land for shelter and/or for carrying out their livelihoods.

<sup>30</sup> The term encroacher is also used to denote illegal extension into public property by a person who is a legal titleholder of his property. The person is an encroacher on the portion of the property occupied to which the person does not hold legal title.

farmland may have arrived relatively recently on unused or under used public land. If they arrived before the entitlements cut-off date, the borrower/client is required to provide them with replacement structures or cash compensation at full replacement cost for any structures, crops, or land improvements that they will lose, as well as relocation assistance. The project could pay this as rehabilitation assistance if the laws of a given DMC do not allow compensation for those without a legal title. Good practice provides land with title to informal dwellers and encroachers who depend on agricultural production for their livelihood, and for those who do not depend on agriculture, planners can identify alternative income restoration options in close consultation with the squatters themselves. Informal dwellers occupying public safety zones can be provided with housing, land, or income-earning opportunities elsewhere.

73. Squatters are people for whom the housing markets fail to provide affordable housing and have, therefore, built houses illegally on public lands. Some squatter settlements have been tolerated for many years and enjoy customary tenure security that is not challenged. This is the case along railway and road rights-of-way throughout India and Bangladesh. Best practice is to recognize the validity of long-term practice, regularize the tenure rights of these squatters, and treat them as type 2 displaced persons.

#### 4. The poor

74. The poor are those who are below the given poverty line of a DMC or where there is no established poverty line, below the official national standards of living parameters. The challenge for the poor who experience involuntary resettlement may be to identify sustainable living and income-generating options that work for them and they can accept. For example, households that had very small landholdings to begin with may lose their ability to sustain themselves after land acquisition and thus require full income restoration. To fulfill the objectives of the involuntary resettlement safeguard of the SPS, especially in improving the standards of living of the displaced poor and other vulnerable groups, replacement housing should meet or exceed existing local standards. Similarly, wages for the poor should meet or better the minimums required in a DMC. In addition, the poor should be provided with targeted assistance, including jobs at the project site, skills training, etc. The following examples demonstrate better housing provision for the displaced poor.

**Examples.** The Bangalore Metro Rail Project in India<sup>31</sup> provides a good example of successful replacement housing for the poor. Each displaced slum household was provided with a duplex house with toilets and water supply that exceeded the replacement requirement. The houses of the poor and vulnerable groups are often below minimum housing standards and should be replaced by habitations that at least meet these standards. DMCs often do not provide replacement housing free of cost but ADB has successfully negotiated for better housing in such cases. In the Ho Chi Minh–Long Thanh Dau Giay Expressway Project in Viet Nam, the poor and vulnerable households with less than the value of a Class-4 house were to be given additional cash assistance after resettlement to improve new houses so that they met the minimum standard house in the area.<sup>32</sup>

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<sup>31</sup> Footnote 10, p. 6.

<sup>32</sup> ADB. 2010. *Ho Chi Minh City-Long Thanh-Dau Giay Expressway Project*. Manila (Loan 2374-VIE).

## E. Baseline Information for Resettlement Plan Preparation

75. The resettlement data collection and generation needs to be effective to protect the interests of the displaced persons and to maintain transparency in resettlement practices. A list of practices and tasks for assembling baseline information for resettlement plan preparation is presented in Box 4. It is based on resettlement experience to date. The quality of data collection and resettlement planning will likely be more satisfactory if these requirements are applied during the project preparation period.

### Box 4: How to Assemble Baseline Information for Resettlement Plan Preparation

- Cover all affected population groups, including any host populations.
- Establish clear definitions of key concepts (e.g., displaced person, family or household, loss, entitled person), because these concepts are critical to the entire process and have a significant influence on the compensation and resettlement benefits package.
- Identify the right-of-way and project point of impact prior to data collection. Also, conduct participatory rapid appraisal and focus group meetings with affected villages and/or communities to explain the project scope and the purpose of census and surveys.
- Identify all types and categories of losses by gender and population and occupational groups.
- Identify all affected land parcels and ownership and/or user rights and ensure land acquisition processes can meet project engineering schedules.
- Provide information to all stakeholders (i.e., the affected persons, host communities, and concerned nongovernment organizations) and ensure that consultation is continual.
- Establish a cut-off date for eligibility in the displaced persons list. This is necessary to prevent false claims for compensation or rehabilitation following the disclosure of project plans. A census should be carried out as soon as possible after the cut-off date has been disclosed (usually the start date of census) to determine the number of displaced persons, the number of structures and other affected assets, and to minimize influx of people into the affected areas. This is particularly important in projects that involve urban redevelopment and renewal or informal settler development.
- Map the impact area and identify households by numbers to provide additional safeguards against fraudulent claims. Mapping is normally done during the project identification and preparation stages. Mapping can be undertaken during census and survey. Aerial mapping can be a useful adjunct to determine settlement patterns at a given point in time.
- Include all displaced persons in the inventory of displaced persons irrespective of titles or ownership rights. For example, this can include informal settlers or squatters and indigenous peoples with traditional land rights.
- Consider the use of identification cards for the displaced persons. Identification cards have proved to be useful in many projects. They are issued during census or surveys and should be updated after the completion of the census with all the information on individual households relevant to compensation and entitlements.
- Publish the displaced persons list for verification by affected communities. Include procedures for appeals in the event of exclusion.
- To the extent feasible, include interdisciplinary skills in the core and involve local government and/or agency staff and displaced persons groups in data collection.
- Establish a computer database and a program that will facilitate identification of all information on households and individuals for project implementation, and as a baseline for monitoring.

## F. Data Analysis and Resettlement Plan Preparation

76. The results of the census and socioeconomic survey and the consultations with the affected persons contribute to the preparing of an ASI that is used to (i) assess adverse impacts of the project on different social and occupational groups; (ii) identify those affected by the project who are eligible for entitlements; (iii) prepare an entitlements matrix based on losses; (iv) recommend compensation payments and grievance redress procedures; and (v) develop a computerized data bank and a program that will allow easy disaggregating of data on the

displaced persons by impact, age, gender, education, income, occupational skills, landholdings, preferred choices for relocation, and income restoration.

77. Data analysis and preparation of the resettlement plan should be done diligently so that all critical aspects are included, including review of national land acquisition laws and regulations and resettlement policies, SPS safeguard requirements, and identifying gaps between the national requirements and the SPS requirements. The purpose is to identify gaps for policy formulations in the project context. Table 2 lists tasks necessary to prepare a resettlement plan.

**Table 2: Necessary Tasks in Resettlement Plan Preparation**

<b>Issues</b>	<b>Requirements</b>
Cut-off date	✓ Establish a cut-off date.
Census and socioeconomic survey	✓ Carry out a census and socioeconomic survey.
Determination of the number of displaced persons, including those requiring relocation	✓ Establish the number of the displaced persons. ✓ Include both directly and indirectly affected persons.
Consultation with stakeholders	✓ Inform, consult, and involve the stakeholders in the resettlement planning process.
Gender planning	✓ Always recognize that women have different needs than men. ✓ Consider gender-based differential impacts of resettlement. ✓ Develop additional eligibility for social support, services, employment, and means of subsistence for income restoration.
Special attention to vulnerable groups	✓ Address the needs of vulnerable groups such as the poor, households headed by women, landless persons, indigenous peoples, ethnic minorities, and the elderly and the disabled.
Gap analysis	✓ Identify gaps, if any, between ADB requirements and the national policies, laws, and regulations of the developing member country and fill the gaps with appropriate measures.
Establishment of replacement value for lost assets	✓ Displaced persons should be eligible to receive the replacement value of all lost assets.
Decision on eligibility and entitlement matrix to cover all affected persons	✓ Define entitlements and eligibility and how compensation and rehabilitation measures will be structured. ✓ Include those without titles and ownership rights.
Resettlement site identification for site and services development	✓ Identify resettlement sites in consultation with the affected people. ✓ Provide the sites with civic amenities and services.
Income restoration plan	✓ Include a plan for income restoration, particularly for the poor and vulnerable groups.
Plan for capacity building for resettlement management	✓ Assess the organization ability of the executing agency and plan for capacity building for implementation of the resettlement plan. ✓ Include provision for staff training for resettlement management.
Recognition of host populations population's needs	✓ Address the needs of the host population carefully. ✓ Include provision for civic infrastructure facilities to enhance the carrying capacity of the host populations.
Valuation of assets and cost estimate and budget	✓ Include costs for land acquisition, resettlement, income restoration, implementation and administration, and monitoring. ✓ Consider replacement costs and include unit costs of all items. ✓ Explain how resettlement costs will be financed.
Monitoring and reporting arrangements	✓ Explain monitoring and reporting arrangements. ✓ Include provision for qualified and experienced external experts or qualified NGOs to verify the monitoring information for projects with significant involuntary resettlement impact.

78. An important aspect of data analysis is to tabulate the assets to be lost in terms of percentages of the total size. For example, loss of agricultural land could be shown as up to 10%, 10–20%, 20–30%, 30–50%, and more than 50% of the total land holding of a displaced

person. As a general rule, the loss up to 10% indicates minor project impact, because the remaining area is likely to remain economically viable. However, this may not be the case if the holdings are very small and the remaining area is not economically viable. Similarly, as a general rule, if the project affected family loses less than 20% of its productive assets and the remainder is economically viable, the family may receive cash compensation. This analysis directly provides input to the income restoration planning, relocation planning, and the involuntary resettlement budget.

## **G. National Policies, Laws and Regulations**

79. Most DMCs have their own laws for compulsory acquisition of land and other assets under eminent domain for development projects. But compensation for acquired assets is generally not based on replacement cost and these laws rarely provide for assistance, relocation, and rehabilitation of the displaced persons who are non-titled. Many of the laws do not explicitly consider the social and economic consequences of displacement and loss of livelihoods, although in recent years many DMCs have moved toward formulating their own resettlement policies with technical assistance (TA) from ADB and other MDBs that more closely match the international good practices.<sup>33</sup> The relevant issues here are to compare the national laws, regulations and policies with the requirements of ADB's involuntary resettlement safeguards and to fill any gaps that may exist with mitigating measures. In DMCs without such laws, the ADB project team should help the borrower prepare project-specific measures consistent with the SPS. This issue and others related to gap-filling measures are discussed further in paras.81-85.

80. Box 5 summarizes the challenges encountered due to gaps between the SPS requirements and the laws and practices in DMCs regarding compensation, and suggests how to address them effectively.

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<sup>33</sup> ADB. 1998. *Review of National Resettlement Policies and Experience with Involuntary Resettlement Projects*. Manila. (RETA 5781, approved on 10 March 1998, covered seven countries – Bangladesh, PRC, Indonesia, Nepal, Pakistan, Philippines, and Viet Nam.)

#### Box 5: Land Acquisition Challenges

- **Land ownership.** Land laws in many DMCs recognize only title owners. This has implications for resettlement entitlements under national laws. Titles and land records in DMCs are also often outdated, which results in disputes over claims for compensation and delays in a DMC's determination of what it considers legal ownership. The SPS requires that the customary and traditional rights holders of land are treated like those with titles. When land records are outdated, instruments such as land tax receipts can be used to establish legal ownership.
- **Land valuation.** In many DMCs, valuations of property based on government sale records do not generally reflect its real value, which in turn makes the cash compensation based on these values too low for replacing lost assets. Records in some South Asian DMCs, for example, indicate that compensation authorized by land acquisition authorities is usually half or at best two-thirds of replacement costs. This makes it a challenge to ensure what is fair compensation to the displaced persons in the implementation of the SPS. Proper valuation and payments of compensation are critical for both resettlement planning and management. Appropriate replacement value for acquired assets is the key to making resettlement packages sustainable to the displaced persons. Further, provision for replacement value is a necessary first step to restoration of livelihoods and income.
- **Lack of land markets.** The absence of well-developed land market in many DMCs makes it difficult to buy land of the same quality and size as that expropriated for project use. Many displaced persons are unable to buy replacement land even when the real value of land acquisition is paid due price spikes that result from speculation on resettlement needs and the sudden rise in the number of prospective purchasers. One solution is to provide replacement land of equal productivity near the acquired land. Another is to encourage displaced persons to locate suitable replacement plots that the project will pay for. While not diminishing the risk of speculation, this assures that the project provides replacement land that meets SPS requirements. The process is also likely to develop a nascent land market.
- **Timing of compensation payment.** Delayed payment of compensation for land acquisition is the norm in DMCs, not the exception. Delays of years significantly reduce the value of the compensation originally assessed, especially when inflation is high. The requirement under the SPS that payment be made before physical and/or economic displacement takes place reduces this risk. If delays occur despite this requirement, interest should be paid on the compensation outstanding.
- **Other Challenges.** Land acquisition is sometimes delayed or cannot be completed due to factors beyond the control of a project—i.e., ownership disputes, inheritance processes, or when owners cannot be located. In such cases, an escrow account can be established for the deposit of the compensation for acquiring replacement land while these issues are resolved.

## H. Project Level Policy Framework and Gap Analysis

81. Many DMCs do not have policies or laws and regulations on involuntary resettlement — Bangladesh, Indonesia, Pakistan, and the Philippines, for example.<sup>34</sup> Others such as India, the Lao People's Democratic Republic, and Sri Lanka have adopted involuntary resettlement policies to deal with project-induced displacement and resettlement. In the absence of national policies or laws and regulations on involuntary resettlement and/or inadequacy in the existing legal framework, the borrower/client is required to develop (if necessary, with assistance from the ADB project team) a project-specific resettlement policy framework that complies with ADB's SPS requirements.

82. A policy framework for involuntary resettlement should be in place from the outset of the planning process because it specifies the policy principles, parameters, and procedures that will govern involuntary resettlement in the project. Most importantly, entitlements for losses due to a

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<sup>34</sup> Bangladesh prepared a draft national resettlement policy in 2008 with ADB assistance, awaiting approval of the government. (TA 4517-BAN: Development of a National Involuntary Resettlement Policy, December 2004.)

development investment project are provided against the background of a resettlement policy framework. In DMCs where the country legal systems adequately address and provide clear guidance on involuntary resettlement, this is a relatively straightforward exercise. In most DMCs, however, the legal systems do not adequately address the issue of involuntary resettlement and rehabilitation of displaced persons. This inadequacy requires the project specific policy framework to identify the gaps with ADB's SPS and to fill them.

83. The conventional practice in many DMCs is to compensate displaced property rights owners as defined by domestic laws but not those who are not considered property owners under these laws. The SPS requires resettlement assistance to persons who are displaced but often do not own property under the national laws. This category often includes squatters, sharecroppers, tenants, and wage laborers, as well as Indigenous Peoples or ethnic minorities – the latter two often share collective rights that may be unrecognized by the state. Especially for the Indigenous Peoples and ethnic minorities who may not have formal legal rights to land but may have claims to such lands that are recognized or recognizable under national laws, the SPS requires a provision for adequate and appropriate replacement land and structures or cash compensation at full replacement cost and relocation assistance. This will be reflected in the framework, when applicable.

84. The issue of compensation at replacement cost is specifically important in the context of compensation provided under the national laws and regulations. This is demonstrated by the provision of compensation as found in the Indian Land Acquisition Act of 1894 (as amended in 1984) as against the SPS requirements. The former provides for cash compensation to be paid to land or house owners at market value defined as price registration in the land deeds of a given area in the preceding few years, plus a 30% hardship allowance (*solatium*). But the SPS requires that compensation be paid at replacement cost, or the value of replacing the expropriated property with another of the same or similar qualities. An ADB study found that in highway sector projects in India, replacement value of a property was approximately 250% higher than the official market value, as defined by the Land Acquisition Act.<sup>35</sup> In such cases, a good practice is to pay the difference as resettlement assistance, thus closing the gap between the national laws and regulations and ADB requirements at least as far as titleholders are concerned.

85. Table 3 provides a sample analysis to identify gaps between the ADB's Policy requirements and national policies, and suggests measures to close the gaps. Table 4 provides a guide to identify requirements for resettlement policy and capacity building during project preparation.

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<sup>35</sup> ADB. 2007. *Capacity Building for Resettlement Risk Management: Country Report – India*. Manila.

**Table 3: Sample Gap Analysis**

<b>ADB Policy</b>	<b>National Policy and Identified Gaps</b>	<b>Agreed Measures to Close the Gap</b>
Sharecroppers, tenants, wage laborers and others who do not legally own property are entitled to resettlement assistance. The poor and vulnerable among them are entitled to sufficient assistance to improve their living standards.	Legislation has no provision for compensation for persons who are not considered to own the property acquired or affected under domestic laws. Such compensation is the only source of resettlement assistance under the law.	Project budget will provide the landless a serviced house plot and materials to build a house and a choice among (i) training and a job, (ii) a grant of small livestock for rearing on the house plot, or (iii) a grant of a garden plot on reclaimed land made arable.
Economically displaced persons will be promptly compensated for loss of income or livelihood sources at full replacement cost.	Legislation has no provision for replacement cost but provides for compensation at market value which, in practice, results in compensation 2.5 times lower than replacement cost.	Project budgets offer a choice of (i) compensation at the legal norm plus a grant making up the difference between market and replacement cost, or (ii) the retention by the project of the compensation due under law for use in buying replacement land, paying any difference in price from project budget.
The objective is to improve the standards of living of the displaced poor and vulnerable groups. Physically displaced persons will be provided relocation assistance, secured tenure to relocation land, better housing at resettlement sites with comparable access to employment and production opportunities, and civic infrastructure and services, as required.	Legislation makes no provision for female heads of household to receive title deeds to replacement land and housing.	The project will provide to all female heads of household a cost-free and heritable 99-year lease to relocation plots and resettlement housing.
Depreciation of the value of structures and other assets to be acquired should not be taken into account in determining compensation for lost assets.	Statutes require that compensation amounts paid for structures must be depreciated according to the age of the property. Recent practice shows compensation is reduced by an average of 32%.	The project will provide from its budget a new structure of the same or better area, quality, etc. to replace that acquired in exchange for return of the compensation money paid regardless of the amount.

**Table 4: Identifying Requirements for Resettlement Policy and Capacity Building during Project Preparation**

Issue	Yes	No	Requirements
Does the borrower and/or executing agency already have a resettlement policy?		X	Review existing land acquisition and compensation policy.
Do existing land acquisition and compensation policies cover all losses and categories of displaced persons?		X	Initiate ADB policies and take steps under the project to cover losses and all categories of displaced persons.
Do these policies meet the ADB standards?		X	Both policy and institutional development is necessary.
Do existing policies need to be modified?	X		Identify the issues and discuss them with executing agency.
Are the government and the executing agency willing to adapt policy to achieve project-specific solutions?	X		Review policy provisions, discuss, and obtain assurances to achieve project specific solutions.
Does the executing agency have any previous resettlement planning and implementation experience?		X	Review institutional capacity for resettlement planning and implementation.
Is there any need for institutional capacity building?	X		Facilitate capacity building.
Are agencies other than the executing agency to be involved in resettlement planning and implementation?		X	Identify these other agencies and local and national nongovernment organizations and community-based organizations and their roles in resettlement planning and implementation. Identify additional capacity building measures, if necessary.
Does the borrower and/or executing agency have adequate budgetary resources to meet all expenses involving resettlement planning and implementation?		X	Discuss budgetary provisions and sources of funding. Consider augmenting funds with ADB financial assistance.

## I. Entitlement

### 1. Unit of entitlement

86. The “unit of entitlement” is an individual, a family or household, or a community that is eligible to receive compensation and assistances. Determining the appropriate unit of entitlement is necessary to ensure that entitlements target those adversely affected and to clarify the responsibilities of agencies responsible for managing compensation and rehabilitation. As a rule, the unit of loss determines the unit of entitlement. If an individual loses a small business, the individual is entitled to compensation. If more than one person owns or customarily uses expropriated resources, then they are entitled to share in compensation. For example, if a household of five loses a house and 2 hectares of land held in the name of one person, all the members of the household are collectively entitled to at least a house and 2

hectares of land of comparable value or to another form of compensation or rehabilitation acceptable to them.<sup>36</sup>

87. It needs to be clarified that, when the SPS says that “no physical or economic displacement will occur until (i) compensation at full replacement cost has been paid to *each* displaced person,”<sup>37</sup> this does not mean each member of a displaced family or household. It means the unit of entitlement for that family or household that is the displaced person who is the titleholder or has customary rights to the lost assets or is otherwise the owner of the non-land assets.

## 2. Entitlement matrix

88. The concept of the unit of entitlement is related to the entitlement matrix. An entitlement matrix is a part of a resettlement plan that sets out the type of loss and the definition of the entitled person or the unit of entitlement in a tabular form. It can also include a column setting out compensation and rehabilitation measures for each type of loss resulting from involuntary resettlement. This is based on analysis of the impact of a project and the laws and policies of a DMC, including its resettlement policy, and on the requirements of the SPS. The matrix stipulates eligibility, entitlements, and payments for all kinds of losses—for example, the loss of land, housing, businesses, income sources, and temporary or long-term income—as well as for relocation costs. In sum, it sets standards for compensation. It is a good practice to develop it in consultation with the displaced persons.

89. An entitlement matrix takes the three types of displaced persons and relevant gender concerns into consideration. It normally indicates the number of displaced persons under each category of entitlement in the matrix, which is used in preparing the costs and budget. The matrix includes (i) legally mandated compensation for land and others assets acquired; (ii) additional cash grants or top-up needed to meet replacement cost, including the costs of taxes and other duties incurred for new assets such as land; (iii) cash assistance such as shifting allowance for relocation; (iv) resettlement assistance such as housing plots or houses or apartment units built for relocation; (v) income restoration assistance or grants for business; (vi) employment and training opportunities; and (vii) special assistance to vulnerable groups. The bottom line is to ensure that development interventions do not disadvantage the displaced persons. The sample entitlement matrix in Table 5 is adapted from an actual project (ADB. 2010. *Infrastructure Development Investment Program for Tourism – Resettlement Plan*. Manila. Loan 2676-IND) and shows how entitlements for compensation and assistance are delineated for different types of displaced persons and degrees of impact. The items under the heading of Type of Loss refer to the losses addressed by the SPS—for instance, loss of land that results in full or partial, permanent or temporary, physical or economic displacement.

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<sup>36</sup> The World Bank. 2004. *Involuntary Resettlement Sourcebook*. Washington, D.C.

<sup>37</sup> Appendix 2 of the SPS, para. 14. (See footnote 1.)

**Table 5: Sample Matrix of Entitlements**

Item	Type of Loss	Application	Entitled Persons	Compensation Policy	Implementation Issues
1a	Loss of land	Homestead land, agricultural land, or vacant plot	Owners with legal title or legalizable title	<ul style="list-style-type: none"> <li>• Compensation at replacement value or land for land where feasible. If the replacement cost is more than the compensation determined by the competent authority, the difference is to be paid by the project in the form of assistance.</li> <li>• Provision of stamp duty, land registration fee, capital gains tax, and value added tax incurred for replacement land</li> <li>• Includes option of compensation to those affected land remaining after acquisition is no longer viable</li> <li>• Provision of transitional allowance based on three months minimum wage rates.</li> <li>• Provision of shifting assistance for households.</li> <li>• Provision of notice to harvest standing seasonal crops. If notice cannot be given, compensation for share of crops will be provided.</li> <li>• Additional compensation for vulnerable households (item 5)</li> </ul>	<ul style="list-style-type: none"> <li>• If land for land is offered, title will go to both husband and wife.</li> <li>• Vulnerable households, including those headed by women, to be identified during census</li> </ul>
1b	Loss of land	Homestead land, agricultural land, or vacant plot	Tenants and leaseholders	<ul style="list-style-type: none"> <li>• Compensation equivalent to up to 3 months of rental</li> <li>• 60 days of notice for agricultural lands to harvest standing seasonal crops. If notice cannot be given, compensation for share of crops will be provided.</li> <li>• Additional compensation for vulnerable households (item 5)</li> </ul>	<ul style="list-style-type: none"> <li>• Landowners will reimburse tenants and leaseholders land rental deposit or unexpired lease.</li> <li>• Vulnerable households, including those headed by women, to be identified during census</li> </ul>
1c	Loss of land	Homestead land, agricultural land, or vacant plot	Displaced persons without legal titles (squatters and encroachers)	<ul style="list-style-type: none"> <li>• 60 days advance notice to move from occupied land</li> <li>• Additional compensation for vulnerable households (item 5)</li> </ul>	<ul style="list-style-type: none"> <li>• Vulnerable households, including those headed by women, to be identified during census</li> </ul>
2a	Loss of structure	Residential/commercial structure and other assets	Owners with legal title or legalizable title	<ul style="list-style-type: none"> <li>• Cash compensation equivalent to replacement value of structure (or part of structure)</li> <li>• Includes option to be compensated for entire structure if remaining structure is no longer viable</li> <li>• Includes right to salvage materials from structure</li> <li>• Provision of all taxes, registration costs, and other fees incurred for replacement structure</li> <li>• Transfer and subsistence allowance (up to 3 months)</li> <li>• Additional compensation for vulnerable households (item 5)</li> </ul>	<ul style="list-style-type: none"> <li>• Vulnerable households, including those headed by women, to be identified during census</li> </ul>
2b	Loss of structure	Residential/commercial structure and other assets	Tenants and leaseholders	<ul style="list-style-type: none"> <li>• Cash compensation equivalent to replacement value of structure (or part of structure) constructed by the displaced person</li> <li>• Includes right to salvage materials from structure</li> </ul>	<ul style="list-style-type: none"> <li>• Vulnerable households, including those headed by women, to be identified during census</li> </ul>

Item	Type of Loss	Application	Entitled Persons	Compensation Policy	Implementation Issues
				<ul style="list-style-type: none"> <li>Provision of all taxes, registration costs, and other fees incurred for replacement structure</li> <li>Transfer and subsistence allowance</li> <li>Lease /rental agreements to be continued after the reconstruction of the structure, as in the case of monuments and heritage buildings, with clauses that no modifications to the heritage structure/monument shall be carried out by the tenant / leaseholder</li> <li>Additional compensation for vulnerable households (item 5)</li> </ul>	<ul style="list-style-type: none"> <li>Structure owners will reimburse tenants and leaseholders rental deposit or unexpired lease</li> </ul>
2c	Loss of structure	Residential/commercial structure and other assets	Encroachers and squatters	<ul style="list-style-type: none"> <li>Cash compensation equivalent to replacement value of structure (or part of structure) constructed by the displaced person</li> <li>Includes right to salvage materials from structure</li> <li>Provision of all taxes, registration costs, and other fees incurred for replacement structure</li> <li>Transfer and subsistence allowance</li> <li>Additional compensation for vulnerable households (item 5)</li> </ul>	<ul style="list-style-type: none"> <li>Vulnerable households, including those headed by women, to be identified during census</li> </ul>
3	Loss of livelihood	Livelihood/source of income	Business owners, tenants, leaseholders, employees, agricultural workers, hawkers/vendors	<ul style="list-style-type: none"> <li>Assistance for lost income based on 3 months' lost income or minimum wage rates.</li> <li>Additional compensation for vulnerable households (item 5)</li> </ul>	<ul style="list-style-type: none"> <li>Vulnerable households, including those headed by women, to be identified during census</li> </ul>
4	Loss of crops and trees	Standing crops and trees	Owners with legal title or legalizable title, tenants, leaseholders	<ul style="list-style-type: none"> <li>Provision of 60 days notice to harvest standing seasonal crops. If harvest is not possible, cash compensation for crops (or share of crops) equivalent to prevailing market price</li> <li>Cash compensation for perennial crops and fruit bearing trees based on annual net product market value multiplied by 5 years</li> <li>Cash compensation equivalent to prevailing market price of timber for non-fruit trees</li> </ul>	<ul style="list-style-type: none"> <li>Work schedule to allow harvesting prior to acquisition and avoid harvest season</li> <li>Market value to be determined</li> </ul>
5	Impacts on vulnerable displaced persons	All impacts	Vulnerable displaced persons	<ul style="list-style-type: none"> <li>Land-for-land option will be a guaranteed option for vulnerable displaced persons.</li> <li>Additional allowance for loss of land or structure</li> <li>Vulnerable households will have priority in any employment required for the project.</li> </ul>	<ul style="list-style-type: none"> <li>Vulnerable households, including those headed by women, to be identified during census</li> <li>Land title will go to both husband and wife.</li> </ul>
6	Temporary loss of land	Land temporarily acquired for the project	Owners with legal title or legalizable title, tenants, leaseholders, encroachers, squatters	<ul style="list-style-type: none"> <li>60 days advance notice</li> <li>Provision of land rental value during the duration of temporary acquisition</li> <li>Restoration of affected land</li> </ul>	
7	Temporary loss of access	Temporary loss of access to	Owners with legal title or legalizable	<ul style="list-style-type: none"> <li>Provision of 60 days' notice</li> <li>Provision of temporary access where</li> </ul>	

Item	Type of Loss	Application	Entitled Persons	Compensation Policy	Implementation Issues
		land, structure, utilities, common property resource	title, tenants, leaseholders, encroachers, squatters	possible <ul style="list-style-type: none"> <li>Restoration/enhancement of affected land, structure, utilities, and common property resources</li> </ul>	
8	Temporary loss of livelihood	Temporary loss of livelihood/s ource of income	Business owners, tenants, leaseholders, employees, agricultural workers, hawkers/ vendors	<ul style="list-style-type: none"> <li>Provision of 30 days' notice regarding construction activities, including duration and type of disruption.</li> <li>Contractor's actions must ensure there is no income/access loss through provision of access etc.</li> <li>Assistance to mobile vendors/hawkers to temporarily shift for continued economic activity.</li> <li>For construction activities involving unavoidable livelihood disruption, compensation for lost income or a transitional allowance for the period of disruption, whichever greater</li> <li>Restoration of affected land, structure, utilities, common property resources</li> </ul>	
9	Any other loss not identified			Unanticipated involuntary impacts shall be documented and mitigated based on the principles provided in ADB's involuntary resettlement policy	

Source: ADB. 2010. *Infrastructure Development Investment Program for Tourism - Resettlement Plan*. Manila (Loan 2676-IND).

90. The approach in preparing an entitlement matrix is not a straightjacket. Instead, it can vary depending on DMC context and project conditions. For example, in the People's Republic of China (PRC), displaced persons receive compensation in both cash and kind, which can include land readjustment and redistribution within a village. And part of the cash compensation is often paid to the village/county governments for local infrastructure development like rural roads, irrigation canals etc. In these situations, the entitlement matrix must clearly mention the proportion of cash and/or payment in kind to be made to the displaced persons.

## J. Compensation, Assistance, and Benefits

91. Compensation, assistance, and benefits are designed to enhance or at least restore the livelihoods of all displaced persons in real terms relative to pre-project levels and to improve the standards of living of the displaced poor and other vulnerable groups. Compensation for expropriated assets is a one-time undertaking. Assistance and benefits, on the other hand, continue over time to restore and improve income and living standards and necessitate continuing coordinated efforts by a number of agencies. All ADB financed projects will follow the national laws and regulations and ADB's requirements for compensation, assistance and benefits.

92. Where compensation, assistance, and benefits are socially and culturally compatible as well as economically feasible and sustainable, they must be allocated among the displaced persons in proportion to their losses and in relation to their needs if they are poor and vulnerable. For this purpose it is helpful to breakdown kinds of displaced persons and their eligibility for entitlements, assistance, and benefits.

### 1. Eligibility for compensation

93. A resettlement plan should address the compensation and rehabilitation measures for each of the three types of displaced persons (para. 18) affected by a project. Compensation varies according to the type of displaced persons.

## 2. Land-based and non-land based compensation

94. Priority should be given to a land-based resettlement approach for displaced persons whose livelihoods are land-based. The land-based resettlement strategy means land-for-land replacement of lost assets and livelihoods. This approach is preferred because non-land based options may render people whose livelihoods are based entirely on the land vulnerable. For agriculturalists, replacing land resources they have lost with new land of equal or better productive potential is almost always the best solution. Selecting appropriate resettlement sites is critical for restoration or enhancement of livelihoods. It should be based on technical feasibility studies of soil quality, slope, drainage, etc.; possibilities for technological improvement, including by irrigation; availability of pasture; and possibilities of continuing such productive activities as collection of non-timber forest products, fishing, and hunting. As a rule, if land is acquired from ethnic minority groups or indigenous groups that are dependent on agriculture, non-timber forest resources, and livestock, the compensation and livelihood restoration or enhancement assistance will be land-based.

95. If land is not the preferred option of the displaced persons and if the borrowers/clients believe that replacement land does not exist or is unaffordable, options not based on land may be considered. In the latter case, evidence must be presented to ADB to demonstrate that the conditions presented by the borrowers/clients exist. Specialized land administration agencies, real estate specialists can be used in this process. In any case where the borrowers/clients propose to offer non-land resettlement options, such as capacity enhancement, employment, and other productive activities, presentation to ADB of documentation of consultations with and acceptance by the displaced persons is a requirement.

96. The compensation options not based on land replacement typically include cash for land or assets. To this can be added the creation of opportunities for employment or self-employment, including capacity enhancement. The non-land options may be necessary when replacement land of equal quality is not available or unaffordable, or when the displaced persons make an informed decision to demand compensation in cash.

## 3. Compensation at replacement cost

97. ADB's SPS requires that compensation for the acquired land, housing, and other assets be made at full replacement cost. Full replacement cost is the cost of replacing an expropriated asset of the same or better quality in the current land and/or housing market. Full replacement cost includes the following elements:

- (i) **Fair market value.** Where markets function, fair market value can usually be assessed by examining land sales records in the recent 3 or 4 years for similar properties. In some markets, however, sales records do not reflect real values because buyers and sellers often collude in reporting smaller sale values so that they can reduce taxes. In such cases, the market value is the going price of an asset in the open market between a willing seller and a willing buyer. Generally, real estate agents are the custodians of such information. Where markets do not exist, field investigations are needed to collect baseline data to value assets. In all of these cases, qualified, experienced experts must be engaged. The value of

land leveling, terracing, topsoil rescue, irrigation, and other investments needed to achieve the compensation objectives on farmlands is counted as part of a compensation package at replacement cost. In the absence of housing resale markets, the cost of constructing new houses can be accurately estimated to determine the fair market value.

- (ii) **Transaction costs.** Transaction costs may include the legal and documentation expenses associated with updating land records to reflect sales, transfers, and inheritances, as well as the legal and documentation expenses associated with registering property titles to replacement lands and houses. Transportation costs associated with these activities may also be included under the transaction costs. These costs will not be paid by the displaced person but by the project and are counted as part of replacement cost.
- (iii) **Interest accrued.** When there is a gap of time between the payment of compensation per schedule (as reflected in a resettlement plan, to be followed by the acquisition of land) and the actual payment of compensation by a borrower, the interest that accrues over that period must be included in the replacement costs.<sup>38</sup>
- (iv) **Transitional and restoration costs.** Transitional cost involves a short-term subsistence allowance to support the displaced persons through a period of income loss due to a project. It may also include critical agricultural extension, training, and capacity building programs. Restoration cost refers to necessary improvements on the land or to housing to achieve the objectives of enhancing, or at least restoring, livelihoods, compared with pre-project levels.
- (v) **Other applicable payments.** In some but not all DMCs, premium or mark up can also be considered part of the payments for replacement costs.

98. **Depreciation not a factor.** The SPS requires that borrowers/clients do not consider depreciation of structures and assets when valuing compensation for expropriated built structures. This approach illustrates one of the gaps that exist between the practices of ADB and some DMCs on involuntary resettlement requirements. A similar issue is deduction for salvageable materials. It is a good practice not to apply deduction for salvageable materials from the compensation amount, especially if the displaced persons are below the poverty line. Although changing domestic laws on this and other matters will be difficult in the short term, compliance with ADB requirements at the project level can still be obtained. In these instances, the difference between ADB and government calculations of the cost of restoring assets, capabilities, or activities can be made up from the project budget in the form of mark up or topping up, included under “other applicable payments” for full replacement costs.

99. The SPS requires that compensation be paid before physical or economic displacement but it may take longer to fully implement some aspects of the resettlement plan, such as the income restoration program or even preparation of a resettlement site with housing and infrastructure—activities that may run parallel to the project’s other construction activities.

100. It may also take several years to complete a project with significant impacts, such as a dam project that affects whole communities. Others, like an electricity transmission line, may

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<sup>38</sup> Interest payment is also a part of the expropriation laws of some countries. For example, the Indian Land Acquisition Act 1894/1984 requires that interest be paid if compensation for the expropriated land is not paid before taking possession of the land at 9% for the first year and 15% for the second year.

take only a few months and affecting relatively few people. Whatever the case, if project implementation restricts land use or access to legally designated parks and protected areas, the timetable for involuntary resettlement planning for such restrictions should be commensurate with the magnitude, severity, and duration of social and economic impacts it is designed to mitigate houses and other.

#### **4. Security of land tenure**

101. Providing security of land tenure is one of the many measures that can help to achieve the objective of involuntary resettlement safeguards. This is clearly an issue for displaced persons without title but it also applies to those with title inasmuch because it protects resettled persons from future forced evictions from resettlement sites. Security of tenure thus requires special attention. Options vary from country to country but may include

- (i) individual ownership title deed;
- (ii) communal titles;
- (iii) credit in a pay-to-own scheme by a housing or land reform agency;
- (iv) long-term lease or occupancy arrangement.

#### **5. Assistance for physical displacement**

102. The assistance required by SPS for physical displacement includes relocation assistance, secured tenure to relocation land, better housing with accessibility to employment and production opportunities, transitional support and development assistance, and opportunities to derive development benefits. Relocation assistance may include support for transportation of people, belongings, livestock, equipment, and other movable property to the new settlement site. Resettlement assistance is broader in scope and includes relocation as well as transitional/subsistence allowances of food, fodder, and fuel that may be needed until new production systems are working well. Registering property rights and issuing titles to new lands and houses is also part of transitional support. These forms of assistance are reflected in the sample entitlement matrix presented in Table 5. Transitional support may include provision of educational and health services by the project until state or private suppliers resume services to the displaced persons. It also includes agricultural extension, training, and provision of initial inputs such as seeds and fertilizers. It also covers provision of tools and materials coupled with training in crafts or trades such as carpentry or plumbing.

#### **6. Benefits for physical displacement**

103. Opportunities to derive development benefits from a project refer to benefit sharing. This involves helping the displaced, particularly the displaced poor and the vulnerable groups, to share in the project's benefits. Benefit sharing is in addition to compensation and intended to improve standards of living. An example of one method of benefit sharing is to provide electricity generation or irrigation or water supply projects in new relocation areas for the benefit of both the displaced persons and host communities. Another method is for project executing agencies to set aside a certain percentage of the revenue from a project such as a toll road for development in a resettlement area for establishing, for example, new or improved education or health care facilities.

104. Host communities should also share in these improvements, including the extension of sewerage and sanitation systems, electricity networks, and potable water lines and better access to enhanced educational and health services. In Bangladesh, for example, the Jamuna

Bridge Project (see footnote 25 referred to in para. 63) provided new civic services and common property resources such as access roads, drinking water tube wells, mosques, additional schoolrooms, etc. to enhance the carrying capacity of host villages.

## **7. Assistance for economic displacement**

105. Economically displaced persons can encompass those with title or recognizable title to land and those who are without title to land or landless. Assistance to economically displaced persons includes compensation at full replacement cost for the loss of income or livelihood sources—often called income restoration or livelihood support measures. These people depend directly on the land and are often the poorest and most vulnerable of a DMC's citizens. They can include sharecroppers, renters, tenants, and wage laborers, as well as artisans, shopkeepers, and small businesses occupying land they do not own. They are entitled to compensation for the loss of their income or livelihood sources at full replacement cost. Their lost assets may be crops, irrigation facilities, trees, livestock pens, fences, shops, and vendor stalls, among other things.

106. Resettlement assistance for such persons may include a subsistence allowance for food, fodder, and fuel until incomes are restored, and programmatic access to credit, training, and employment opportunities. For land acquisition affecting commercial structures, the resettlement assistance for the owners will include the cost of reestablishing the activities, net income lost during the period of inactivity, and the moving cost of materials. Shop owners who have a title to land or have recognizable title to land are also entitled to land or cash compensation at full replacement cost for the land where they carry out their commercial activities.

## **8. Benefits for economic displacement**

107. Benefits for the economically displaced persons may include special innovative efforts to target the poor and vulnerable persons. Examples include priority for employment in project civil works; income restoration opportunities in new resettlement sites, construction camp kitchens and workshops; and priority for training for project employment in the skills to become machinery operators, carpenters, plumbers, etc. In some countries, such as India and Vietnam, credit schemes have been created for the poor and vulnerable that offer the opportunity to acquire property rights to plots of land and housing through interest-free loans.

## **K. Resettlement Costs and Budget**

### **1. Cost and budget for resettlement activities**

108. An itemized budget is required for all resettlement activities, including compensation for land acquisition and the executing agency's staff capacity development. It must be included in the overall project budget and clearly show the source of financing of the resettlement budget. ADB experience shows that when resettlement costs are underestimated and inadequate or there is delayed payment, the financial burden of resettlement falls on the displaced persons as they do not get paid for compensation on time or adequately, often leading to their impoverishment. So resettlement costs must be fully identified, accurately estimated, and included in the project budget. Generally, resettlement costs include the items presented in Box 6.

#### **Box 6: Major Items in Estimating Resettlement Costs**

- **Compensation for acquired assets.** Compensation usually refers to cost of resettlement land acquisition, housing, and other fixed assets, including costs of acquisition of substitute properties. Compensation costs also include common property replacement costs and any assets to be acquired temporarily.
- **Relocation costs:** These cover costs incurred in the physical relocation of people, businesses and other moveable properties. These include the cost of acquiring land for resettlement, developing the site, and replacing all lost private and community assets, including roads and bridges. Costs for site preparation for farmers include the costs of providing irrigation infrastructure and access to agriculture services, including access to credit, extension, and marketing facilities.
- **Compensation for loss of income.** This cost covers the provision of time-bound stipends or until loss of income is restored, determined on case by case basis. However, the loss of income based on natural resources is not easy to accurately compensate. Such cases merit collective compensation, such as common property replacement cost mentioned above.
- **Income and livelihood restoration costs:** Cost estimates for income restoration or improvement include the costs of training in new skills and of providing credit to new entrepreneurs.
- **Administrative/implementation service costs:** Administrative costs cover costs for (i) staff; (ii) consultants; (iii) resettlement plan implementing nongovernment organizations; (iv) office space; (v) equipment; (vi) preparation of a resettlement plan, including conducting the census and various studies; (vii) transport; and (viii) training and capacity building.
- **Costs for monitoring and evaluation:** Monitoring and evaluation costs include costs on periodic (a) monitoring of the resettlement plan implementation by the resettlement unit of the executing agency, (b) verification of monitoring by external experts of the resettlement plan implementation of category A projects, and (c) evaluation of the resettlement plan implementation.
- **Contingency:** Contingency is meant to cover costs that are invisible while preparing a resettlement plan but may arise during implementation. Resettlement site development, income restoration, and other such activities may entail unforeseen costs. Contingency is usually assigned as a percentage of total estimated resettlement costs.

109. Table 6 provides a list of cost items for resettlement budgeting. During fact finding and before project appraisal, the ADB project team will confirm costs and funding sources for all aspects of resettlement activities, including the commitment of the government to carry out resettlement satisfactorily. These resettlement cost estimates should be adjusted annually to stay in step with the inflation rate and ensure that the value of compensation and other payments is maintained in real terms. Another issue, often ignored, is the cost of facilitating consultations and the grievance redress mechanism. These should be identified under the administrative costs. Many projects often include these costs in the budget for the implementing NGOs because NGOs implementing resettlement plans usually steer the consultations and redress mechanism on behalf of the borrower.

**Table 6: Cost Items for Resettlement Budget**

<b>Category</b>	<b>Cost Item</b>
Resettlement plan preparation and compensation for acquired assets	<ul style="list-style-type: none"> <li>‣ Cost of census and socioeconomic survey of displaced persons and inventory of assets</li> <li>‣ Compensation for assets lost (land, structures, etc.) at replacement cost</li> <li>‣ Cost of preparation of replacement farmland</li> </ul>
Relocation and Transfer	<ul style="list-style-type: none"> <li>‣ Cost of moving and transporting movable items</li> <li>‣ Cost of replacement housing</li> <li>‣ Cost of site and infrastructure development and services</li> <li>‣ Subsistence allowances during transition</li> <li>‣ Cost of replacement businesses and downtime</li> </ul>
Income/Livelihood Programs	<ul style="list-style-type: none"> <li>‣ Cost estimates for income restoration plans (e.g., training, small business, community enterprise)</li> <li>‣ Cost of incremental services (extension, health, education)</li> <li>‣ Environmental enhancement packages (forestry, soil conservation, grazing land, etc.)</li> </ul>
Administrative/Services Costs	<ul style="list-style-type: none"> <li>‣ Physical facilities (office space, staff housing, etc.)</li> <li>‣ Transport/vehicles, materials</li> <li>‣ Operation staff (managerial, technical), and support staff</li> <li>‣ Staff training for capacity development and monitoring</li> <li>‣ Information disclosure, consultations, and grievance redress mechanism</li> <li>‣ NGO services for resettlement plan implementation</li> </ul>
Monitoring and Reporting	<ul style="list-style-type: none"> <li>‣ Cost of monitoring the resettlement plan implementation</li> <li>‣ Verification of monitoring by qualified and experienced external experts or qualified NGOs for projects with significant involuntary resettlement impacts</li> <li>‣ Evaluation of resettlement plan implementation and reporting</li> </ul>
Contingency	<ul style="list-style-type: none"> <li>‣ About 10 percent of the estimated resettlement project costs</li> </ul>

## **2. Budget for resettlement institution building**

110. If a resettlement plan is to be implemented successfully, resettlement institution building must be adequately financed in the budget. It includes staffing, staff training and capacity building, engaging NGOs, and carrying out monitoring and evaluation. During project appraisal, financial and budgetary decisions should be made on

- (i) establishing a resettlement unit with trained human resources to deal with policy, planning, implementation, and monitoring of resettlement-related issues;
- (ii) provisions for and sources of funding for running the resettlement unit and compensation and resettlement;
- (iii) provisions for contingency funds in resettlement budget; and
- (iv) annual budget allocations and provisions for budget modifications.

111. The cost of carrying out the involuntary resettlement activities is to be borne by the borrower. To ensure that resources are made available on time, the SPS permits the inclusion of resettlement expenditure as eligible for project financing.

112. Some flexibility is needed in budgetary provisions to allow the head of the resettlement unit or agency to authorize fast disbursement of funds if needed for resettlement purposes. The head of the unit should also be authorized to coordinate with related departments, hire NGOs, or contract out any specific aspect of the resettlement operation (for example, socioeconomic surveys, preparation of resettlement plan), if required.

113. ADB's due diligence examines the adequacy of capacity of the executing agency and the implementing agency for managing involuntary resettlement. Where gaps are identified, ADB helps the DMC with training and capacity development by including it in the project design or through a technical assistance.

#### **L. Borrowings from ADB for Resettlement**

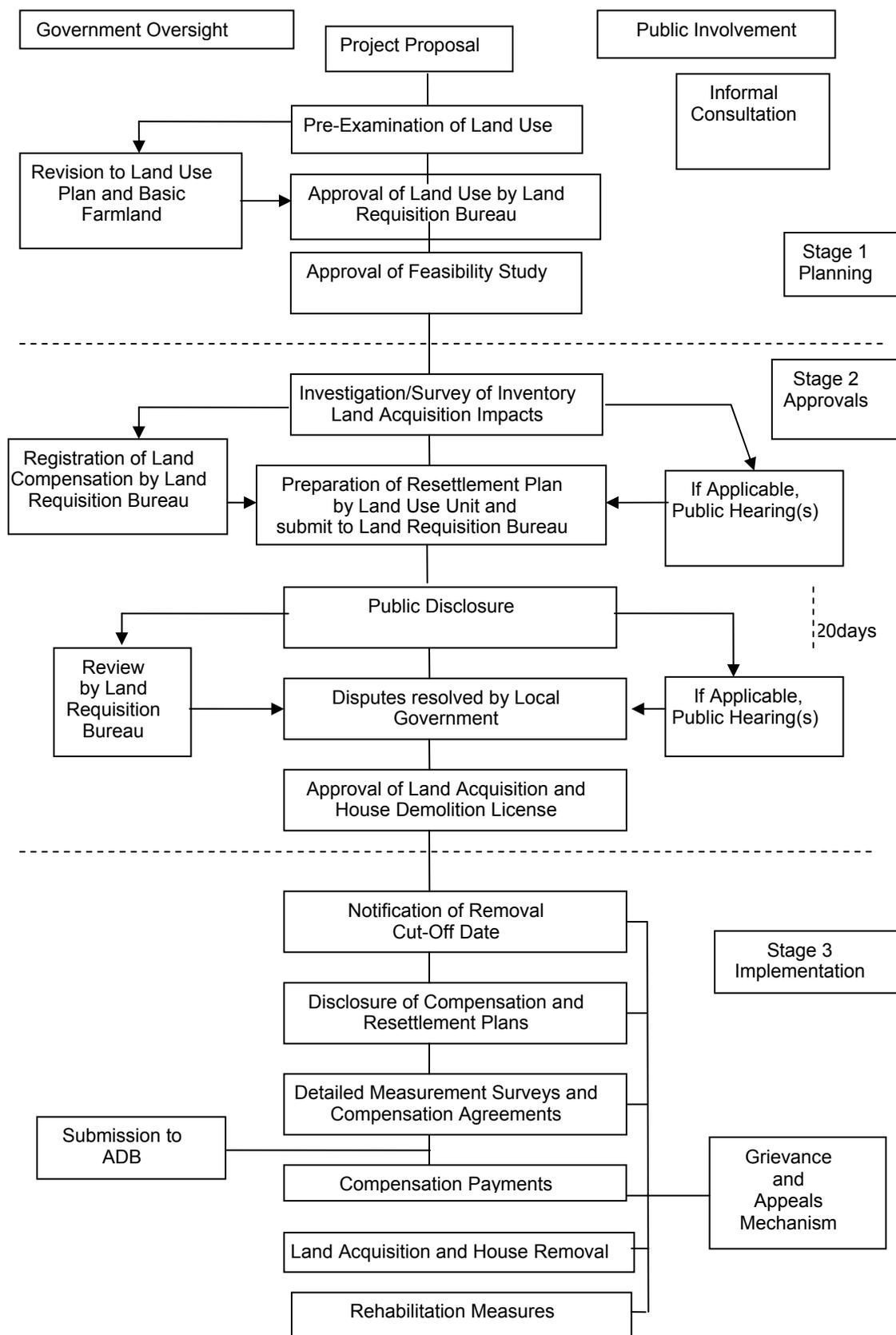
114. Resettlement expenditure is eligible for ADB financing. Borrowers/clients may seek ADB financing for land acquisition and resettlement costs to ensure timely availability of the required resources for the resettlement plan implementation. Such expenditure is eligible for ADB financing if in keeping with the requirements of the SPS and included in the resettlement plan as reviewed by ADB. Typically, such expenditure may include compensation for land acquisition, income restoration, consultations and information disclosure, resettlement assistance, relocation site development, social preparation, and monitoring and reporting. The resettlement plan will clearly identify the source of funding of such expenditure, more appropriately in its costs and budget table. A good practice is to create two columns in the budget table of a resettlement plan, clearly showing the ADB source and the country source.

#### **M. Submission of Resettlement Plan to ADB**

115. The project borrower/client is required to submit resettlement plan/resettlement framework to ADB as early as possible before ADB Management makes decision for further processing of a project. Resettlement plans finalized after detailed design must be submitted to ADB for review and concurrence. In some of South Asian DMCs, the borrower/client is required by national law to prepare a separate land acquisition plan (LAP) following the resettlement plan for submission to appropriate authorities for approval. This is a legal requirement of a country and has to be carried out along with all budgetary requirements. In the DMCs that require it, LAP approval can take close to a year's time or more because of the complexity of the activities involved. Therefore, early action on LAP is recommended.

116. A sample flowchart of land acquisition and resettlement activities as practiced in the PRC is shown in Figure 1. The flowchart shows three stages of planning, approvals, and implementation. The grievance and appeals mechanism is built into the project implementation stage. In the PRC, ADB-funded projects prepare resettlement plans at two levels: one for the approval by national agencies and the other for ADB's concurrence. The process depicted in Figure 1 is generally typical of the PRC but there may be variations depending on the kind of project for which land is to be acquired. In this process, the executing agencies submit their resettlement plans to ADB for review and concurrence at stage 3 after the DMS that finalizes the inventory of displaced persons and lost assets and compensation agreements have been completed. Compensation agreements are specific to the PRC as these are not a practice in other DMCs. They refer to agreements between the borrower/clients and the displaced persons on the compensation amounts, after which land can be acquired.

**Figure 1: Procedures for Land Acquisition and Resettlement**



## **N. Updating and Finalizing a Resettlement Plan Under Project Implementation**

117. Updating of a resettlement plan is required (a) after the census and finalized assets inventory of losses subsequent to detailed engineering design and the DMS, (b) if there are changes in the scope of project work during implementation, or (c) if there are unanticipated involuntary resettlement impacts.

### **1. Resettlement plan updating during detailed design**

118. Detailed engineering and technical designs for tendering and/or construction of civil works contracts may be finalized after the ADB approval of the loan. In such cases, the resettlement plan is finalized and implemented after the completion of a census and finalized assets inventory of losses, which follow the detailed design and detailed measurement of survey. The final plan comes before civil contracts are awarded or similar milestone events occur and are disclosed on ADB's website. Does the resettlement plan need to be updated if compensation rates are increased? Yes, increased compensation rates in the resettlement budget should be reflected in an updated resettlement plan. The SPS requires that relevant information from the updated resettlement plan (including census, asset inventory and valuation, and entitlement matrix) be disclosed to the affected persons.

### **2. Changes in project scope**

119. A major change in project scope requires an ADB project team to screen a project for involuntary resettlement impacts and categorize it appropriately. If a project is classified as A or B after the screening for involuntary resettlement impacts, the borrower is required to prepare a new or an updated resettlement plan. The borrower must submit the new or updated resettlement plan to ADB for review and posting on its website. The borrower must also disclose relevant information from the updated plan to the affected persons. This includes information on the entitlement matrix and the grievance redress mechanism. It should be noted, however, that sometimes a major change in scope has no involuntary resettlement implications, and sometimes a minor change in scope has significant involuntary resettlement implications. Only the former has strict procedural requirements. If a project was already categorized as A or B but the new screening due to a major change in scope did not establish new involuntary resettlement impacts, no changes are necessary to the original resettlement plan.

### **3. Unanticipated involuntary resettlement impacts**

120. Where involuntary resettlement impacts that were unanticipated while preparing the resettlement plan emerge during project implementation, the borrower/client is required to carry out an ASI and update or formulate a new resettlement plan, depending on the extent of the impact changes. A corrective action plan (CAP) may also be required during the project implementation to address any significant involuntary resettlement issues that may have been identified. The borrower must submit these documents to ADB for disclosure on ADB's website and convey relevant information in them to the affected persons. It may be asked why a CAP might also be required if a resettlement plan is updated to address unanticipated impacts. Does this relate to due diligence of impacts that have already occurred? If so, wouldn't a CAP suffice? It should be noted that the two address separate issues. A CAP is necessary when a compliance issue arises during implementation of a resettlement plan implementation. It does not involve impacts that were not anticipated in the plan. So a CAP is independent of the updating exercise of a resettlement plan.

## **O. Highly Complex and Sensitive Projects and Use of Independent Advisory Panel**

121. Highly complex and sensitive projects are those that ADB deems to be highly risky or contentious or involve serious, multidimensional and generally interrelated potential social and/or environmental impacts. Examples include the ADB-supported Nam Theun 2 Hydropower Project<sup>39</sup> in the Lao People's Democratic Republic and the Tangguh Liquid Natural Gas Project<sup>40</sup> in Indonesia. In such projects, ADB's SPS requires the borrower/client to engage an independent advisory panel (IAP) during project preparation and implementation. An IAP (i) is an important tool to objectively verify and report on compliance with ADB's and the host country's safeguard requirements, and (ii) increases the ability of the borrower/client to document, manage, and reduce risk exposure to environmental and social issues. The IAP also provides technical expertise to help the borrower/client to take timely actions to address complex and controversial issues, ensuring compliance with social and environmental commitments.

122. The overall role of an IAP is to provide (i) an objective, balanced, and impartial view on the overall project preparation and implementation processes, including identification of potential issues as they arise that concern social and environmental impacts; and (ii) independent advice to facilitate decision making on complex and controversial issues to ensure the actions taken regarding such issues comply with the safeguard requirements. The panel's terms of reference is project-specific but, among other tasks, normally requires the IAP (i) to establish a robust and transparent site visit and monitoring process, (ii) to create a well-defined reporting process under which the IAP has ultimate responsibility for final content, and (iii) to establish and abide by clear operational protocols that define the relationship of the IAP to other project stakeholders and allow the IAP supervisor and/or monitor to avoid conflicts of interest. IAP reports will be submitted to the borrower/client and ADB, and it should be made public available.

123. An IAP often comprises several experts in environmental and social safeguard areas. A multi-disciplinary panel may be required to address all the sensitive aspects of a project. Panel members should be (i) professional with recognized qualifications and relevant working experience in a discipline directly related to the main environmental and social issues of the project; and (ii) independent of government agencies and project owner and will have had no involvement in design or implementation of the project. Panel composition also seeks a balance between international and national knowledge and experience. Panels should not be used as a substitute for normal consultation processes.

124. The IAP is appointed and contracted by the borrower/client in consultation with ADB. ADB may recommend individuals as panel members. In addition, the project may be subject to additional oversight conducted directly by ADB, government regulators and civil society organizations.

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<sup>39</sup> ADB. 2003. *GMS NamTheun 2 Hydropower Development Project*. Manila (Project No. 37734-01).

<sup>40</sup> ADB. 2005. *Tangguh LNG Project in Indonesia*. Manila (Project No. 38919-INO).

## V. DISCLOSURE, CONSULTATION AND PARTICIPATION, AND GRIEVANCE REDRESS

### A. Information Disclosure

125. Disclosure and consultation and participation constitute an integrated process in the preparation and implementation of a resettlement plan. The SPS requires that the borrower/client disseminate information to affected persons and consult with them in a manner that is commensurate with the anticipated project impacts on the affected communities.

126. Borrowers/clients are required to inform and consult with the affected persons on resettlement and compensation options and to provide them with project-related information during resettlement planning and implementation. Disclosing information should precede consultation. Limiting disclosure may damage the project. The benefits of disclosure are summarized in Box 7.

#### Box 7: Benefits of Disclosure

- It leads to greater awareness about the project and its objectives.
- Disclosure of information helps promote local decision making and the participatory development strategy.
- Stakeholders are better informed due to the two-way flow of information between the project sponsors and the affected people and communities.
- It enhances ownership of the project by the affected persons.

127. The borrower/client must disclose relevant information in a timely manner, in an accessible place, and in a form and language that the affected persons can understand. This information can be made available as brochures, leaflets, or booklets in local languages. The relevant information include the details of compensation and resettlement options, the information regarding measurement of losses, detailed asset valuation, entitlements and special provisions, timing of payments, and displacement schedules. For illiterate persons, other suitable communications methods may be used, including pictorial messages and announcements in public places, such as a weekly market. In addition to disclosure to the affected persons, the borrower/client is also required to submit to ADB resettlement documents for disclosure on the ADB website (Table 7). ADB encourages borrowers/clients to disclose resettlement documents in their own websites as well.

**Table 7: Disclosure Requirements for the ADB Website**

Document	Timing of Disclosure	Responsibility
Draft resettlement plan/resettlement endorsed	Before project appraisal	ADB
Final resettlement plan, endorsed	After completion of the census of the affected persons	ADB
New or updated resettlement plan (if there is a change in scope or there are unanticipated impacts)	After resettlement plan has been revised or a new resettlement plan has been prepared due to a change in technical design or change in scope	ADB
Corrective action plan, if any	During project implementation (upon receipt)	ADB
Resettlement monitoring reports	Upon receipt from borrower (semiannually) <sup>a</sup>	ADB

<sup>a</sup> Quarterly for highly sensitive and complex projects.

## B. Consultation and Participation

128. The objectives of involuntary resettlement are to enhance, or at least restore, the livelihoods of all displaced persons in real terms relative to pre-project levels and to improve the standards of living of the displaced poor and other vulnerable groups. Achieving these objectives requires engaging the displaced persons and host communities in a transparent, public, and deliberative process of participation in planning resettlement. In addition, resettlement plans prepared in consultation with and participation of the displaced persons and host communities help ensure fewer complaints and potential for legal actions which can slow down project implementation and elevate costs. Costs can dramatically escalate when displaced persons feel aggrieved and pursue legal actions.

129. ADB requires borrower/clients to carry out meaningful consultations with the displaced persons, their host communities and the civil society for every project which has involuntary resettlement impacts. It involves a two-way communication between the borrower/client and the displaced persons and other stakeholders, as well as the active participation of the displaced persons and other stakeholders in project design and implementation. The objective of such consultation and participation is to engage the displaced persons and the host communities in a genuinely deliberative process regarding choices they can make concerning their future. The following are the characteristics of a meaningful consultation:

- (i) **Continual, with an early start.** Meaningful consultation begins early in the project cycle and is carried out on a continual basis throughout the project cycle. Adequately informing the affected persons about the project's potential adverse impacts and proposed mitigation measures may involve an iterative process with various segments of the community. A public consultation strategy needs to be identified and described in the resettlement plan /framework.
- (ii) **Timely disclosure of relevant and adequate information.** This means the affected persons should have access to relevant project information that is understandable and acceptable to them prior to any decision making that will affect them. To be relevant and adequate, information shared with the project-affected persons needs to provide sufficient project context and planning to enable them to participate in a meaningful way in project consultations. Such information should cover the (i) nature of the project, (ii) the scope of and reason for land acquisition, (iii) the resettlement objectives and entitlement matrix (detailed provisions to be negotiated), (iv) the choices available regarding the future, (v) the right of the displaced to participate in resettlement planning and implementation, and (vi) the grievance mechanisms to be put in place.
- (iii) **No intimidation or coercion.** Consultation needs to occur freely and voluntarily where the affected persons can express their views without any external manipulation, interference, or threat of retribution, and must be conducted in an atmosphere of transparency.
- (iv) **Gender-inclusive, tailored to needs of the disadvantaged and vulnerable.** Ensuring consultation with and participation of women may require hiring female professionals and technical staff to engage female displaced persons. It is through such engagement that appropriate benefits and mitigation measures can be selected and designed to meet the needs of women as well as men. For other excluded vulnerable groups, separate consultations, without the presence of higher ranked social groups, are usually needed for individuals to feel comfortable to provide a full picture of the needs of the poor and vulnerable.

- (v) **Incorporation of all relevant views in decision making.** The consultation process needs to hear all shades of support or opposition to the project and its proposed activities from the affected persons. It is also important that, commensurate with the nature of the project and the anticipated severity of its effects, all key stakeholders (leaders, average householders, local and regional institutions) from a cross-section of ethnic, gender, and other social groups are included in the consultation and decision making processes. Consultation with displaced persons will not be meaningful unless all relevant views are integrated in the resettlement plan, including those related to entitlements, provision for assistance, and income restoration and rehabilitation measures. When all views are heard, however, consensus is not always possible.

130. Consultations will vary proportionately in terms of the frequency, duration, and numbers participating in the meetings. Consultations for projects with significant resettlement impacts will necessarily be more extensive than those projects with limited impacts. The borrower/client may consider allocating time to address concerns and suggestions about the project by adjusting the schedule for project design and implementation. The affected persons should be given sufficient time for consensus building and developing responses to project issues and options.

131. Consultation can be conducted through public community meetings and focus groups. Planners might draw on participatory problem-solving methods, supplemented by use of the media in scattered or broad areas. Household surveys allow direct consultation. Community workers can be engaged to foster a process of group formation and development, possibly through a social preparation phase. The process of consultation starts during the ADB project fact-finding mission and forms an integral part of the feasibility study. The resettlement plan should establish an institutional framework for participatory resettlement planning and implementation.

132. **Indigenous Peoples.** In meaningful consultations on involuntary resettlement with Indigenous Peoples, broad community support must be sought from the affected communities when certain conditions apply that make them particularly vulnerable. The issue of broad community support is discussed in the Indigenous People's Sourcebook.<sup>41</sup>

### **C. Participation Mechanisms**

133. The participation mechanisms facilitate the consultative process. This includes information sharing, consultation with the affected persons and other stakeholders, and active involvement of the affected persons in project tasks, committees, and decision making. Information sharing involves transfer of information, typically from the executing agency staff to the affected persons, mainly through consultation meetings. Consultation with the affected persons and discussion of options with them is essential during preparation of the resettlement plan. In addition, for projects with significant involuntary resettlement impacts the ADB project teams will participate in consultation activities to understand the concerns of affected persons and ensure that such concerns are addressed in project design and resettlement plans.

134. Information sharing is the first principle of participation. In many cases, opposition to a project arises from lack of information or misinformation. Project management must be willing to

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<sup>41</sup> See footnote 20.

share all aspects of the project (planning, design, alternative options, and possible known impacts of the project) at the project identification stage. Information can be disseminated concerning the project and its impacts, compensation policies and payments schedules, resettlement planning and possible relocation sites, implementing institutions and timetable, and grievances procedures. Table 8 presents good practice to promote participation in the project development process.

**Table 8: Mechanisms to Facilitate Participation**

<b>Strategy</b>	<b>Processes</b>
<b>Information Sharing</b>	<ul style="list-style-type: none"> <li>» Informal seminars, presentations, public meetings, and road shows</li> <li>» Translation into local languages and dissemination of materials, including brochures, leaflets, etc.</li> <li>» Advertisements in local newspapers</li> </ul>
<b>Consultation</b>	<ul style="list-style-type: none"> <li>» Consultative meetings with affected communities and stakeholders</li> <li>» Field visits and interviews of affected persons at various stages of project preparation</li> <li>» Town hall meetings and radio call-in shows (where feasible)</li> </ul>
<b>Collaborative Decision Making</b>	<ul style="list-style-type: none"> <li>» Participatory assessments and evaluations</li> <li>» Beneficiary assessments</li> <li>» Workshops and retreats to discuss and determine positions, priorities, and roles</li> <li>» Meetings to help resolve conflicts, seek agreements, engender ownership</li> <li>» Disclosure and reviews of draft documents and subsequent revisions</li> <li>» Joint committees or working groups with stakeholder representatives</li> </ul>
<b>Empowerment</b>	<ul style="list-style-type: none"> <li>» Decentralizing authority and community-based monitoring</li> <li>» Delegation of authority for decisions to local organizations or groups</li> <li>» Capacity building of stakeholder organizations</li> <li>» Strengthening the financial and legal status of stakeholder organizations</li> <li>» Supervised transfer of responsibility for maintenance and management to stakeholders</li> <li>» Support for self-help initiatives by stakeholders</li> <li>» Creating an enabling policy environment</li> </ul>

Source: ADB. 1994. *Mainstreaming Participatory Development Process*. Manila.

#### **D. Participation of Women**

135. Social and cultural factors in certain areas of some DMCs may not be favorable for women's participation in resettlement planning and implementation. Special efforts need to be made to ensure inclusion of women in such cases. There are many ways to promote the case for women. Box 8 contains some of the many ways and practical steps to involve women in resettlement decision making, income restoration and economic rehabilitation programs, and the overall resettlement and social development process.

**Box 8: Steps to Ensure Participation of Women in Resettlement Program**

- Engage women from different socioeconomic groups in all consultative meetings regarding project planning and implementation.
- Organized meetings and consultations are at a time when women find it convenient to attend so that maximum participation can be ensured.
- Determine the venue for meetings based on discussions with the women so they can feel free and uninhibited in their discussions.
- Consider female facilitators or work through women's groups or networks – formal or informal.
- Involve women in the indemnification of affected persons.
- Consider separate meetings for women after a general meeting.
- Engage women's involvement in preparation and review of resettlement plans.
- It is important that women's associations are vested with authority, both within their communities and within wider regional and state processes. This will preempt situations where women are mere tokens in decision-making processes.
- Ensure women's involvement and participation in implementation and monitoring
- Document the participatory exercise.

Source: ADB. 2003. *Resettlement – Gender Checklist*. Manila.

## **E. Consultation Partnerships with Civil Society Organizations**

136. Civil society could play a constructive role in facilitating this public discussion and dialogue. For example, many DMCs have hired NGOs for resettlement surveys, planning, implementation, and evaluation.

137. Some NGOs have the skills and experience to help design and implement projects, particularly involving vulnerable groups. NGOs often foster self-help, participation, and skill development in community development and income restoration programs for projects involving involuntary resettlement. Experienced NGOs can also operate training courses for the displaced persons in new income-generating activities and foster community management of common property resources—forests, community grazing land, or fishing areas, for example. The participation of qualified and experienced NGOs improves the quality and effectiveness of involuntary resettlement design and implementation.

## **F. Consultation and Participation in the Project Cycle**

138. Consultation is an ongoing process that should start from project identification phase to planning and to implementation. While considerable efforts by DMCs to increase public participation are apparent now, it is important to consider consultation and participation as a continual process throughout the project cycle that provides a “vision” to (i) helping stakeholders better understand the likely impacts of the project; (ii) assessing alternative formulation of project design; (iii) determining community and individual preferences; and (iv) designing an appropriate and acceptable resettlement plan for the displaced persons. To accomplish these goals, the traditional modes of information sharing must be replaced by a more interactive approach to consultation, facilitating involvement of the affected persons in the whole project planning process. The borrower/client should document the consultation process in the resettlement plan. As clarified in the "Outline of a Resettlement Plan" (Annex to Appendix 2 of the SPS), a resettlement plan should also summarize the results of consultations with affected persons and discuss how concerns raised and recommendations made were addressed in the resettlement plan. Table 9 summarizes key activities for consultation and participation at each stage of the project.

**Table 9: Consultation and Participation in the Project Cycle**

<b>Project Stage</b>	<b>Key Actions</b>
<b>Project Identification</b>	<ul style="list-style-type: none"> <li>✓ Identify stakeholders (including displaced persons, host communities, concerned NGOs, and local agencies).</li> <li>✓ Involve stakeholders in the consultative processes.</li> <li>✓ Prepare information material and plans for dissemination.</li> <li>✓ Organize and document public meetings.</li> <li>✓ Decide on the need for a social preparation phase for highly complex and sensitive involuntary resettlement impacts.</li> </ul>
<b>Project Design and Preparation</b>	<ul style="list-style-type: none"> <li>✓ Convene and document meetings with displaced persons and/or host communities.</li> <li>✓ Consider alternatives to avoid or minimize resettlement, in consultation with affected persons.</li> <li>✓ Involve affected persons in assessing project impacts, as appropriate.</li> <li>✓ Arrange affected persons' inputs to entitlements, income restoration, and resettlement options.</li> <li>✓ Institutionalize a participatory framework for compensation, income restoration, and resettlement.</li> <li>✓ Design a social preparation phase for a highly complex and sensitive project.</li> <li>✓ Obtain inputs from displaced persons, host communities, and NGOs on selection and development of resettlement sites.</li> <li>✓ Involve displaced persons and concerned NGOs in developing income restoration strategies, as appropriate.</li> <li>✓ Establish grievance redress procedures, involving representatives of affected persons in grievance redress committees.</li> <li>✓ Consult displaced persons and concerned NGOs in preparing the resettlement plan, as appropriate.</li> <li>✓ Review participatory mechanisms outlined in the resettlement plan.</li> </ul>
<b>Resettlement Plan Implementation and Monitoring</b>	<ul style="list-style-type: none"> <li>✓ Organize participation of displaced persons and NGOs in resettlement plan implementation, as appropriate.</li> <li>✓ Involve concerned NGOs in relocation efforts.</li> <li>✓ Seek NGO support for livelihood and income restoration activities.</li> <li>✓ Involve affected persons in decision-making committees, as appropriate.</li> <li>✓ Ensure that grievance procedures are functional.</li> <li>✓ Involve affected persons in monitoring and evaluation, as appropriate.</li> </ul>

## **G. Grievance Redress Mechanism**

139. GRMs have become increasingly important when it is anticipated that a project will have ongoing adverse impacts or risks. Affected people need a trusted way to voice and resolve concerns about a development project and the project needs an effective way to address affected people's concerns. A project GRM provides a reliable structure that can help affected people and the project find effective solutions together.

140. The SPS requires that the borrower/client establish and maintain a grievance redress mechanism (GRM) for each project that has environmental, involuntary resettlement, and/or Indigenous Peoples impacts. Grievances are inevitable due to the complexity of the involuntary resettlement. Complaints are often about transparency and sufficiency of information on entitlements, adequacy of compensation, service quality at resettlement site, the attitude of resettlement agency staff, and many other issues. Timely redress of grievances is critical to achieving desired results of resettlement and completing a project in a satisfactory manner. The GRM is an arrangement for receiving, evaluating, and facilitating the resolution of affected people's concerns, complaints, and grievances about the borrower's social and environmental

performance at the level of the project. An aggrieved person can also seek redress through judicial and administrative remedies available in a DMC's.

141. Good practice incorporates the following principles for establishing and maintaining a project GRM:

- (i) **Proportionality.** The scope, timing, and form of a GRM should fit the project's context and needs of a particular project. To scale a GRM to adverse impact on affected persons, the results of project social and environmental impact assessment are used to understand who will be affected and what the impacts on them are likely to be. In large and complex projects with potentially significant impacts, a GRM should be implemented as early as possible in the project preparation phase and maintained in place during construction and operations to the end of the project. To the extent possible, the personnel from the borrower/client investigating complaints and determining the response should be separate from those involving in day-to-day project management. In smaller projects with relatively straightforward issues, the project may consider designating a point of contact, such as a community liaison officer, to whom project-related views and concerns of the affected community can be addressed.
- (ii) **Involvement.** The most successful GRMs involve affected communities in their design, through engaging community representatives in identifying the kinds of disputes that could arise, how affected persons want to raise their concerns, the effectiveness of any existing procedures for resolving complaints, the availability of local resources to resolve conflicts, and other factors that may arise. Suggestion boxes, periodic community meetings, and other consultation and feedback methods may also be helpful in formulating a GRM that will work.
- (iii) **Accessibility.** A GRM includes procedures to receive, record, document, and respond to grievances within a reasonable amount of time. The procedures should be easy for all the diverse groups of affected persons to understand and be made known to them. These groups may include more vulnerable people such as the poor and women. The GRM design normally considers the many facets involved in making the mechanism accessible by the people of affected communities. These include their access to transportation and roads and their literacy and education levels, as well as their access to such communications facilities as telephones, mail, and the internet. The GRM should honor multiple methods of communication where this is seen as important, including face-to-face meetings, written complaints, telephone conversations, and email.
- (iv) **Cultural appropriateness.** A good GRM is designed to take into account cultural attributes and traditional mechanisms for raising and resolving issues. If cultural differences exist within an affected community, the mechanism may need to tailor approaches to ensure that individual groups, especially women and Indigenous Peoples, are fully able to raise their concerns. Members of indigenous communities, for example, often do not avail of formal grievance procedures even when they have complaints. This is particularly true when the differential in social power between the indigenous community and project representatives is great or when affected people are not literate. Good practice finds ways to capture this kind of community sentiment by considering such tools as reporting stations where community liaison officers can collect oral complaints and record them in writing. For individuals reluctant to approach the GRM directly, informal complaints methods such as phone texting are a possible answer.

- (v) **Responsiveness.** The grievances received and responses provided should be documented and reported back to the affected communities. A good GRM provides regular updates on its activities to local communities, clearly addresses the expectations of what the mechanism does and does not do, presents the results on how the grievances were resolved, and gathers feedback from affected people to improve its redress system.
- (vi) **Clear Responsibility.** A good GRM establishes and maintains the organizational structure with clear authority and responsibilities for community liaison and grievance resolution. Individuals assigned as access points are most effective if they are trustworthy, trained, knowledgeable, and approachable, regardless of the ethnicity, gender, or religion of a complainant.
- (vii) **Appropriate protection.** It is important that the borrower/client is aware of judicial and administrative remedies available in the country for resolution of disputes so that the project's GRM does not inadvertently impede access to the country's mechanisms. The GRM also sets up protections for complainants in order that they do not suffer from retribution.

142. There is usually no separate grievance redress procedure for involuntary resettlement, environment and Indigenous Peoples issues envisaged in the SPS. The GRM should be open to a wide range of concerns. It should be able to deal with complaints on multiple issues, including involuntary resettlement, the project's environmental and health impacts, and its effects on Indigenous Peoples.

143. Every project implementing agency or project company has an approach of some kind to address conflicts with local people. However, in many DMCs, it is rare to find one that is well-constructed and systematic at project level. Existing local systems for handling complaints should be assessed and both the good points and gaps should be identified. A good GRM need not be entirely new and can be built on existing and traditional mechanisms that are already functioning well.

144. A GRM is a locally based, formalized way for a project to accept, evaluate, and resolve affected people's complaints about project activities. A GRM should not be thought of as a substitute for a project's information disclosure and consultation process, or vice versa. The two are complementary and should be mutually reinforcing.

#### **H. ADB's Accountability Mechanism Separate from Grievance Redress Mechanism**

145. The GRM, which is the responsibility of a borrower/client at the project level, is entirely separate from the Accountability Mechanism, which is an ADB procedure that allows people affected by ADB-financed projects to submit complaints to ADB. The Accountability Mechanism provides an independent forum and process whereby people can voice their problems and seek resolution and report alleged violations of ADB's operational policies and procedures. The Accountability Mechanism comprises two separate but related, phases, namely: (i) a consultation phase, led by ADB's special project facilitator to assist project-affected people in finding solutions to their problems; and (ii) a compliance review phase, led by a three-member panel that investigates alleged violations of ADB's operational policies and procedures, as defined by the Board of Directors, including safeguard policies, that have resulted or are likely to result in direct adverse and material harm to project affected people and recommends how to ensure project compliance with those policies and procedures.

## VI. RESETTLEMENT PLAN IMPLEMENTATION

### A. Getting Ready

146. Implementation of resettlement plan is a complex, challenging task. The first key step for successful resettlement implementation is to ensure that the executing agency and implementing agencies are ready. These agencies have to be adequately staffed and equipped before the implementation begins. It is important for the executing agency to synchronize a project's civil work schedule with land acquisition, relocation, resettlement site development, and transfer. It usually requires close coordination of the executing agency, local government agencies and line agencies. Such coordination is important to solve routine resettlement problems likely to be encountered in the initial stage of implementation. Other key actions needed for successful resettlement implementation include updating the resettlement plan based on detailed measurement survey (including update of the census, asset inventory and socioeconomic survey) after the engineering design; allocating funds for compensation payment; and continuing consultations with displaced persons (Box 9).

#### Box 9: Getting Ready to Implement a Resettlement Plan

- Engage resettlement implementation agency or qualified NGO after loan approval or identify other institutional arrangements.
- Update the resettlement plan based on detailed measurement survey (including update of the census, asset inventory and socioeconomic survey) after the engineering design.
- Issue identity cards to eligible displaced persons for compensation/resettlement benefits.
- Allocate funds for compensation payments.
- Continue consultation with displaced persons on the updated resettlement plan.
- Establish field offices with appropriate staff for resettlement plan implementation and monitoring.
- Establish local resettlement and grievances redress committees and ensure funds are available for their activities.

147. When there is time gap between the resettlement planning and implementation stages, the needs and priorities of displaced persons may change which requires some modification in the resettlement program. In addition, if long time elapses between the stage of census and socioeconomic survey and the beginning of the resettlement implementation, key census and socioeconomic data would need to be updated before the start of the implementation, as this may have implications for resources and physical planning.

### B. Initiating Implementation

148. For timely implementation of a project and to avoid cost overruns and delays, it is important that borrowers/clients remain focused on the project timeline and resettlement work. Box 10 lists some of the major tasks that require utmost attention from the project and resettlement management team of the borrower.

#### Box 10: Major Resettlement Plan Implementation Tasks

- Offer relocation options
- Pay compensation to all eligible economically and physically displaced persons prior to displacement
- Develop resettlement site with civic amenities
- Establish linkage of resettlement targets and pace of project construction
- Relocate displaced persons to resettlement sites and integrate them with host population
- Initiate the implementation of livelihood/income restoration activities

## 1. Relocation options

149. Potential resettlers often choose one of three options in the relocation process (Box 11).

### Box 11: Relocation Options

- **On-site relocation.** On-site relocation is possible when the number of displaced persons is limited, population density is relatively low, and the project involves small scattered sites or narrow alignments. For example, the displaced persons may be allowed to occupy the part of the project site not required for a right-of-way, where they can clear the plot frontage for use in transport projects. In such cases, on-site relocation does not normally affect the existing socioeconomic settings and social organizations of the affected persons because displaced persons move only a very short distance. This typically occurs in linear projects.
- **Self-relocation.** Self-relocation is when displaced persons take the initiative as individuals or a group to relocate to a place of their choice instead of resettlement sites. They do this for economic reasons, including employment opportunities and availability of replacement land, or due to social considerations, such as the proximity of kin. This group also includes displaced persons who are entrepreneurial or willing to taking risks. Some of these people may move with all entitlements. They typically benefit, because many of the decisions concerning material issues, social contacts, and economic well-being are taken by the resettlers themselves. They may require only limited social or employment support from the project to regain pre-project levels of living.
- **Relocation to project-sponsored resettlement site.** This is the option to relocate to sites selected by the executing agency in consultation with the potential resettlers and their host population. Typically, project-sponsored resettlement sites are within one to two kilometers from the original village sites. This allows the resettlers to easily integrate with host communities due to acquaintances in the new community or familiarity with the area. If the sites are far from their original homes, tensions and stresses can result, particularly if the host area has different environmental conditions, economic and livelihood patterns, or social and cultural parameters. Relocation to distant sites or to those with different environmental, social, cultural, and economic characteristics should be avoided. The displaced persons moving to resettlement sites are likely to be more marginal and thus require more assistance for livelihood and income restoration.

150. For resettlement implementation that involves physical relocation to project-sponsored resettlement site, it is important to take the following measures at the start of implementation: (i) verify that each affected household is willing to occupy the specific resettlement sites. Site improvement or reallocation of sites may be needed to accommodate the wish of affected household; (ii) prepare resettlement sites, including community infrastructure, before the date of relocation. It is a good practice to provide displaced persons access to the resettlement sites prior the actual relocation, which may allow them to initiate productive activities in the resettlement sites early in the process; (iii) assist displaced persons in the physical move to the resettlement sites. Assistance is particularly needed when relocation is from or to a remote location, or when the households do not have enough able bodies to arrange the transfer of assets, including salvage materials.

151. A good example for urban resettlement projects, particularly those dealing with relocation of squatters and informal settlers, is the Mumbai Urban Transport Project (Box 12).<sup>42</sup> It teaches that problems associated with relocating slum and informal dwellers can be addressed when authorities use creativity and join hands with the affected communities and concerned NGOs to find viable, mutually acceptable solutions.

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<sup>42</sup> World Bank. 2002. *Mumbai Urban Transport Project Phase 1*. Washington, D.C. (Project ID: P050668, approved 18 June 2002.)

### Box 12: Relocation of Slum and Informal Urban Dwellers in Mumbai

- The suburban rail system in Mumbai, the financial heart of India, is critical to its population of around 12 million. For 20 years or more, the land alongside the rails has been home to 24,000 families who live under constant risk of death and injury and suffer from a complete lack of basic civic services. When a project to improve Mumbai's traffic and transport system required the relocation of these informal dwellers, the state government of Maharashtra decided to involve civil society organizations in the process. It formed an alliance that included the Society for the Promotion of Area Resource Centres (SPARC), the National Slum Dwellers Federation, and a savings cooperative of women slum and pavement dwellers. The families being relocated were members of an NSDF unit.
- By June 2001, in just 1 year, the alliance relocated 10,000 families to housing that had the basic amenities of water, sanitation and electricity and, more importantly, secure tenure guaranteed. No force was used. How was this done? For one thing, the Mumbai Metropolitan Regional Development Authority willingly ceded its powers in resettlement to the NGO alliance. For another, the National Slum Dwellers Federation enjoyed the trust of the informal railway dwellers because of a long association with them. They readily agreed with the principles for allocating permanent and temporary housing. In their new settlements, these families have formed cooperatives to promote their economic interests and can look forward to living a life better than before. This experience shows that an equal partnership of key stakeholders can effectively address many complex resettlement issues that would otherwise seem to defy all solutions.

Source: ADB. 2000. *Workshop on Urban Resettlement – Assistance to Informal Dwellers*. Manila.

## 2. Compensation payment

152. ADB's SPS requires that compensation for the acquired land, housing, and other assets be made at full replacement cost before displacement for project components or sections which are ready for construction. Compensation is deemed to have been paid when the amount in cash or cheque has been provided to displaced persons or deposited into their bank account, or in an escrow account.<sup>43</sup> It is good practice to deposit the compensation amount in a joint account of husband, wife, and the borrower's project level representative to ensure that the compensation is used to pay for replacement assets.

## 3. Resettlement site development

153. It is important to understand both the present situation of the displaced persons and their future resettlement requirements. The infrastructure and services at the sites should meet the needs and expectations of the new settlers. In sum, the infrastructure, services and general quality of life should be better than the pre-project level. In the resettlement sites for a project in Sri Lanka, for example, all have access to well water for drinking and access to electricity and are all within 1 kilometer of original affected villages, less than 1 kilometer from a main highway and schools, and less than 6 kilometers from a town and medical facilities.<sup>44</sup>

154. The location and quality of the resettlement site are critical factors in resettlement

<sup>43</sup> An escrow account is a separate, dedicated or trust bank account for keeping money that is the property of others. It is relevant in the case of absentee landlords whose property is acquired for a public purpose, or when there is litigation regarding the compensation amount for land acquisition. For example, in one of the ADB supported projects in India, the compensation funds for lands, houses, trees, crops, etc. were released from the executing agency and deposited into a dedicated account with the Assistant Commissioner for the project affected persons for making payment once the legal cases were settled and ownership documents were submitted.

<sup>44</sup> Road Development Authority, Sri Lanka. 2002. *Southern Transport Development Project*. Colombo (ADB Loan 1711-SRI, Chapter 5, page 3).

planning because they determine access to land, social support networks, employment, business, credit, and market opportunities. Each site has its own constraints and opportunities. Selecting a location that closely matches the previous site in terms of environmental, social, cultural, and economic characteristics will make it more likely that relocation and income restoration will be successful. Site selection should therefore be part of the feasibility study.

155. Site selection should also be assessed from the point of view of the impacts on host communities. Issues like land quality, carrying capacity of the site, common property resources, social infrastructure, and population composition (e.g., caste, tribe, gender, ethnic minorities) should also be considered carefully. Ideally, new relocation sites should be geographically close to the original homes to preserve existing social networks and community ties. In cases of urban development projects, which often require relocating large numbers of people, disruption can be minimized by resettlement on several small but nearby sites. In all cases, site selection and relocation plans must be based on and tested through community consultation. The displaced persons and their hosts should be allowed to participate in decisions through all phases of site selection, layout and design, and development (Box 13).

#### Box 13: Four Phases of Site Selection

- **Phase 1: site selection and alternatives.** Choosing a good location is the most critical element. Start with several options. Involve the potential resettlers and hosts in the process.
- **Phase 2: feasibility studies.** Conduct feasibility studies of alternative sites and consider the potential of the sites from the point of view of ecological similarity, land price, employment, access to credit, marketing, and other economic opportunities to provide viable livelihoods for the displaced persons and host communities.
- **Phase 3: layout and design.** The layout and design of the relocation site should conform to cultural practices and specifications. Identify the location of various physical and social facilities in the affected communities. Examine how members of households, neighbors, and relatives are linked to each other at the present sites and who use the various facilities and social infrastructure (e.g., by gender and age, etc.) and how often. Understanding the existing settlement patterns and layout is important to assess the needs in the new resettlement sites. Community inputs should be an integral part of the design process.
- **Phase 4: resettlement site development.** Plot size for house construction should be based both on earlier homestead size and needs at the new sites. The resettlers should be allowed the option to build their own houses rather than be supplied with pre-built shelters. All civic and social infrastructure and services should be ready before the resettlers are asked to move to the sites. The displaced persons organizations and community associations should be consulted in resettlement site development.

Source: F. Davidson et al. 1993. *Relocation and Resettlement Manual: A Guide to Managing and Planning Relocation*. Rotterdam (The Netherlands): IJUD.

156. **Temporary sites.** An example of cases where temporary relocation may be required include a road project that requires the temporary removal of roadside shops for construction. If income is lost as a result, temporarily displaced persons must be compensated. Temporary relocation should be avoided when possible through efficient planning. Temporary sites are often poorly developed and add to the stress and anxiety of relocation.

#### 4. Linkage of resettlement targets and pace of project construction

157. The relocation plan, selection of options, and development of infrastructure and services at resettlement sites need to be integrated with the overall project implementation arrangement so that the displaced persons can be resettled with minimum disruption to their lives. All relocation must be completed ahead of construction activities. This requires the borrowers/clients to consult with the displaced persons and to work closely with them at all stages of the resettlement plan implementation—from site selection to relocation of the

resettlers to the new sites.

158. If the number of potential resettlers is significant, the borrower should establish biannual relocation targets (within the context of the project requirements) so that the displaced persons are relocated well ahead of the construction phase.

159. Project authorities may buy land to resettle the displaced persons but this purchase must involve a willing seller and not be based on the state power of eminent domain.

## **5. Implementation schedule**

160. The implementation schedule of the resettlement plan should be synchronized with the project's schedule for civil works construction. The guiding principle is that all key resettlement plan activities, such as land acquisition, compensation payment, and relocation of people to the new site, should be completed well in advance of the start of construction of the civil works.

161. Contractors cannot start full operation effectively until the site is clear and, if there are delays in resettlement, the people facing displacement could be further distressed and possibly intimidated by the sudden appearance on the land acquired of workers and heavy equipment. The resettlement plan implementation schedule must identify all activities under their respective headings—e.g. detailed engineering design, resettlement planning, land acquisition and payments of compensation, resettlement site development, relocation, project construction work, income restoration, resettlement supervision and monitoring. It must then provide subheading providing a timeline for implementation. The implementation should be adjusted from time to time to reflect progress made on implementation.

## **6. Relocation to resettlement sites and integration with host populations**

162. In resettlement planning, displaced persons cannot be considered in isolation from host populations. Resettlers can affect the employment conditions, the use of common property resources, the use of natural resources, and the public services of host communities in ways that may not be welcomed. But methods exist to improve resettlers-host relationships. The Jamuna Bridge Project in Bangladesh provided new civic amenities and common property resources such as drinking tube wells, mosques and temples, an addition to existing school facilities, and access roads to enhance the carrying capacity of host village communities. These facilities led to economic development for resettlers and hosts alike and generated social integration. The host population must not be allowed to feel that they are being discriminated against. They too deserve access to training, employment, and other benefits generated by the project that has brought about the resettlement.

163. For better integration, it makes sense to base host community selection on socio-cultural and economic activity compatibility. Displaced agricultural households, for example, should be relocated in a community that also pursues agriculture as a livelihood.

## **7. Initiating income restoration and improvement activities**

164. The implementing agencies should reconfirm that income restoration and improvement programs are still feasible and generally acceptable to the displaced persons. Experience shows that the following are the good practice: (i) in the cases where mitigation measures require substantial upgrading of skills of displaced persons, preparatory measures begin well before the displaced persons are deprived of present sources of income; (ii) inputs such as cash

assistance, replacement land, equipment, seeds, etc. are provided as early as possible so that displaced persons have enough time to implement the selected income restoration and improvement activities; (iii) arrangement on training, credit, market information and marketing of goods and services produced by displaced persons are made timely; and (iv) Transitional support is provided to the displaced persons when income recovery cannot be expected at the time of displacement. For example, communities with subsistence livelihoods should be provided with food-based transitional support. If the transition extends beyond the originally intended period, all form of transitional assistance must be extended as well. Elaboration of income restoration and improvement is provided in Chapter VII.

### **C. Gender Issues in Resettlement Implementation**

165. Consideration of gender issues is crucial in the implementation of any resettlement plan. Site selection, location, design, and suitability of the physical area are key concerns of women, as well as of men. They often bear on familial responsibilities that entail care of children and the elderly. They affect home-based activities that women often engage in to contribute to household income. Design must be sensitive to functional requirements of the home and domestic needs. Detailed guidelines on gender issues relevant to resettlement are to be found in the ADB publication, *Gender Checklist: Resettlement* (ADB, 2003). The Calcutta Environment Improvement Project provides a good example of the role that women can play in selecting a relocation site that meets their particular concerns. Under this project, women played an important role in the resettlement site selection in the Calcutta Environment Improvement Project. For women, the key considerations were safety of the sites and proximity to their original location. Being close to where they once lived gave them (i) continuity in employment, (ii) the ability to walk to work; (iii) the ability to return home quickly in case of an emergency involving their children, and (iv) access to basic social services. Community-based groups and NGOs worked with the women and encouraged their participation in the decision-making process.<sup>45</sup>

### **D. Resettlement Databank and Management Information System**

166. The executing agency should establish a databank of all displaced persons, with detailed inventory of losses and eligible compensation against the losses. This means that each and every displaced person will be listed under a coded number and file—called an entitled person's file—which will be updated as compensation and other entitlements are paid and implementation work progresses. The databank will form the baseline for all monitoring activities and will lead to the establishment of a management information system (MIS) that should be easily accessible for monitoring purposes. The databank and the MIS will require additional resources, skills, and in-house capacity in the resettlement unit.

### **E. Resettlement Site Transfer**

167. A project resettlement plan is time-bound. Once it is implemented and the project is complete, resettlers need to take responsibility for the relocation site and services. Project resettlement units must therefore work closely with resettlers and local governments to organize associations and groups and provide capacity building training for all the elements involved in this task. Discussing arrangement for handing over the operation and maintenance of local

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<sup>45</sup> ADB. 2003. *Gender Checklist: Resettlement*. Manila.

infrastructure facilities to the local governments and resettled communities is necessary. It is useful for resettlement implementation to include provisions for training staff from local governments as well as resettlers in operating and maintaining such facilities. This will create a sense of ownership, reduce dependence on the executing agency, and help ensure that the sites and services are sustained after they are transferred by the executing agency and project authorities. This resettlement management activity deserves close attention.

## **VII. INCOME RESTORATION AND IMPROVEMENT**

### **A. Need for Income Restoration and Improvement**

168. Income restoration and improvement are crucial to achieving the objectives of the SPS involuntary resettlement safeguards. Those displaced persons who lose housing as well as income sources may be most in danger of impoverishment. Resettlement without income restoration undermines project development objectives and risks swelling the numbers of the poor rather than achieving ADB's mission of reducing them. Resettlement planning must recognize that the loss of assets is closely linked to the loss of income and livelihood activities. Economically displaced families and households given good access to sufficient productive resources can recreate and even improve lost productive systems and livelihoods. Income restoration also results when projects share the benefits it generates with the very persons it has displaced.

169. Consideration of income restoration issues should start during the project's planning phase. But the details should be firmed up during project implementation, based on further studies and needs assessment surveys. During planning, it is critical to understand the impacts and the range of losses that resettlement will cause and to examine whether these resources could be reestablished in various ways as part of resettlement. Box 14 includes some key questions to guide planning for income and livelihood restoration.

#### **Box 14: Key Questions for Restoring Income and Livelihoods**

- How will the project affect sources of income and livelihood?
- What are the income levels of the displaced persons?
- Are there other non-monetary sources of livelihood?
- What are the constraints and opportunities for income generation in the relocation sites?
- Is replacement agricultural land available?
- Will it be possible to continue with agricultural activity?
- How many economically displaced persons cannot be absorbed back into their previous occupations?
- What are the existing skills of the displaced persons?
- What type of training do the displaced persons need and is there capacity to provide it?
- How many displaced persons would like to start their own businesses?
- Are there any opportunities for employment or income generation in the main investment project?
- Is the project management committed to income restoration beyond compensation?
- Are there any ongoing income-generating or livelihood development programs (e.g., poverty alleviation) in the project area?

### **B. Income Restoration and Improvement Strategies**

170. There are three steps in designing income restoration and improvement strategies. The first step is to analyze existing sources of income of displaced persons and their productive

activities. The second step is to survey and analyze existing economic conditions to identify resource base and assess market conditions. The third step is to identify new opportunities for displaced persons and implementation requirements such as training and financial support.

**171. Step one: Analyzing existing income sources and productive activities.** This step is to identify existing income sources and productive activities of displaced persons through census data, surveys and social assessment. The analysis normally includes both formal sources of income and informal economic activities, such as informal trade, subsistence production, and barter activities. It is important to measure and estimate actual incomes or equivalent economic values of displaced persons' productive activities. An income source may constitute one or more of the following broad categories:

- (i) primary income or subsistence from the displaced persons' own agricultural land;
- (ii) supplementary income from the displaced persons' own agricultural land;
- (iii) employment by others for agricultural production;
- (iv) subsistence or income through tenancy or share-cropping arrangements;
- (v) subsistence or income from community property;
- (vi) subsistence or income from exploitation of open-access resources;
- (vii) subsistence or income from encroachment on public land;
- (viii) income from rent for housing;
- (ix) income from marketing, sales, or provision of services;
- (x) income from regular or irregular wage employment;
- (xi) subsistence or income from barter activities; and/or
- (xii) Formal or informal community or government support; and
- (xiii) remittances

**172. Step 2: Analyzing current economic conditions.** In the second step, surveying and analyzing current economic conditions, involuntary resettlement planners undertake a set of related activities:

- (i) Prepare an inventory of the economic activities prevalent in the area. This inventory covers all economic activities in each place, including shops and stores, artisans and crafts people, and markets. The number of activities—and the number of practitioners of each activity—will vary systematically with the importance of the village or town. Moreover, the number of activities and practitioners of each activity will increase predictably with demand. Therefore, the enterprise inventory should be location specific, and the work should be supervised by a social scientist with expertise in economic geography or regional analysis.
- (ii) Examine the adequacy of support services, particularly financial institutions and development collaborators. A good practice is to inventory existing banks, savings and credit organizations, and any informal institutional arrangements for encouraging savings. The inventory details the conditions imposed by each agency for start-up or expansion capital or for spreading of financial risk. It is also useful to assess the current capacity of project agencies, NGOs, or other entities to develop economic opportunities, training, or other aspects of income restoration, because such organizations often become involved in the income restoration programs.
- (iii) Determine the number of economically productive displaced persons, their skills and education levels as compared to that of general population, and matching them with labor demands in the area. This information is usually collected in the

course of the census, which includes basic demographic information on primary and secondary occupations, education, and labor migration. This activity provides an estimate of the type and number of opportunities, information on the availability of support services, and an estimate of the number of displaced persons who will require assistance to restore income.

173. **Step 3: Identifying income restoration and improvement opportunities and programs.** The third step of identifying new economic opportunities involves identification of available and potential income restoration measures and assessment of their feasibility in the context of the identified needs and aspirations of the displaced persons. All opportunities identified should be technically, economically, socially, culturally, and financially feasible. Individual displaced persons must have the skills or aptitudes to produce the goods or services that help generate incomes. Program planners should assess market specifications, consumer preferences, transport, jobbers and wholesalers, and other marketing issues.

174. Figure 2 provides a step-by-step analytical process to identify both the skills and needs of the displaced persons for income restoration programs.

**Figure 2: Identifying Income Restoration Programs**



175. Box 15 contains a set of guiding principles for income restoration and improvement planning and implementation.

**Box 15: Guiding Principles for Income Restoration Planning and Implementation**

- Focus on the poorest and vulnerable people whose daily income and livelihood sources are at risk.
- Consider complex social and economic relationships in the community carefully and consult with the affected groups and assess their needs prior to planning any income restoration plans.
- Encourage participation by the affected groups (including women), local NGOs and CBOs, and focus on community development.
- Allocate sufficient resources and budget for microcredit for small business by women and the very poor for economic rehabilitation.
- Prepare to stay for a longer time period—definitely beyond the project construction cycle—to implement and follow up on income restoration activities.
- Remember that resettlement is a development activity.
- Develop multiple options for income restoration of the displaced persons (e.g., replacement land, employment, business, community enterprises, training and skills development) based on assessment of existing income-generating patterns.
- Develop special measures for the displaced persons who are disadvantaged in terms of income generation and employment. This should include establishment of women-centered income generation activities.
- Consult women and women's groups and establish women-centered income generation activities.
- Consider both short- and long-term strategies for effective income restoration plans.

### C. Typical Programs for Income Restoration and Improvement

176. There are three types of income restoration programs that aim to contain the risk of impoverishment risk, restore incomes, and build viable communities after involuntary resettlement. They can be pursued individually or in combined approaches:

- (i) **Land-based income restoration.** This program replaces the lost land with new land of equal or better productive potential at some other place. It is the preferred option in rural areas because the livelihoods of the displaced are generally based entirely on land. Non-land based options may render them vulnerable, even though many do not find new land to be of the same quality as the land lost. Other forms of the land-based program require access to forest, grazing land, or water resources. Although a scarcity of land is often a constraint in pursuing this approach, the option should be explored if the displaced persons wish to continue with land-based income restoration. Nevertheless, the next generation's priorities may be different in this regard.
- (ii) **Employment-based income restoration.** Projects generate employment opportunities at construction sites, in their offices, and elsewhere that can absorb many wage earners rendered jobless by displacement. The challenge is that many of these jobs are temporary. But a project may also produce long-term employment opportunities—working in a community-based road maintenance activity, for instance. Although this work may also require qualifications and experience that many resettlers do not possess, this problem can be overcome to some extent through a carefully designed skills training program.
- (iii) **Enterprise-based income restoration.** These programs can strengthen established entrepreneurs who have been resettled or stimulate many new small businesses, especially for the poor. These are often home-based economic activities. An assessment of the need for particular products, services, and skills

is always necessary before any business is launched—without sufficient demand, it will fail. Small business and entrepreneurs need help in other ways as well, including (a) training to upgrade existing skills and to learn new ones, including skills for business management; (b) advice on technical matters; (c) access to credit; and (d) assistance in marketing.

#### **D. Cash Assistance for Income Restoration and Other Options**

177. Income restoration assistance is also sometimes provided in cash. A project needs to make sure that this cash will be used only for the purpose intended. Otherwise the risk here is that, instead of using cash for their resettlement, the displaced persons may divert it to uses that are least able to assist in restoring their previous standard of living. To help prevent such use, cash assistance can be deposited in a joint bank account in the names of the displaced husband and wife and the borrower's project resettlement officer that requires all of their signatures for withdrawals.

178. Other non-land income-generating options should also be considered, based on a realistic assessment of potentials through market, social, and financial feasibility analysis. These options might be particularly appropriate to displaced agricultural producers located in urban fringe areas. The income-generating options may include

- (i) directed credit for small businesses and self-employment;
- (ii) skill development through training;
- (iii) assistance in finding openings in government and private enterprises;
- (iv) project-related employment for the displaced persons;
- (v) investment financing for resettlement; and
- (vi) contingency funds earmarked for remedial social action.

179. More innovative approaches include (i) establishing a social development fund from project revenue that may be managed by the displaced persons; and (ii) use of new resources generated by the same project that caused displacement. Box 16 provides a good example of this second innovative approach.

**Box 16: Use of Lake/Reservoir for Income Restoration in Saguling Dam Resettlement**

- The Saguling Dam, completed in 1998, inundated about 5,600 hectares, affecting 2,974 households and 13,000 people. Population density in this area of West Java in Indonesia was over 1,000 per square kilometer. The majority of people displaced lived on agriculture, with an average holding of less than half a hectare. The resettlement coordinating board of the project offered them multiple options. This included transmigration, employment in project construction, and resettlement in the upper catchments area. Less than 4% of the people opted for transmigration.
- A strategy was developed to utilize new resources—that is, the newly created lake for the dam reservoir—to create new job opportunities for the people living in the surrounding area. The approaches adopted were (i) agri-aquaculture—a combination of agriculture (dry season) and fish pen culture (wet season); (ii) capture fisheries; and (iii) aquaculture. At the request of the project management unit, the fisheries agency established a fisheries technical unit to give the affected persons technical training and established demonstration units of a floating net system in Saguling. The project management unit also established cooperatives among the fishers, introduced a licensing system for floating net fishers, and initiated step to conserve the fish population. Hundreds of families found new income opportunities. A post-resettlement income restoration survey showed an increase of 230% in income compared with the pre-project period.
- Several factors contributed to the success of this income restoration program. The management of electricity authority was serious in implementing the income restoration program. The necessary technical support was made available to the affected families. The affected persons were accustomed to fishing as a subsidiary source of income. Fishers organizations were developed and marketing was undertaken through the cooperatives. Good planning, support, and supervision were also key ingredients.

Source: ADB. 2000. *Environmental Management of Dam Project: The Saguling Case, Indonesia (Unpublished Report)*. Manila

## **E. Short- and Long-Term Income and Livelihood Restoration Programs**

180. Income and livelihood restoration programs may require support and services for 3 to 5 or even 10 years before they become viable. Project management may need to implement both short- and long-term programs for restoring the displaced person's income. For example, the Simuri Foundation created a separate fund of \$2 million to provide short and long-term support for the displaced households for the Tangguh Liquefied Natural Gas Project in Indonesia.<sup>46</sup> These livelihood activities, both short- and long-term, are shown in Table 10.

<sup>46</sup> ADB. 2005. *Tangguh LNG Project in Indonesia - Resettlement Planning*, Manila (project number 38919-INO).

**Table 10: Livelihood Restoration and Support in the Tangguh Liquidified Natural Gas Project in Indonesia**

<b>Livelihood Activities</b>	<b>Project Response</b>
<b>Short-Term</b>	
Employment with project	Small uptake of training and job positions with contractors on the Tangguh liquefied natural gas plant site, including indigenous groups
<b>Long-Term</b>	
Vegetable garden establishment	Interviewed households indicated they were self-reliant in vegetable production, some selling small surpluses. Some resettlers noted more productive soils at replacement site than at original location.
Skills training/house reconstruction	Other resettlers have been engaged to undertake house construction. Some workers have worked alongside skilled tradesmen to learn house construction skills. An enterprise producing fiberglass septic tanks has been started.
Savings/loan project	NGOs are being pre-qualified to continue and expand the program.
Fisheries development	Outboards have been issued to some households with boats. Fishers have received training in outboard maintenance and repair. They have also been helped to purchase better nets and equipment.
Fruit tree re-establishment	Fruit tree seedlings have been distributed to all households. The displaced persons indicated reasonable survival rates and good growth on most species.
Absorption of host village	The integrated social program (part of the Indigenous Peoples Development Framework) focused on development assistance to all of the area near the plant, not just selected villages, and closer cooperation with local government in delivering programs.

Source: ADB. 2005. *Tangguh LNG Project in Indonesia - Resettlement Planning*. Manila.

181. Short-term income restoration programs for immediate assistance during relocation may include

- (i) house construction grants and relocation subsistence allowances are for the full period of disruption and reestablishment;
- (ii) free transport or costs of removal and reestablishment for relocation;
- (iii) subsidized inputs for agricultural, fisheries, and livestock production for the first 2 or 3 years or until income levels are restored;
- (iv) exemption from taxes and fees;
- (v) temporary or short-term employment in civil construction activities at the resettlement or project construction sites; and
- (vi) special assistance, as appropriate, to vulnerable groups such as women, indigenous peoples, the aged, and the disabled.

182. Long-term income restoration strategies involve both land-based and non-land economic activities that will provide a sustained source of income over a longer period of time and enable restoration, or better still, improvements in the standard of living of the displaced persons. These strategies may consist of both project-sponsored programs (for example, purchase of replacement land, employment, training, and various inputs for income generation) and establishing linkages to local or national economic development and employment programs in the project area. Other strategies include rural credit and micro-enterprise programs managed by local governments or NGOs. Another example of long-term income restoration strategy comes from the PRC where the displaced persons in several ADB assisted projects have considered investing the compensation amount received in commercial banks for interests a viable income restoration option.

## F. Involving Nongovernment Organizations as Partners in Livelihood Programs

183. NGOs can play a significant role in helping resettlers generate income. Many have the grassroots experience in designing creative income generating options that are well suited to local capabilities and needs and have also organized skills training programs. These NGOs are likely to continue to operate in the area even after project construction is completed. NGOs have increasingly partnered with borrowers/clients in planning and implementing programs such as the one examined in Box 17. NGO partners should be selected with care, however, based on their past records.

### Box 17: Nongovernment Organization Involvement in Income Restoration

- The National Highway Corridor Sector I Project of the National Highways Authority of India (NHAI) delegated an important role to the nongovernment organizations in facilitating the resettlement process and income restoration programs for the displaced persons. The tasks assigned to NGOs included (i) consultation with all displaced persons to explain the available income restoration opportunities and options such as land, shops, jobs, training for self-employment, and government anti-poverty schemes; (ii) inventory of the affected persons with their income restoration options; and (iii) the types of assistance to the displaced persons indicated below that facilitate implementation of several resettlement and income and livelihood options.
  - **Land option.** NGOs helped those availing of the land option buy suitable replacement land from willing sellers.
  - **Shop option.** They helped project authorities allocate shops to project families losing commercial structures in accordance with the principles in the resettlement plan.
  - **Job option.** NGOs helped arrange jobs on a preferential basis for interested displaced persons on road related construction work.
  - **Training for self-employment.** They undertook tasks to generating self-employment, including market surveys for products in demand, organization of training to impart new skills and upgrade existing traditional skills, assistance in accessing credit to start income-generating schemes, and assistance in marketing products.
  - **Government antipoverty programs.** NGOs identified government schemes and coordinated with the district officials concerned to see that the displaced persons benefited from those government programs.
- The resettlement plan provided for income restoration assistance to affected people according to their loss. In addition, women and vulnerable groups were identified for special treatment, which involved some relaxation in qualifications for jobs training among other steps. NGOs followed the guidelines to ensure that, while all eligible affected persons were assisted, the needs of those most in need were met on a priority basis.

Source: NHAI. 2003. *Resettlement Plan - National Highway Corridor Sector I Project, India*. New Delhi.

## G. Monitoring Income Restoration

184. Monitoring of income restoration and improvement programs focuses on income levels and socioeconomic indicators, including the responsiveness of displaced persons to new economic opportunities, the number of displaced persons undertaking each activity, the success of each type of endeavor, and the problems encountered. Close monitoring is needed especially in the early stages of implementation to evaluate whether the proposed measures are working.

185. It is the borrower's responsibility to monitor the efficacy of the income restoration measures. Monitoring should be done by interviewing a sample of displaced persons about the following critical indicators:

- (i) remunerative activities for each member of the household, including information on income and seasonality and any costs or savings associated with each

- activity (such as transport and subsistence costs related to new job locations and capital purchases);
- (ii) types of problems encountered;
- (iii) perceived need for additional assistance (and type);
- (iv) individual satisfaction with current economic activities;
- (v) household furnishings (sales may indicate impoverishment while purchases indicate buying power); and
- (vi) agricultural equipment and animals (sales of either may indicate impoverishment).

## VIII. INSTITUTIONAL ARRANGEMENTS AND CAPACITY DEVELOPMENT

186. Effective resettlement depends on the capacity and commitment of the agencies responsible for resettlement planning and management. In the past years, many DMCs have increasingly improved their policy and legal framework for involuntary resettlement. However, the institutions dedicated to resettlement work and their capacity at the agency and field levels are still weak and need to be strengthened. This chapter focuses on agencies and organizations involved in resettlement planning and management. It also discusses ADB's responsibility to assess the adequacy of the borrower's institutional capacity and provide support for capacity development.

### A. Resettlement Unit

187. A resettlement unit is normally required for projects with significant resettlement impacts. For projects with limited land acquisition affecting only a few households may not require a resettlement unit. During the project preparation stage, the borrower/client and the ADB project team should decide whether a resettlement unit is required. If one is needed, the following issues are relevant: (i) the form and size of the resettlement unit; (ii) the mandate of the resettlement unit; (iii) the financial and administrative authority; (iv) staffing and budget; and (v) the requirements for training and capacity building.

188. The form and size of the resettlement unit will depend on the severity of the impacts and the scale of displacement and resettlement. The head of the resettlement unit should be a senior officer with appropriate financial power and authority to carry out all functions, including coordinating meetings with other departments. Typically, a resettlement unit is established within the department or agency responsible for the main investment project. This allows the agency to coordinate all the resettlement activities that are normally carried out by other agencies (e.g., the land department or a local administration), including land acquisition and compensation payments to the displaced persons. Resettlement unit staff need to work closely with the main project staff and thus can contribute to better and faster decision making and deployment of resources. Resettlement institutional arrangement and capacity development are to be included in the project administration manual and monitored systematically.

189. The Jamuna Bridge Project cofinanced by ADB and the World Bank provides a good example of institution building for resettlement management (Box 18). The approach established was based on collaboration between the executing agency and the many NGOs that implemented specific project components. The Jamuna model was later replicated in many other donor-funded projects in Bangladesh.

**Box 18: Resettlement Institution Building in the Jamuna Bridge Project**

- Land acquisition for the approach and landing area for the 4.8-kilometer-long Jamuna Bridge in Bangladesh, along with riverbank protection works and other facilities, directly and indirectly affected about 16,000 families (100,000 persons) along the banks of the Jamuna River. Of the affected families, 3,600 needed to be resettled. The remaining families lost agricultural land only. In accordance with requirements of the ADB and the World Bank's, a revised resettlement action plan was approved in 1994 for the resettlement of the affected populations. Aside from the revised resettlement action plan, an environmental management action plan and an erosion and flood affected person program were prepared to mitigate the project's environmental and social impacts.
- The executing agency established a separate resettlement unit headed by a project director to deal with the resettlement activities. The project director had full administrative power and a separate budget line to implement the resettlement programs. Indeed, resettlement was treated as a separate project within the Jamuna project. Two field offices—one for each river bank—supervised implementation of the resettlement action plan by the Rural Development Movement, a local nongovernmental organization (NGO). The resettlement unit was very effective in the implementation, monitoring, and supervision of resettlement. It was assisted by a panel of experts and management consultants with resettlement expertise. Village workers were recruited by the implementing NGO from the project-affected villages to help in resettlement activities and to work closely with and help the affected persons with relocation matters on a day-to-day basis. They also conducted information campaigns. The resettlement unit established several grievance redress committees that included unit representatives, local government officials, project-affected persons, and NGOs. The committees were purported to resolve locally any grievances involving resettlement benefits, relocation, house plots, and other assistance.
- The involvement of many NGOs in the implementation of the resettlement, environmental, and the erosion and flood protection programs is one of the most notable features of the Jamuna Bridge project. Close to a dozen NGOs, including the highly regarded Bangladesh Rural Advancement Committees and Grameen Bank, helped implement such program components as social surveys, information campaigns, consultations, health and hygiene activities, fisheries mitigation and fish culture, wildlife protection, tree planting and social afforestation, training and microcredit programs, and payment of compensation for flood and erosion losses in the local villages. The involvement of both local and nationally known NGOs ensured the long-term sustainability of the programs and increased institutional capacity for poverty alleviation in the project area beyond the commitment of the Jamuna project.

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Source: Jamuna Multipurpose Bridge Authority. 1997. *An Overview of the Resettlement, Environmental Management and Related Activities in the Jamuna Bridge Project*. Dhaka.

190. A resettlement agency that is independent of the project implementing agency may be useful in carrying out a large-scale resettlement program, as the project implementation agency may not have the capacity to manage such a large scale resettlement work. When an independent resettlement agency is used for a project, clear mechanisms are needed to enable coordination among departments involved in the resettlement operations. These can include the land department, the local administration, the labor bureau, the education and health departments, and public works officials for infrastructure development in relocation sites.

## **B. Staffing**

191. Allocating adequate number of staff in the resettlement units is important but often challenging. In the early stages of the project cycle, a resettlement unit may need a relatively fewer staff for resettlement consultations and planning, and additional staff are usually required for plan implementation. An adequate ratio of resettlement staff to the displaced persons depends on such factors as the number of the displaced persons, the number of sites, and the complexity of the issues.

192. A good practice is for the resettlement unit to establish offices at all resettlement sites to facilitate planning, coordination, and implementation of resettlement projects. Field offices are also essential to maintain contact with the displaced persons and to build rapport in resettlement activities. Field staff members ideally live within the project area and are able to speak local languages, particularly in cases involving Indigenous Peoples. They should provide skills in a mix of relevant fields—e.g., engineering, public health, law, agronomy, economics, environmental studies, rural sociology, and anthropology. The staff should include both women and men to ensure the displaced women are able to voice their needs and concerns, particularly when gender equity challenges may be substantial.

### **C. Resettlement Coordination Committees**

193. The resettlement unit would, as a good practice, take the initiative to form local resettlement coordination committees of displaced persons and others for consultation and participation at, for example, the village, subdistrict, area, and project levels. The resettlement coordination committees also help ensure that resettlement plans are implemented effectively. . These committees typically include

- (i) displaced persons, beneficiaries (both men and women), and representatives of the host population;
- (ii) other stakeholders with interest in the project (e.g., local or national governments, elected officials, concerned NGOs); and
- (iii) technical experts whose knowledge may assist in identifying potential impacts and finding ways to address and mitigate them.

### **D. Involving Nongovernment Organizations in Resettlement Implementation**

194. Qualified and experienced NGOs can provide effective support to a resettlement agency. Involving NGOs in resettlement projects is considered particularly useful in

- (i) gathering and sharing information and avoiding potential problems;
- (ii) planning and implementing income-generating schemes;
- (iii) developing information campaigns and community participation;
- (iv) strengthening local institutions and community self-reliance; and
- (v) delivering services to hard-to-reach communities in a more efficient and cost-effective manner.

195. Many DMCs use qualified and experienced NGOs to support resettlement agencies for implementing resettlement plans. This has become a common practice in some countries. Box 19 summarizes the criteria for identifying an appropriate NGO.

**Box 19: Criteria for Identifying a Nongovernment Organization for Implementation**

- The nongovernment organization (NGO) should ideally be from the project-affected area or have work experience in the area.
- It should have a good track record in terms of program planning and implementation in resettlement, rural development, poverty, gender issues, environment, and participation.
- The NGO should have the necessary staff with technical and social skills in resettlement, community development, and participation, including familiarity with local languages and customs
- It should be registered with the government as an NGO with good standing and be in sound financial condition for project implementation purposes
- The NGO should not be involved with any political party or religious groups directly or indirectly.

**E. Institutions and Capacity Development: Good Practice for the Borrower/client**

196. The following list summarizes what the borrower/client should do to successfully build institutions and capacity for involuntary resettlement implementation. ADB will work together with the borrower to enhance their capacity.

- (i) Establish a resettlement unit or agency with sufficient budget and trained human resources to deal with policy, planning, implementation, and monitoring of resettlement-related issues, if resettlement is significant.
- (ii) Provide information on a continual basis to resettlers and hosts.
- (iii) Establish coordination committees for resettlement management.
- (iv) Involve resettlers, hosts, and nongovernment organizations or community-based organizations in all stages of resettlement planning and implementation.
- (v) Promote field procedures (e.g., minutes of meetings and progress reports) to enhance institutional knowledge about implementation practices.
- (vi) Computerize the database for implementation and monitoring purposes.

**F. Institutions and Capacity Development: What ADB Can Do**

197. The SPS emphasizes ADB's responsibility to assess the adequacy of institutional arrangement and capacity of the borrower/client to manage involuntary resettlement risks, and to provide support to strengthen their institutional capacity where needed. The following paragraphs provide detailed guidance to ADB staff for projects with potential resettlement impacts and where borrowers/clients have little or no experience in involuntary resettlement.

198. The ADB project team, through its due diligence, should find out the scope of project resettlement at the project identification stage and assess the capacity of the country and/or agency for resettlement management. The following are key questions regarding resettlement institutions:

- (i) Does the borrower/client have any experience in resettlement?
- (ii) Is there an existing institutional arrangement for resettlement planning and operations? Or will a new institution be needed?
- (iii) Is there a need for a separate resettlement unit under the project? If so, what are the administrative and financial mandates of the unit?
- (iv) What are the major gaps in institutional capacity for effective resettlement management?
- (v) Is there a need for training to build institutional capacity?
- (vi) Are mechanisms for interdepartmental coordination for resettlement activities at local and higher levels in place?

- (vii) What plans are there to involve NGOs and the displaced persons' groups in the planning and implementation of resettlement?

199. If ADB's due diligence identifies that the borrower/client has inadequate capacity to develop and implement resettlement plan for a proposed project, the project team develops programs for capacity development and training that may include one or more of the following activities:

- (i) Short-term involuntary resettlement management training and workshops can be organized by the project preparatory consultants or by local training institutes with the necessary curricula and facilities. The project preparatory consultants' terms of reference should include this task and training should include effective communication.
- (ii) The project design can include a loan component or subcomponent for institutional capacity development in managing involuntary resettlement risks. Capacity-building activities may involve on-the-job training, training workshops, and visiting other successful resettlement projects. For example, during the project preparation phase for ADB-supported Southern Transport Development Project in Sri Lanka,<sup>47</sup> senior project staff from Road Development Authority/Land Acquisition and Resettlement Division visited the Jamuna Bridge resettlement sites in Bangladesh—another project financed by ADB—for firsthand experience of the resettlement operations (see Box 20). The loan implementing consultants' terms of reference should include this task. The loan implementing consultants' terms of reference should include this task.
- (iii) Piggy-backed or stand-alone TA related to a project that involves involuntary resettlement where capacity development is an issue.

200. ADB also provide technical assistance at national or sector level to address the issue of institutional development and capacity building for resettlement. Since the mid-1990s, ADB has financed a series of TA projects for this kind of capacity building for DMCs and has conducted involuntary resettlement management training seminars and workshops in Bangladesh, India, Indonesia, the Lao PDR, the Philippines, the PRC, Sri Lanka, and Vietnam.<sup>48</sup> Such efforts should continue. For example, ADB's on-going TA 7566 for Strengthening and Use of Country Safeguard Systems provides support for improved land legislation and enhanced implementation capacity in DMCs.

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<sup>47</sup> ADB. 1999. *Southern Transport Development Project*. Manila (Loan 1711-SRI, approved on 25 November 1999).

<sup>48</sup> For example, ADB. 2008. *Capacity Development on Involuntary Resettlement (Bangladesh, Indonesia, Pakistan, and Vietnam)*. Manila (RETA 6425-REG).

### Box 20: Tour and Training for Resettlement Capacity Building

- In August 1999, during the preparation of the Southern Transport Development Project (STDP) in Sri Lanka, a team of the Road Development Authority (RDA) officials were sent to visit the Jamuna Bridge Project in Bangladesh under the Project TA (3184-SRI) program. Preparation of the STDP showed that it would involve significant land acquisition and involuntary resettlement. The project was likely to acquire about 1,100 hectares of mainly agricultural land and resettle close to 900 families, including 75 small and medium businesses. Although Sri Lanka did have well-established procedures for land acquisition, the resettlement procedures were relatively new and had not been used for a project of this magnitude.
- To ensure that the project's land acquisition and resettlement activities were carried in accordance with the Involuntary Resettlement Policy (1995), ADB helped the RDA, which was the executing agency, to prepare a resettlement plan and undertake other related activities. Since these activities were also major components of the Jamuna Bridge project, where they had been effectively managed, the technical assistance project officer decided to send a team of RDA officials to observe first-hand how similar significant social impacts had been addressed and mitigated in Bangladesh.
- The study tour consisted of meetings with project officials and resettlement staff in Dhaka and extensive field visits at the project sites. RDA officials attended numerous meetings with the resettlers and host populations. They visited programs implemented under resettlement and environmental action plans such as resettlement sites; tree plantations, and fish ponds used as a source of income restoration; training for alternative incomes; and host area villages and civic amenities. The visitors were very impressed and gained a new vision of how to deal with social issues in project development. The field trip was videotaped for use in an STDP training seminar on resettlement management.

Source: Road Development Authority, Sri Lanka. 1999. *STDP Tour and Training Program – Final Report, Vol. 1*. Colombo.

## IX. RESETTLEMENT SUPERVISION, MONITORING, EVALUATION, AND REPORTING

201. The SPS requires the borrower/client to monitor and assess resettlement outcomes, their impacts on the standards of living of the displaced persons, and whether the objectives of the resettlement plan have been achieved. Successful implementation of a resettlement plan depends on good resettlement management, close monitoring, and effective supervision. This enables the executing and/or implementing agency to make timely adjustments in implementation arrangements and take appropriate corrective measures during project implementation. It is therefore important that the implementation monitoring activities of a resettlement plan be adequately budgeted, be conducted by personnel who are well-equipped for this specialized job, and be integrated into the project's planning and management processes.

### A. Resettlement Monitoring By the Borrower

202. The monitoring systems is designed to track (i) the delivery of the planned resettlement activities to the displaced people (e.g. whether compensation is paid, houses purchased, etc.) and (ii) whether the planned activities are producing the desired outcomes. Monitoring is best thought of as a project management tool to detect and correct shortfalls in performance and/or achievement of outcomes. In simple projects, this "internal" monitoring is all that is needed.

203. The executing agency for the project is responsible for organizing and resourcing the monitoring efforts. The resettlement plan should specify the details of the arrangements for monitoring and, as good practice, do the following:

- (i) Allocate responsibilities for monitoring within the resettlement unit or agency. For large-scale resettlement, a special monitoring unit or group is desirable. For resettlement involving different agencies or levels of government, a coordination plan is necessary.
- (ii) Set responsibilities for specific tasks, including data collection, data analysis, verification, quality control, coordination with related agencies, preparation of

reports, submission of reports to decision makers and ADB, and reviewing and acting on reports.

- (iii) Establish the method to be used to collect and analyze data.
- (iv) Detail the resources required for field survey work and for record keeping, including the provision of specialists in sociology, social anthropology, and resettlement as specified by ADB policy.
- (v) Show any requirements for building capacity and skills in monitoring, including the need and budget for a training plan.
- (vi) Lay down the time frame for data collection efforts and the preparation and submission of reports.
- (vii) Set the budget for monitoring, reporting, and evaluation.
- (viii) Provide for establishment of a database and management information system.

204. The resettlement unit is responsible for conduct monitoring, including the data collection, analysis, and reporting the progress of resettlement.

### **B. Resettlement Supervision by ADB**

205. The SPS is clear about the importance of ADB supervision of resettlement. It requires that resettlement components of ADB-supported projects be supervised throughout implementation of the resettlement plan by the appropriate project staff. Project review missions are required to visit project sites to ascertain the status of plan implementation. For projects with significant impacts, ADB conducts supervision missions that involve detailed review by ADB's safeguard specialists. For projects considered as highly complex and sensitive, the borrower/client is required to engage an independent advisory panel (see paras. 121-124) during project preparation and implementation.

206. During the resettlement plan implementation, the monitoring reports prepared by the borrower/client are submitted to ADB for disclosure. ADB's supervision of the resettlement program should be fielded timely during project implementation. Supervision missions assist the borrower/client in confirming satisfactory progress or identifying issues or obstacles being encountered and designing corrective actions.

### **C. Verification of Monitoring information by External Experts**

207. For projects with significant involuntary resettlement impacts, ADB requires that the borrower/client engage qualified and experienced external experts or qualified NGOs to verify the monitoring information. External experts do not substitute for the internal monitoring. The experts should be qualified professionals with relevant experience in similar activities who are not involved in day-to-day project implementation or supervision. Qualified NGOs are those having the qualifications and experience relevant to performing the monitoring and evaluation exercise and should be external to a project. The tasks of the external experts are to

- (i) verify the borrower's monitoring information to assess whether resettlement objectives have been met and, specifically, whether livelihoods and living standards have been restored or enhanced, including those of the non-titled displaced persons; and
- (ii) advise the borrower/client on safeguard compliance issues identified during monitoring

208. If the external experts identify significant involuntary resettlement compliance issues, it is the responsibility of the borrower/client to prepare a CAP to address them. The experts will

inform the borrower/client of such issues and advise how to resolve them. The borrower/client should submit the CAP to ADB for review. A sample terms of reference for external experts is provided in Appendix 5 of this Sourcebook.

#### D. Monitoring Mechanism

209. During resettlement plan preparation, the implementing agency develops a monitoring and reporting framework for resettlement activities. Central to this framework are the census of the displaced persons and the inventory of assets that constitute the basis for the agreed plan. The organizational unit responsible for reporting on resettlement (the project resettlement unit, where it exists) oversees the progress in resettlement preparation and implementation through regular progress reports, submitted through normal channels. Monitoring should focus on resettlement implementation, not just on physical and financial progress, and be comprehensive.

210. This overall monitoring and reporting framework, based on predefined indicators, should provide a routine flow of information from the field level to the headquarters of the implementing agency and be combined with periodic supervision and verification. The record is updated by periodic surveys designed to measure change against the baseline established during the initial census and survey work. The periodic surveys focus on the progress in the receipt of entitlements by the displaced persons and on the benefits indicators.

211. Monitoring indicators are typically from the baseline data to address the specific contents of the activities and entitlements matrix. Potential monitoring indicators, from which specific indicators can be developed and refined according to the circumstances, are set out in Table 11.

**Table 11: Monitoring Indicators**

Monitoring Aspects	Potential Indicators
<b>Delivery of Entitlements</b>	<ul style="list-style-type: none"> <li>• Entitlements disbursed, compared with number and category of losses set out in the entitlement matrix.</li> <li>• Disbursements against timelines.</li> <li>• Identification of the displaced persons losing land temporarily, e.g. through soil disposal, borrow pits, contractors' camps, been included.</li> <li>• Timely disbursements of the agreed transport costs, relocation costs, income substitution support, and any resettlement allowances, according to schedule.</li> <li>• Provision of replacement land plots.</li> <li>• Quality of new plots and issue of land titles.</li> <li>• Restoration of social infrastructure and services.</li> <li>• Progress on income and livelihood restoration activities being implemented as set out in the income restoration plan, for example, utilizing replacement land, commencement of production, the number of the displaced persons trained in employment with jobs, microcredit disbursed, number of income-generating activities assisted.</li> <li>• Affected businesses receiving entitlements, including transfer and payments for net losses resulting from lost business.</li> </ul>
<b>Consultation and Grievances</b>	<ul style="list-style-type: none"> <li>• Consultations organized as scheduled including meetings, groups, and community activities.</li> <li>• Knowledge of entitlements by the displaced persons.</li> <li>• Use of the grievance redress mechanism by the displaced persons.</li> <li>• Information on the resolution of the grievances.</li> <li>• Information on the implementation of the social preparation phase.</li> <li>• Implementation of special measures for Indigenous Peoples.</li> </ul>
<b>Communications and Participation</b>	<ul style="list-style-type: none"> <li>• Number of general meetings (for both men and women).</li> <li>• Percentage of women out of total participants.</li> <li>• Number of meetings exclusively with women.</li> <li>• Number of meetings exclusively with vulnerable groups.</li> </ul>

Monitoring Aspects	Potential Indicators
	<ul style="list-style-type: none"> <li>• Number of meetings at new sites.</li> <li>• Number of meetings between hosts and the displaced persons.</li> <li>• Level of participation in meetings (of women, men, and vulnerable groups).</li> <li>• Level of information communicated—adequate or inadequate.</li> <li>• Information disclosure.</li> <li>• Translation of information disclosure in the local languages.</li> </ul>
<b>Budget and Time Frame</b>	<ul style="list-style-type: none"> <li>• Land acquisition and resettlement staff appointed and mobilized on schedule for the field and office work.</li> <li>• Capacity building and training activities completed on schedule.</li> <li>• Achieving resettlement implementation activities against the agreed implementation plan.</li> <li>• Funds allocation for resettlement to resettlement agencies on time.</li> <li>• Receipt of scheduled funds by resettlement offices.</li> <li>• Funds disbursement according to the resettlement plan.</li> <li>• Social preparation phase as per schedule.</li> <li>• Land acquisition and occupation in time for implementation.</li> </ul>
<b>Livelihood and Income Restoration</b>	<ul style="list-style-type: none"> <li>• Number of displaced persons under the rehabilitation programs (women, men, and vulnerable groups).</li> <li>• Number of displaced persons who received vocational training (women, men, and vulnerable groups).</li> <li>• Types of training and number of participants in each.</li> <li>• Number and percentage of displaced persons covered under livelihood programs (women, men, and vulnerable groups).</li> <li>• Number of displaced persons who have restored their income and livelihood patterns (women, men, and vulnerable groups).</li> <li>• Number of new employment activities.</li> <li>• Extent of participation in rehabilitation programs.</li> <li>• Extent of participation in vocational training programs.</li> <li>• Degree of satisfaction with support received for livelihood programs.</li> <li>• Percentage of successful enterprises breaking even (women, men, and vulnerable groups).</li> <li>• Percentage of displaced persons who improved their income (women, men, and vulnerable groups)</li> <li>• Percentage of displaced persons who improved their standard of living (women, men, and vulnerable groups)</li> <li>• Number of displaced persons with replacement agriculture land (women, men, and vulnerable groups)</li> <li>• Quantity of land owned/contracted by displaced persons (women, men and vulnerable groups)</li> <li>• Number. of households with agricultural equipment</li> <li>• Number of households with livestock</li> </ul>
<b>Benefit Monitoring</b>	<ul style="list-style-type: none"> <li>• Noticeable changes in patterns of occupation, production, and resource use compared to the pre-project situation.</li> <li>• Noticeable changes in income and expenditure patterns compared to the pre-project situation.</li> <li>• Changes in cost of living compared to the pre-project situation.</li> <li>• Changes in key social and cultural parameters relating to living standards.</li> <li>• Changes occurred for vulnerable groups.</li> <li>• Benefiting from the project by the displaced persons.</li> </ul>

212. Table 12 presents a set of suggested indicators for verification of the monitoring information of the borrower/client by qualified and experienced external experts or qualified NGOs.

**Table 12: Indicators for Verification by External Experts**

<b>Monitoring Indicator</b>	<b>Basis for Indicator</b>
Basic information on displaced persons' households  (Gender disaggregated data essential for all aspects)	<ul style="list-style-type: none"> <li>• Location of the project</li> <li>• Composition and structure, ages, educational, and skill levels</li> <li>• Gender of household head</li> <li>• Ethnic group</li> <li>• Access to health, education, utilities, and other social services</li> <li>• Housing type</li> <li>• Land and other resource-owning and resource-using patterns</li> <li>• Occupations and employment patterns</li> <li>• Income sources and levels</li> <li>• Agricultural production data (for rural households)</li> <li>• Participation in neighborhood or community groups</li> <li>• Access to cultural sites and events</li> <li>• Valuation of all assets</li> </ul>
Restoration of living standards	<ul style="list-style-type: none"> <li>• Were house compensation payments made free of depreciation, fees, or transfer costs to the displaced persons?</li> <li>• Have displaced persons adopted the housing options developed?</li> <li>• Have perceptions of community been restored?</li> <li>• Have displaced persons achieved replacement of key social and cultural elements?</li> </ul>
Restoration of livelihoods  (Disaggregate data for displaced persons moving to group resettlement sites, self-relocating displaced persons, displaced persons with enterprises affected)	<ul style="list-style-type: none"> <li>• Were compensation payments free of deductions for depreciation, fees, or transfer costs to the displaced persons?</li> <li>• Were compensation payments sufficient to replace lost assets?</li> <li>• Was sufficient replacement land available of suitable standard?</li> <li>• Did income substitution allow for reestablishment of enterprises and production?</li> <li>• Have affected enterprises received sufficient assistance to reestablish themselves?</li> <li>• Have vulnerable groups been provided income-earning opportunities?</li> <li>• Are these opportunities effective and sustainable?</li> <li>• Do jobs provided restore pre-project income levels and living standards?</li> </ul>
Levels of displaced persons' satisfaction	<ul style="list-style-type: none"> <li>• How much do the displaced persons know about resettlement procedures and entitlements?</li> <li>• Do the displaced persons know their entitlements?</li> <li>• Do they know whether these have been met?</li> <li>• How do the displaced persons assess the extent to which their own living standards and livelihoods have been restored?</li> <li>• How much do the displaced persons know about grievance procedures and conflict resolution procedures?</li> </ul>
Effectiveness of resettlement planning	<ul style="list-style-type: none"> <li>• Were the displaced persons and their assets correctly enumerated?</li> <li>• Was the time frame and budget sufficient to meet objectives, were there institutional constraints?</li> <li>• Were entitlements too generous?</li> <li>• Were vulnerable groups identified and assisted?</li> <li>• How did resettlement implementers deal with unforeseen problems?</li> </ul>

## **E. Reporting**

213. For a project with resettlement impacts, the borrower/client is required to prepare semiannual monitoring reports for submission to ADB that will include the progress in compensation payment as well as other resettlement activities.

For projects deemed by ADB as highly complex and sensitive, ADB requires quarterly monitoring reports.<sup>49</sup>

#### **F. Disclosure of Monitoring Reports**

214. The borrower is required to forward to ADB involuntary resettlement monitoring reports for review and posting on the ADB web site. ADB encourages that the monitoring reports are also disclosed on the web sites of the borrowers, if they have web sites. It is also required that relevant information from the monitoring reports is disclosed to the affected persons. "Relevant information" in this context refers to the implementation status of a resettlement plan, such as, information on financial progress/disbursement and physical progress (related to land and other assets acquisition and relocation); livelihood/income restoration; any information on benefits sharing; and corrective action plan, if any. These issues are of direct relevance to the affected persons, which also have the elements of participatory monitoring.

#### **G. Assessment and Evaluation**

215. As a good practice, the borrower conducts evaluation of overall resettlement implementation after project completion, in particular for projects with significant resettlement impacts. Evaluation is essentially a summing up of an assessment of whether those activities planned actually achieved their intended objectives. An assessment of resettlement outcomes is measured against baseline conditions. The evaluation exercise assesses resettlement efficacy, effectiveness, impact, and sustainability, drawing lessons to guide future resettlement planning. Good practice of evaluation provides gender disaggregated information and concentrates on a few key indicators, such as income levels and accessibility to social services, as well as satisfactory relocation.

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<sup>49</sup> ADB. 2010. Safeguard Policy Statement. *Operations Manual*. OM Section F1/OP, Para 27. Manila (issued on 4 March 2010).

## INVOLUNTARY RESETTLEMENT IN THE ADB PROJECT CYCLE

1. Involuntary Resettlement constitutes an integral part of ADB-supported projects and, therefore, should be considered throughout the project cycle. This appendix provides guidance to ADB project officer/mission leader on how to incorporate involuntary resettlement safeguards in the ADB project cycle. It presents the steps to be taken at project planning phase and implementation phase. Further, Table A1.1 summarizes the key tasks and responsibilities of the ADB project team in the involuntary resettlement planning and implementation in the ADB project cycle. This appendix also provides some guidance on identifying and categorizing involuntary resettlement (Table A1.2).

### A. Project Planning Phase

2. Involuntary resettlement constitutes an integral part of the project design from the earliest stage of the project cycle. Many measures must be completed during the project cycle after project identification and before approval of the investment project by the ADB Board. The key steps in the resettlement planning phase are briefly discussed below. A set of tasks for the ADB project officer and/or mission leader are identified at each stage. They should be followed through as outputs during project preparation.

3. An initial poverty and social assessment (IPSA) is to be undertaken for ADB-supported project as early as possible at the initial stage of the project planning phase. IPSA is conducted primarily to determine the scope of poverty and social issues that will need to be addressed during project design. It helps flag the overall dimensions of a proposed project as well as develop the terms of reference of project preparation consultants, including those relevant to involuntary resettlement. An IPSA report is prepared at this stage.

#### **Step 1: Project Identification, Initial Poverty and Social Analysis, and Involuntary Resettlement Categorization**

4. An initial screening is required to identify possible impacts from land acquisition and involuntary resettlement as early as possible. This is done at the project concept stage where feasible and should be completed no later than project or program preparatory technical assistance (TA), project preparatory note fact finding, or due diligence. A tentative involuntary resettlement category is assigned to the project based on the findings of this screening—category A, B, or C, depending on the significance of the involuntary resettlement impacts. There is an additional FI (Financial Intermediary) category. An IPSA report is prepared at this stage.

5. The screening and categorization are initiated by the operations department and then confirmed by the Chief Compliance Officer (CCO). This is based on available data and intended as a guide to identify subsequent approaches and resource requirements to address involuntary resettlement during project processing. Classification is an ongoing process and the involuntary resettlement category can be changed at any time with the approval of the CCO as more detailed information becomes available and project processing proceeds. In case of any doubt in the early stages of project preparation, a resettlement planning document needs to be prepared.

6. Key tasks and outputs during project identification include this classification of involuntary resettlement impacts as A, B, C, or FI. In the case of category A or B projects, further resources are allocated in the project preparation TA for survey and involuntary resettlement preparation work. For category C projects, no further resettlement-related project preparation activity is required but a due diligence report may be necessary. A category FI project that is not expected to generate adverse involuntary resettlement impacts is treated as a category C project (i.e., the financial intermediary need not apply any specific safeguard requirements). However, as a project progresses the categorization is reviewed and if it is assigned an A or B category, the involuntary resettlement impacts are treated per the project's environmental and social management system.

### **Step 2: Project Preparation Technical Assistance and Summary Poverty Reduction and Social Strategy**

7. In most cases, the project preparatory TA and/or feasibility study is carried out by a team of consultants engaged by ADB. The task of the consultants is to assist the borrower or client in preparing the feasibility study in line with the terms of reference set out in the TA. The feasibility study addresses any involuntary resettlement impacts that emerge from the analysis of socioeconomic data and carries out a resettlement due diligence to identify past social impacts from previous land acquisition and examine any outstanding issue that emerge during the consultations. The results of the due diligence are incorporated in the draft resettlement plan. The feasibility study is meant to facilitate the analysis of a project's technical, financial, economic, environmental, and social viability. A major resettlement-related task in this phase is preparing a resettlement plan and/or framework.<sup>1</sup> The social issues addressed are summarized in the SPRSS. The impact study and analysis are not necessarily final at this stage but the draft resettlement plan and/or resettlement framework that is prepared before the management or staff review meeting needs to demonstrate that each element is addressed in a manner that satisfies ADB's involuntary resettlement safeguard policy requirements. Due diligence is not itself a safeguard requirement. It is instead an operational necessity that ensures that ADB's safeguard requirements are met before a project is processed for ADB assistance.

8. In some cases, the project preparation TA stage may be skipped, such as when the project feasibility study is prepared by a government agency or a private sector sponsor.

9. Key tasks and outputs associated with project preparation TA are the development of the SPRSS and a resettlement plan or resettlement framework, which are based on a sample socioeconomic survey and preliminary census and assets inventory of persons to be displaced, meaningful consultations with those affected, and an assessment of social impacts. The resettlement plan must provide evidence that the displaced persons were consulted during the preparation of the resettlement plan.

### **Step 3: Loan Fact-Finding Mission**

10. A detailed review of the draft resettlement plan, if available, is undertaken during the loan fact-finding mission. The ADB team and the staff of the borrower or client visit the project

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<sup>1</sup> A resettlement framework is required for sector lending projects, a multitranche financing facility, emergency assistance projects, or project loans whose subprojects or components are prepared after the Board approval of the loan.

area for consultations with the persons likely to be adversely impacted by the project and other stakeholders, including nongovernment organizations and civil society groups. All aspects of the project are discussed, and data gaps filled, if required. Particular attention is paid to entitlements, especially for vulnerable groups. These are now modified, if necessary. The ADB team reviews the findings and analysis of involuntary resettlement surveys, entitlements, and institutional and implementation issues with the borrower or client during wrap-up meetings and identifies further actions required for the management or staff review meeting for the project.

#### **Step 4: Management Review Meeting or Staff Review Meeting**

11. The management review meeting constitutes the most critical point for category A involuntary resettlement project development. The ADB project team is required to obtain a safeguard policy compliance memorandum from RSES signed by the CCO. A set of actions must be completed before the meeting can be held. These are summarized in Box 1. In addition, resettlement activities should be reflected in the design and monitoring framework appendix of the RRP. The staff review meeting considers the involuntary resettlement activities of projects with category B impacts.

##### **Box 1: Requirements for Management and Staff Review Meetings**

- A satisfactory resettlement planning document must be ready for appraisal, based on the feasibility study or a more developed design. This must be reflected in the report and recommendation of the President and available with the Environment and Safeguards Division of the Regional and Sustainable Development Department (RSDD) prior to the MRM.
- The draft resettlement plan and/or framework must meet all the requirements of the SPS and must be endorsed by the borrower/client and posted on the ADB website, if no further missions for appraisal are to be undertaken.
- Relevant information from the resettlement planning document must be disclosed to the affected persons by the borrower or/client.
- The draft resettlement plan and/or framework must state whether any further planning action may be required prior to implementation, together with specific actions required during implementation.
- A confirmed budget with its financing sources – ADB or a borrower or a combination of both - must be ready.

#### **Step 5: Project Appraisal**

12. The verification of a resettlement plan or framework is carried out during appraisal. The borrower or client is required to submit a satisfactory resettlement plan or framework to ADB before appraisal, preferably together with the project feasibility study. The appraisal mission, if requested, further improves the resettlement plan or framework, listing outstanding activities as conditions for further processing. If no appraisal mission is required, a satisfactory draft resettlement plan or framework submitted to ADB for review and approval and web posting prior to the management review meeting is considered as being appraised.

#### **Step 6: Loan Negotiations and Agreements and Project Approval**

13. Loan agreements include specific covenants that refer to the implementation requirements described in the resettlement plan or resettlement framework,<sup>2</sup> including

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<sup>2</sup> Requirements described in a resettlement framework are only guidelines. A resettlement plan has implementation requirements.

compensation, relocation and/or rehabilitation, consultations and grievance redress process, monitoring and reporting. This is necessary to ensure that the borrower or client, contractors, and supervision consultants comply with the requirements of the Safeguard Policy Statement. The provisions of the resettlement plan and/or framework must also be reflected fully in the project administration manual (PAM). The contract packages also need to be consistent with the resettlement plan.

## **B. Implementation Phase**

### **Step 7: Loan Inception Mission**

14. Prior to the inception mission, the PAM is prepared<sup>3</sup> by the ADB project team for discussion with the borrower or client. The project team ensures that sufficient guidance regarding resettlement implementation is included in the PAM. For involuntary resettlement category A projects, the PAM should include arrangements to reassess resettlement planning prior to implementation.

### **Step 8: Implementation**

15. A major role of the Operations Departments in project supervision of involuntary resettlement Category A projects is to review involuntary resettlement preparation on site prior to the implementation of the resettlement plan. When detailed engineering and technical designs are done after Board approval of the loan for tendering and/or construction contracts, finalization of the resettlement plan with revised information also becomes necessary. The finalization process involves disclosure of the resettlement plan to the affected persons before its submission for approval to ADB with new information based on the detailed measurement survey, including complete census, final asset inventory and valuation, and final budget.

### **Step 9: Monitoring and Reporting**

16. For all category A and B involuntary resettlement projects, borrowers or clients are required to submit semiannual monitoring reports and quarterly monitoring reports for highly sensitive and complex projects on resettlement plan implementation to ADB. The monitoring reports describe the progress of the resettlement activities and compliance issues and corrective actions.

### **Step 10: Project Completion Report**

17. To ensure proper documentation of the actual implementation of involuntary resettlement impacts, a project completion report is prepared by the operations department at the completion of the loan project. The report examines the implementation experience and includes a satisfactory rating, and recommends any additional action required by the borrower or client for any outstanding work. Broad guidance for the project completion report includes:

- A concise history of the involuntary resettlement aspects of the project and/or program to completion.
- An evaluation of the implementation of the resettlement plan and involuntary resettlement loan

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<sup>3</sup> In ADB's streamlined business process, the PAM is prepared during loan fact finding (OM Section D11/OP, paras. 11-12).

covenants.

- An assessment of the borrower or client's performance.
- A summary of the monitoring reports.

### C. Summary of Key Tasks in Project Cycle

18. Table A1.1 summarizes key tasks and responsibilities of the ADB project team in the involuntary resettlement planning in the ADB project cycle.

**Table A1.1 Project Cycle – Tasks for the Project Team**

<b>Project Cycle</b>	<b>Tasks and Responsibilities</b>
<b>Planning Phase</b>	
<b>Step 1: Project Identification</b>	<ul style="list-style-type: none"> <li>✦ Inform borrower or client on the SPS requirements.</li> <li>✦ Complete involuntary resettlement categorization and submit to RSES for comments/approval.</li> <li>✦ If resettlement impacts are likely to be significant, provide adequate resources and staff months in the PPTA, including terms of reference.</li> <li>✦ If necessary, help strengthen capacity of borrower or client to plan and implement resettlement.</li> </ul>
<b>Step 2: PPTA</b>	<ul style="list-style-type: none"> <li>✦ Consult with borrower or client and PPTA resettlement planners and establish parameters for the resettlement plan.</li> <li>✦ Supervise social and poverty assessment and resettlement surveys by PPTA consultants.</li> <li>✦ Prepare summary poverty reduction and social strategy and draft RP or /RF</li> <li>✦ Include information on the social safeguards in the RRP.</li> </ul>
<b>Step 3: Loan Fact- Finding Mission</b>	<ul style="list-style-type: none"> <li>✦ Visit project areas with borrower or client staff and/or resettlement consultants.</li> <li>✦ Discuss all aspects of resettlement, including entitlement matrix, with affected people.</li> <li>✦ Prepare PAM, and ensure key involuntary resettlement planning activities and implementation arrangements are included.</li> <li>✦ Review findings of resettlement studies and identify data gaps, if any.</li> <li>✦ Review institutional arrangements for resettlement implementation.</li> <li>✦ Highlight any resettlement issues that require borrower or client attention at wrap-up meetings.</li> </ul>
<b>Step 4: MRM / SRM</b>	<ul style="list-style-type: none"> <li>✦ Submit draft resettlement plan or framework to RSES.</li> <li>✦ Reflect resettlement activities in the design and monitoring framework appendix of the RRP.</li> <li>✦ Obtain SPCM from RSDD for MRM for IR category A projects. (Operations departments report to Management on the compliance of all projects,</li> <li>✦ List any outstanding tasks—for example, resettlement plan updating and other actions prior to implementation.</li> </ul>
<b>Step 5: Appraisal</b>	<ul style="list-style-type: none"> <li>✦ Finalize and agree on resettlement plan with the borrower or client.</li> <li>✦ Verify cut-off date for entitlements.</li> <li>✦ List outstanding activities as conditions.</li> <li>✦ Prepare assurance on land acquisition and resettlement.</li> </ul>
<b>Step 6: Loan Negotiation</b>	<ul style="list-style-type: none"> <li>✦ List outstanding activities as conditions.</li> <li>✦ Include the resettlement plan in specific covenants regarding management of involuntary resettlement.</li> </ul>
<b>Implementation Phase</b>	
<b>Step 7: Loan Inception Mission</b>	<ul style="list-style-type: none"> <li>✦ Review PAM.</li> <li>✦ Prepare resettlement checklist for all activities for implementation and monitoring.</li> <li>✦ For A category projects, reassess resettlement planning prior to implementation, focus on institutional arrangements and budget.</li> </ul>
<b>Step 8: Resettlement Plan Implementation</b>	<ul style="list-style-type: none"> <li>✦ Review involuntary resettlement preparation for resettlement plan implementation, particularly for category A projects.</li> <li>✦ Monitor all entitlements and payments.</li> <li>✦ Review resettlement plan implementation in depth for category A projects at midterm review.</li> <li>✦ Consider improvements in implementation practices (if necessary) to meet the SPS requirements.</li> </ul>
<b>Step 9: Monitoring and Reporting</b>	<ul style="list-style-type: none"> <li>✦ Monitor resettlement implementation regularly.</li> <li>✦ Review monitoring reports.</li> </ul>
<b>Step 10: PCR</b>	<ul style="list-style-type: none"> <li>✦ Include resettlement implementation status in the PCR.</li> <li>✦ Continue supervision and monitoring, if required.</li> <li>✦ Conduct post-resettlement evaluation, particularly for category A projects and document lessons learned.</li> </ul>

### D. Identifying and Categorizing Involuntary Resettlement

19. ADB is responsible for screening all ADB-supported projects at an early stage for involuntary resettlement impacts and risks. The SPS requirements apply to all projects, regardless of the number of persons impacted or the severity of the impacts. Current ADB practice is to classify all projects into one of the four involuntary resettlement categories based on the degree of their probable resettlement impacts (Table A1.2).<sup>4</sup> When a project is divided into subprojects, its involuntary resettlement impact category is determined by the category assigned to the subproject with the greatest assessed involuntary resettlement impacts. The ADB project team carries out the screening for this categorization exercise with the use of an involuntary resettlement checklist.

**Table A1.2: Involuntary Resettlement Impact Categories**

<b>Category</b>	<b>Characteristics</b>	<b>Safeguard Requirements</b>
<b>A</b> (Significant impact)	<ul style="list-style-type: none"> <li>■ 200 or more persons experience major impacts, which are defined as (i) being physically displaced from housing, or (ii) losing 10% or more of their productive (income generating) assets.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Resettlement plan, including assessment of social impacts</li> <li>✓ May require resettlement framework prior to resettlement plan</li> </ul>
<b>B</b> (Not Significant impact)	<ul style="list-style-type: none"> <li>■ Involuntary resettlement impacts are deemed not significant.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Resettlement plan, including assessment of social impacts</li> <li>✓ May require resettlement framework prior to resettlement plan</li> </ul>
<b>C</b> (No Involuntary Resettlement impact)	<ul style="list-style-type: none"> <li>■ No involuntary resettlement impacts are foreseen.</li> </ul>	<ul style="list-style-type: none"> <li>✓ No action (a due diligence report may be required)</li> </ul>
<b>FI</b> (Financial Intermediary)	<ul style="list-style-type: none"> <li>■ Has potential resettlement impact, to be determined</li> </ul>	<ul style="list-style-type: none"> <li>✓ Environmental and social management system</li> </ul>

<sup>4</sup> ADB. 2010. Safeguard Policy Statement. *Operations Manual*. OM Section F1/OP, para 8. Manila.

### **A Sample Voluntary Donation of Land and Negotiated Settlement Agreement**

The following agreement has been made on.....day of ..... between Mr./Ms. ...., aged....., resident of ..... zone, district ..... (the owner) and ..... (the recipient/subproject proponent).

1. That the land with certificate no.....is a part of ....., is surrounded from eastern side by....., western side by....., northern side by ....., and southern side by..... .
2. That the owner holds the transferable rights of land .....(area in sqm), with plot No..... at the above location (include a copy of the certified map, if available) .
3. That the Owner testifies that the land/structure is free of squatters or encroachers and not subject to any other claims.

#### **Section A: in the case of voluntary donation:**

- 3.1 That the Owner hereby grants to the..... (name of the recipient) this asset for the construction and development of the .....for the benefit of the community.
- 3.2 That the Owner will not claim any compensation against the grant of this asset nor obstruct the construction process on the land in case of which he/she would be subject to sanctions according to law and regulations.
- 3.3 That the .....(name of the project proponent) agrees to accept this grant of asset for the purposes mentioned.

#### **Section B: in the case of direct purchase/negotiated settlement:**

- 3.1 That the owner(s) agree to sell above assets for the negotiated price in accordance with the attached schedule.
- 3.2 That the project owners agree to pay the agreed price for the land and other assets within two weeks from the date of getting approval for the project from the Government of ...../ PMU.
- 3.3. In case of any delay in payment within the stipulated time, this agreement will become null and void and the recipient will no longer have any claim over the land and assets.
4. That the recipient shall construct and develop the .....and take all possible precautions to avoid damage to adjacent land/structure/other assets.
5. That the provisions of this agreement will come into force from the date of signing of this deed.



## INVOLUNTARY RESETTLEMENT SAFEGUARD INSTRUMENT IN DIFFERENT LENDING MODALITIES

1. In addition to stand-alone projects, the Asian Development Bank (ADB) also provides a variety of other lending modalities and financial products, including program lending, sector lending, multitranche financing facility (MFF), emergency assistance loans, financial intermediaries, and general corporate finance. Depending on the investment modalities, a range of instruments can be used to satisfy ADB's safeguard requirements on involuntary resettlement planning and management. Table A3 lists different lending modalities and financial products that require a resettlement framework and/or resettlement plan or other instruments.

**Table A3: Types of Loans and Resettlement Instrument Requirements**

Investment Modality	Involuntary Resettlement Instrument Required
Stand-alone Project	<ul style="list-style-type: none"> <li>○ A resettlement plan to be submitted by the borrower/client and reviewed by ADB prior to Board approval</li> </ul>
Program Lending	<ul style="list-style-type: none"> <li>○ A matrix of potential involuntary resettlement impacts associated with policy actions to be supported, together with appropriate mitigation measures, estimates of magnitude, and reasons for the judgment, to be submitted by the borrower/client and reviewed by ADB prior to Board approval</li> </ul>
Sector Lending	<ul style="list-style-type: none"> <li>○ A resettlement framework for the project as a whole, including an outline of the social impact assessment and census methodologies, to be agreed upon between the borrower /client and ADB before Board approval</li> <li>○ Resettlement plans for one or more identified subprojects prepared and submitted by the borrower/client and reviewed by ADB prior to ADB Board approval</li> <li>○ Subproject resettlement plans as per resettlement framework</li> </ul>
Multitranche Financing Facility (MFF)	<ul style="list-style-type: none"> <li>○ A resettlement framework for the facility as a whole, including an outline of the social impact assessment and census methodologies, to be agreed upon between the borrower/client and ADB before Board approval</li> <li>○ Resettlement plans for the 1<sup>st</sup> tranche if there are involuntary resettlement impacts, to be submitted by the borrower/client and reviewed by ADB before Board approval</li> <li>○ Resettlement plans for second and subsequent tranches as per resettlement framework</li> </ul>
Emergency Assistance Loan	<ul style="list-style-type: none"> <li>○ A resettlement framework for the project as a whole, including an outline of the social impact assessment and census methodologies, to be agreed upon between the borrower/client and ADB before Board approval</li> <li>○ Subproject resettlement plans as per resettlement framework</li> </ul>
Existing Facilities	<ul style="list-style-type: none"> <li>○ Compliance audit of past or ongoing involuntary resettlement to assess compliance with applicable ADB's requirements, to be submitted by the borrower/client and reviewed by ADB before Board approval</li> <li>○ If noncompliance identified, a corrective action plan, including remedial actions, budget, and timetable, to be submitted by the borrower/client and reviewed by ADB prior to Board approval</li> </ul>
Financial Intermediary	<ul style="list-style-type: none"> <li>○ Arrangement/Framework on environmental and social management system to be agreed upon between the borrower/client and ADB before Board approval</li> <li>○ A resettlement plan for subproject that is likely to have significant</li> </ul>

Investment Modality	Involuntary Resettlement Instrument Required
	involuntary resettlement impacts, to be submitted and reviewed by ADB before approval the subproject
General Corporate Finance	<ul style="list-style-type: none"> <li>○ An audit of current environmental and social management system by external expert(s) on past and current performance, against applicable ADB's requirements as laid out in the SPS, prepared before Board approval</li> <li>○ If noncompliance identified, corrective action plan, as agreed with ADB before Board approval</li> </ul>

2. As indicated in Table A3, the main instruments that can be used to satisfy ADB's safeguard requirements on involuntary resettlement include (i) the resettlement plan, (ii) the resettlement framework and (iii) the environmental and social management system (ESMS). Annex 1 of this appendix provides an outline of a resettlement plan. An outline of a resettlement framework is provided in Annex 2 of this appendix. For an outline of ESMS, please see Appendix 4.

## OUTLINE OF A RESETTLEMENT PLAN

This outline is part of the Safeguard Requirements 2 of the SPS. A resettlement plan is required for all projects with involuntary resettlement impacts. Its level of detail and comprehensiveness is commensurate with the significance of potential involuntary resettlement impacts and risks. The substantive aspects of the outline will guide the preparation of the resettlement plans, although not necessarily in the order shown.

### A. Executive Summary

This section provides a concise statement of project scope, key survey findings, entitlements and recommended actions.

### B. Project Description

This section provides a general description of the project, discusses project components that result in land acquisition, involuntary resettlement, or both and identify the project area. It also describes the alternatives considered to avoid or minimize resettlement. Include a table with quantified data and provide a rationale for the final decision.

### C. Scope of Land Acquisition and Resettlement

This section:

- (i) discusses the project's potential impacts, and includes maps of the areas or zone of impact of project components or activities;
- (ii) describes the scope of land acquisition (provide maps) and explains why it is necessary for the main investment project;
- (iii) summarizes the key effects in terms of assets acquired and displaced persons; and
- (iv) provides details of any common property resources that will be acquired.

### D. Socioeconomic Information and Profile

This section outlines the results of the social impact assessment, the census survey, and other studies, with information and/or data disaggregated by gender, vulnerability, and other social groupings, including:

- (i) define, identify, and enumerate the people and communities to be affected;
- (ii) describe the likely impacts of land and asset acquisition on the people and communities affected taking social, cultural, and economic parameters into account;
- (iii) discuss the project's impacts on the poor, indigenous and/or ethnic minorities, and other vulnerable groups; and
- (iv) identify gender and resettlement impacts, and the socioeconomic situation, impacts, needs, and priorities of women.

### E. Information Disclosure, Consultation, and Participation

This section:

- (i) identifies project stakeholders, especially primary stakeholders;

- (ii) describes the consultation and participation mechanisms to be used during the different stages of the project cycle;
- (iii) describes the activities undertaken to disseminate project and resettlement information during project design and preparation for engaging stakeholders;
- (iv) summarizes the results of consultations with affected persons (including host communities), and discusses how concerns raised and recommendations made were addressed in the resettlement plan;
- (v) confirms disclosure of the draft resettlement plan to affected persons and includes arrangements to disclose any subsequent plans; and
- (vi) describes the planned information disclosure measures (including the type of information to be disseminated and the method of dissemination) and the process for consultation with affected persons during project implementation.

## **F. Grievance Redress Mechanisms**

This section describes mechanisms to receive and facilitate the resolution of affected persons' concerns and grievances. It explains how the procedures are accessible to affected persons and gender sensitive.

## **G. Legal Framework**

This section:

- (i) describes national and local laws and regulations that apply to the project and identify gaps between local laws and ADB's policy requirements; and discuss how any gaps will be addressed.
- (ii) describes the legal and policy commitments from the executing agency for all types of displaced persons;
- (iii) outlines the principles and methodologies used for determining valuations and compensation rates at replacement cost for assets, incomes, and livelihoods; and set out the compensation and assistance eligibility criteria and how and when compensation and assistance will be provided.
- (iv) describes the land acquisition process and prepare a schedule for meeting key procedural requirements.

## **H. Entitlements, Assistance and Benefits**

This section:

- (i) defines displaced persons' entitlements and eligibility, and describes all resettlement assistance measures (includes an entitlement matrix);
- (ii) specifies all assistance to vulnerable groups, including women, and other special groups; and.
- (iii) outlines opportunities for affected persons to derive appropriate development benefits from the project.

## **I. Relocation of Housing and Settlements**

This section:

- (i) describes options for relocating housing and other structures, including replacement housing, replacement cash compensation, and/or self-selection (ensure that gender concerns and support to vulnerable groups are identified);

- (ii) describes alternative relocation sites considered; community consultations conducted; and justification for selected sites, including details about location, environmental assessment of sites, and development needs;
- (iii) provides timetables for site preparation and transfer;
- (iv) describes the legal arrangements to regularize tenure and transfer titles to resettled persons;
- (v) outlines measures to assist displaced persons with their transfer and establishment at new sites;
- (vi) describes plans to provide civic infrastructure; and
- (vii) explains how integration with host populations will be carried out.

#### **J. Income Restoration and Rehabilitation**

This section:

- (i) identifies livelihood risks and prepare disaggregated tables based on demographic data and livelihood sources;
- (ii) describes income restoration programs, including multiple options for restoring all types of livelihoods (examples include project benefit sharing, revenue sharing arrangements, joint stock for equity contributions such as land, discuss sustainability and safety nets);
- (iii) outlines measures to provide social safety net through social insurance and/or project special funds;
- (iv) describes special measures to support vulnerable groups;
- (v) explains gender considerations; and
- (vi) describes training programs.

#### **K. Resettlement Budget and Financing Plan**

This section:

- (i) provides an itemized budget for all resettlement activities, including for the resettlement unit, staff training, monitoring and evaluation, and preparation of resettlement plans during loan implementation.
- (ii) describes the flow of funds (the annual resettlement budget should show the budget-scheduled expenditure for key items).
- (iii) includes a justification for all assumptions made in calculating compensation rates and other cost estimates (taking into account both physical and cost contingencies), plus replacement costs.
- (iv) includes information about the source of funding for the resettlement plan budget.

#### **L. Institutional Arrangements**

This section:

- (i) describes institutional arrangement responsibilities and mechanisms for carrying out the measures of the resettlement plan;
- (ii) includes institutional capacity building program, including technical assistance, if required;
- (iii) describes role of NGOs, if involved, and organizations of affected persons in resettlement planning and management; and
- (iv) describes how women's groups will be involved in resettlement planning and management,

**M. Implementation Schedule**

This section includes a detailed, time bound, implementation schedule for all key resettlement and rehabilitation activities. The implementation schedule should cover all aspects of resettlement activities synchronized with the project schedule of civil works construction, and provide land acquisition process and timeline.

**N. Monitoring and Reporting**

This section describes the mechanisms and benchmarks appropriate to the project for monitoring and evaluating the implementation of the resettlement plan. It specifies arrangements for participation of affected persons in the monitoring process. This section will also describe reporting procedures.

## OUTLINE OF A RESETTLEMENT FRAMEWORK

### A. Introduction

This section briefly describes the project, its subprojects, and/or its components and any anticipated involuntary resettlement resulting from the subprojects and/or components to be financed under the proposed project; and explains why the resettlement plans of some subprojects cannot be prepared before project appraisal.

### B. Objectives, Policy Framework, and Entitlements

This section:

- (i) lays out the principles and objectives governing the preparation and implementation of the resettlement plan are consistent with the Asian Development Bank's policy requirements; and compares applicable national laws and regulations and the safeguard policy statement and delineates measures to fill gaps, if any;
- (ii) describes the criteria for screening and selecting subprojects and/or components, including measures to avoid and minimize involuntary resettlement;
- (iii) estimates the number of affected persons and the likely categories of physically and economically displaced persons; and
- (iv) describes the eligibility criteria for defining the three types of displaced persons.

### C. Socioeconomic Information

This section:

- (i) describes the methodologies to be used for socioeconomic surveys, censuses, inventories of losses, and assessments of land losses;
- (ii) explains the methods for valuing affected assets; and
- (iii) describes the methods for determining replacement costs of acquired assets.

### D. Consultation, Participation, and Disclosure

This section:

- (i) outlines the mechanisms that will be adopted for conducting meaningful consultation with affected persons and for enabling their informed participation in preparing, implementing, and monitoring resettlement plans;
- (ii) outlines institutional responsibilities; and
- (iii) describes disclosure arrangements, such as the information to be disseminated and the method of dissemination.

### E. Compensation, Income Restoration, and Relocation

This section:

- (i) describes the measures proposed for income restoration, including compensation and special measures to help vulnerable households improve their living standards;
- (ii) explains measures to provide replacement land, if planned; and
- (iii) describes support to be provided for host populations.

**F. Grievance Redress Mechanisms**

This section discusses measures to establish grievance redress mechanisms at the local level; and outline the composition, areas of jurisdiction, consultation arrangements, record keeping, and information dissemination methods of the mechanism.

**G. Institutional Arrangements and Implementation**

This section:

- (i) provides a comprehensive assessment of institutional capacity and resource capability for preparing, implementing, and monitoring resettlement activities, and describes additional measures necessary to enhance institutional capacity, including their costs;
- (ii) describes the organizational procedures for delivering entitlements; and
- (iii) describes the implementation process, including how resettlement preparation, approval, and implementation will be linked to contract awards and the start of the project's civil works.

**H. Budget and Financing**

This section provides indicative budget, including flow of funds; and identifies funding sources and responsibilities for allocating, approving, and delivering funds, including contingency arrangements.

**I. Monitoring and Reporting**

This section identifies steps to establish internal and external monitoring and evaluation of resettlement; and provides monitoring indicators for internal monitoring and external monitoring.

## OUTLINE OF AN ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM

### I. INTRODUCTION

1. [This section includes an overall description of the Fund and the nature of business operations/business activities of the existing and likely future portfolio. It also discusses the nature of the investments that may be financed by the Fund using ADB's funds.]

### II. ENVIRONMENTAL AND SOCIAL MANAGEMENT POLICY AND APPLICABLE REQUIREMENTS

#### A. Policy

2. The environmental and social management policy of [Name of Fund] was approved by the Board of Directors (or signed by ..... [the President], or indicate other position/designation) on ..... [date/month/year] and states that:

3. The objectives of the environmental and social management system are:

- (i) To avoid, and when avoidance is not possible, to minimize and mitigate adverse impacts of investments on the environment and affected people; and
- (ii) To maximize opportunities for environmental and social benefits.

4. [Name of Fund] continually endeavors to ensure and enhance effective environmental and social management practices in all its activities, products and services with a special focus on the following:

- (i) Ensuring that applicable environmental and social safeguard requirements, as defined in Section II (B) are met for all investments;<sup>1</sup>
- (ii) Financing companies only when the investments are expected to be designed, constructed, operated, and maintained in a manner consistent with applicable environmental and social safeguard requirements, as defined in Section II (B);
- (iii) Integrating environmental and social risk into its internal risk management analysis;
- (iv) Ensuring appropriate consultation and transparency in its investee company's activities;
- (v) Working together with the investee company management to put into practice applicable environmental and social safeguard requirements; and
- (vi) Promoting investments with environmental and social benefits.

5. This policy will be communicated to all staff and operational employees of the company.

#### B. Applicable Environmental and Social Safeguard Requirements

6. [Name of Fund] will ensure that:

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<sup>1</sup> The term "investments" is used in the document to mean business activities financed in part or in full by [Name of Fund] using ADB funds.

- (i) All investments are screened against the Prohibited Investment Activities List (PIAL) of the ADB Safeguard Policy Statement;
- (ii) All investments with potential significant environmental and/or social impacts are reviewed and evaluated against Safeguard Requirements 1-3 of the ADB Safeguard Policy Statement (2009);
- (iii) All investments are reviewed and evaluated against the national laws, regulations, and standards on environment, health, safety, involuntary resettlement and land acquisition, indigenous peoples, and physical cultural resources; and
- (iv) *[Optional requirement: In accordance with the Safeguard Policy Statement of ADB, ADB may set additional safeguard requirements depending on the Fund's portfolio, its capacity in managing social and environmental risks, and the host country's safeguard systems. In this case, the additional safeguard requirements set by ADB should be specified.] {Examples of additional requirements are: (1) Applicable Environmental and Social Safeguard Requirements (i)-(iii) apply to the entire portfolio of the Fund; or (2) investments in mining activities using ADB funds are not allowed.}*

### III. ENVIRONMENTAL AND SOCIAL MANAGEMENT PROCEDURES

#### A. Screening and Categorization

7. At an initial stage of identifying an investment, the Environmental and Social Safeguard Manager<sup>2</sup> (or other designated staff) will apply ADB's PIAL. If the investment involves a prohibited activity, the investee company will be informed that the investment will not be considered. Otherwise, the staff will indicate the applicable environmental and social safeguard requirements for the investment.

8. At the investment identification stage, the Environmental and Social Safeguard Manager (or other designated officer) will work with the investee company to make a rapid assessment of the likely environmental and involuntary resettlement impacts and effects on indigenous peoples of an investment. The environmental assessment checklist and social safeguard screening checklist are designed to guide the deal team in the rapid assessment of impacts. The checklists are used to determine the significance of potential environmental and/or social impacts associated with the investment.

9. Once the checklists and the verification work are completed by the deal team of [Name of Fund], the investment will be classified as one of the following categories: category A (with potential significant environmental and/or social impacts); category B (with less significant environmental and/or social impacts), and category C (with minimal or no impacts).

10. The deal team of [Name of Fund] will inform the investee company of the applicable requirements as presented in Section II (B) and in Table 1. For investments with potential significant environmental and/or social impacts, the deal team will advise the investee company that (i) Safeguard Requirements 1-3 of the ADB Safeguard Policy Statement will apply, which cover the preparation of an environmental impact assessment (EIA) including environmental management plan (EMP), resettlement plan (RP) and/or indigenous peoples plan (IPP); and (ii)

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<sup>2</sup> The Environmental and Social Safeguard Manager (or other designated staff) can be a full time officer or a consultant of [Name of Fund].

the investee company shall submit these reports to [Name of Fund] for review. [Name of Fund] will also submit these reports to ADB for review.

**Table 1: Safeguard Requirements**

<b>Category (Risk Rating)</b>	<b>Environmental Safeguards</b>	<b>Involuntary Resettlement Safeguards</b>	<b>Indigenous Peoples Safeguards</b>
Category A (with potential significant impacts)	Comply with (i) Safeguard Requirements 1 of the ADB Safeguard Policy Statement, including EIA preparation & submission, and (ii) national laws	Comply with (i) Safeguard Requirements 2 of the ADB Safeguard Policy Statement, including RP preparation & submission, and (ii) national laws	Comply with (i) Safeguard Requirements 3 of the ADB Safeguard Policy Statement, including IPP preparation & submission, and (ii) national laws
Category B (with less significant impacts)	Comply with national laws	Comply with national laws	Comply with national laws
Category C (with minimal or no impacts)	Comply with national laws	Comply with national laws	Comply with national laws

## **B. Due Diligence**

11. The Environmental and Social Safeguard Manager (or other designated staff) of the deal team of [Name of Fund] will undertake environmental and social due diligence. Depending on the complexity of the investment, due diligence can be a desk review (for category C investments), based on a site visit (for category B investments), or a full-scale review conducted by qualified staff in charge of environmental and social safeguards, or by consultant(s) (for category A investments). The investee company must provide all requested information to the deal team, and should be able to demonstrate responsiveness with regard to the applicable environmental and social safeguard requirements. A due diligence report will be prepared for category A and B investments and the results of the due diligence will be reflected in the report to the investment committee of [Name of Fund], which will take into account these issues in approving the investment.

12. For an investment likely to be classified as category A for any of their environment, involuntary resettlement, or indigenous peoples impacts, [Name of Fund] will refer the investment to ADB and provide relevant environmental and social information to ADB early in its due diligence process, and submit the draft EIA, RP, and/or IPP to ADB for review and clearance before the investment is approved by [Name of Fund].<sup>3</sup> The draft EIA report will be made publicly available at least 120 days before the approval of the investment, and the draft RP and draft IPP will be made publicly available before the approval of the investment.

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<sup>3</sup> For a category A investment involving facilities and/or business activities that already exist or are under construction, [Name of Fund] will require the investee company to undertake an environmental and/or social compliance audit, and submit the draft audit report to ADB for review and clearance before the investment is approved. The draft audit report will be made publicly available at least 120 day before the approval of the investment. A typical environmental and/or social audit report includes the following major elements: (i) executive summary; (ii) facilities description, including both past and current activities; (iii) summary of national, local, and any other applicable laws, regulations, and standards; (iv) audit and site investigation procedure; (v) findings and areas of concern; and (vi) corrective action plan that provides the appropriate corrective actions for each area of concern, including costs and schedule.

13. All investment agreements will contain appropriate environmental and social covenants requiring investments to be in compliance in all material respects with the applicable environmental and social safeguard requirements.

### **C. Compliance Monitoring and Reporting**

14. After a category A or B investment is approved, the Environmental and Social Safeguard Manager (or other designated staff) (i) communicates with the investee company and confirms from time to time that the investee company is undertaking the obligations of compliance with all applicable environmental and social safeguard requirements; and (ii) [Name of Fund] will promptly report to ADB any actual or potential breach of the compliance requirements after becoming aware of it. For a category A investment, the Environmental and Social Safeguard Manager (or other designated staff) will visit the site to monitor the implementation of EMP, RP, and/or IPP.<sup>4</sup>

15. Environmental and social performance will be evaluated on an annual basis. The benchmark for performance will be the ongoing compliance against the applicable environmental and social safeguard requirements. [Name of Fund] will ensure that the investee company prepares and submits an annual environmental and social monitoring report, and will review and assess the investee company's performance on environmental and social safeguard issues.

16. Based on the review of the annual monitoring reports for Category A and B investments prepared by the investee companies, the Environmental and Social Safeguard Manager will prepare an annual environmental and social performance report substantially and submit it to the [Name of Fund] management and ADB.

17. All investment agreements will contain appropriate environmental and social covenants requiring that investments are in compliance in all material respects with the applicable environmental and social safeguard requirements as defined in Section II (B).

### **IV. Organizational Responsibilities, Resources and Capacity**

18. **Organization and Responsibilities.** The Environmental and Social Safeguard Manager (or other designated staff) reports to the fund manager of [Name of Fund]. The Environment and Social Manager has oversight for environmental and social issues, ensures the resources are made available for environmental and social management, and should sign and submit the annual environmental and social performance report to ADB. S/he should ensure that the ADB is notified if and when the responsible staff has been changed or replaced with new staff.

19. **Resources and Capabilities.** The Environmental and Social Safeguard Manager (or other designated staff) should work with management to ensure that adequate resources have been committed to allow for the effective implementation of this ESMS policy and procedures. S/he will need to be technically qualified to be able to carry out the screening and due diligence

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<sup>4</sup> For a category A investment involving facilities and/or business activities that already exist or are under construction, the Environmental and Social Safeguard Manager (or other designated staff) will visit the site to monitor the implementation of the corrective action plan, if any.

or able to review the work carried out by consultant(s). S/he should attend ADB-sponsored or approved environmental and social safeguard training related to compliance and monitoring activities. [Name of Fund] should also maintain a pool of qualified environmental and social consultants who can be called upon to assist in conducting environmental and social reviews as appropriate.

## **SAMPLE TERMS OF REFERENCE FOR EXTERNAL EXPERTS FOR VERIFYING MONITORING INFORMATION OF RESETTLEMENT PLAN IMPLEMENTATION**

### **A. OBJECTIVES**

1. The objective of this consulting service is to verify the ongoing monitoring information of the implementation of a resettlement plan and advise the [name of the borrower or client] on safeguard compliance issues for [name of the project], which is considered to have significant involuntary resettlement impacts. The project is supported by the Asian Development Bank (ADB) and will [a brief description of the project]. The [name of the borrower/client] is assisted by [name of the implementing Nongovernment organization (NGO)] for implementing the resettlement plan(s). An experienced external monitoring expert or a qualified NGO will be engaged by [name of the project] to undertake the external monitoring exercise.

### **B. SCOPE OF WORK—GENERAL**

2. This scope of work will require the expert to undertake the following general tasks, (for example, in a road project), among others:

- (i) Review and verify the progress in implementing the resettlement plan through the monitoring information internally generated.
- (ii) Monitor the effectiveness and efficiency of the [name of the borrower/client] and the implementing NGO in the resettlement plan implementation.
- (iii) Assess whether the involuntary resettlement objectives, particularly the restoration or enhancement of the livelihoods of all displaced persons and the living standards of the displaced poor, have been met.
- (iv) Assess significant involuntary resettlement issues and, if required, draw on policy and practices to advise on a corrective action plan.

### **C. SCOPE OF WORK—SPECIFIC**

3. The expert's work will include several specific tasks:

- (i) Visit each road section when payment of compensation, resettlement, and social programs have been completed and review the results of internal monitoring for the the purpose of preparing a monitoring report. Verification will be assessed through random checking of 10% of affected households at field level to assess whether land acquisition and/or resettlement and/or social program objectives have generally been met. The external monitor will involve the affected persons and community groups in assessing the impact of land acquisition for monitoring and assessment purposes through participatory community meetings.
- (ii) Identify the strengths and weaknesses of the land acquisition and involuntary resettlement objectives and approaches, as well as of the implementation strategies.
- (iii) Review and verify progress in resettlement plan implementation in each road subproject on a sample basis and prepare a semiannual report for the [name

- of the borrower/client] after the implementation of the plan begins.
- (iv) Make two further monitoring visits to each road section to assess ongoing progress and produce a monitoring report for each assessment in years 2 and 4 following the award of contracts. These visits will coordinate with the internal monitoring activities with the displaced persons and involve special attention to monitoring impacts on the women and other vulnerable groups among the displaced persons.
  - (v) Assess the effectiveness and results achieved by the livelihood restoration program and the relocation sites.

#### **D. OUTPUTS**

4. The outputs expected will involve the following responsibilities:

- (i) The external expert will visit each road section as completion of the resettlement plan implementation nears to verify internal reports, check the delivery as per the entitlement matrix of the resettlement plan, and compile a monitoring report and submit [number of] copies to the [name of the borrower/client] after each monitoring visit.
- (ii) The external expert's monitoring report will describe whether the involuntary resettlement program has been successfully implemented in accordance with the resettlement plan.
- (iii) The external expert is required to describe any outstanding actions that are required to bring the resettlement activities in line with the resettlement plan and the Safeguard Requirements 2 of the Safeguard Policy Statement (2009) of ADB and describe further mitigation measures needed to meet the needs of any displaced person or families judged and/or perceiving themselves to be worse off as a result of the project.
- (iv) The expert's monitoring report must also provide a timetable and define budget requirements for any supplementary mitigation measures for the resettlement plan and detail the process of compliance monitoring and the final signing off for these displaced persons. It should also describe any lessons learned that might be useful for future activities.

#### **E. QUALIFICATIONS**

5. The external expert or NGO will have significant experience in monitoring and evaluation. Work experience in and familiarity with all aspects of involuntary resettlement operations would be desirable. Persons with a social science background will be preferred.

6. Interested agencies or consultants should submit proposals for the work with a brief statement of the approach, methodology, and relevant information concerning experience on monitoring and evaluation of resettlement plan implementation. The CV of the expert or the profile of the NGO along with full CV of key personnel proposed to be engaged must be submitted along with the proposal.

#### **F. ESTIMATED PERSON-MONTHS**

7. [Number] [domestic/international] external monitor(s) will be recruited, a total estimated of [number] person-months.

**G. BUDGET AND LOGISTICS**

8. The proposal—both technical and financial—should be submitted and the budget should include all cost and any other logistics necessary for the assignment.

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