

Resettlement Plan

June 2013

Indonesia: Metropolitan Sanitation Management Investment Project

Land Acquisition and Resettlement Plan
PEKANBARU CITY OFF-SITE WASTEWATER
COLLECTION SYSTEM AND TREATMENT
(FINAL)

Prepared by Directorate General of Human Settlements, under the Ministry of Public Works of the Republic of Indonesia for the Asian Development Bank.

CURRENCY EQUIVALENTS

(as of 31 May 2013)

Currency unit	–	Indonesian rupiah (IDR)
IDR1.00	=	\$0.0001013171
\$1.00	=	IDR9,870

ABBREVIATIONS

ADB	–	Asian Development Bank (or the Bank)
AHs	–	affected households
APs	–	affected persons
BAPPEDA	–	Provincial/District Planning Agency
CPMU	–	central project management unit
DED	–	detailed engineering design
DGHS	–	Directorate General for Human Settlements
DMS	–	detailed measurement survey
EA	–	executing agency (or the DGHS)
EM	–	entitlement matrix
GoI	–	Government of Indonesia
GRM	–	grievance redress mechanism
IA	–	implementing agency
IMA	–	Independent Monitoring Agency
INDII	–	Indonesia Infrastructure Initiative
IOL	–	inventory of losses
IRR	–	implementing rules and regulations
LAC	–	Land Acquisition Committee
LARP	–	land acquisition and resettlement plan
LPMU	–	local project management unit
MSMIP	–	Metropolitan Sanitation Management Investment Project
para.	–	paragraph
PIB	–	public information booklet
PISCs	–	project implementation supervision consultants
PPIU	–	provincial project implementation unit
RP	–	Resettlement Plan
SATKER	–	<i>Satuan Kerja</i>
SES	–	socioeconomic survey
SPS	–	Safeguards Policy Statement
SR2	–	Safeguards Requirement 2 (or Involuntary Resettlement)
TA	–	technical assistance
WCS	–	Wastewater Collection System
WWTP	–	wastewater treatment plant

GLOSSARY

affected person (AP)	–	Refers to any person or persons, household, firm, private or public institution that, on account of changes resulting from the Project, will have its (i) standard of living adversely affected; (ii) right, title or interest in any house, land (e.g., residential, commercial, agricultural, and/or grazing land),
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		<p>water resources or any other fixed assets acquired, possessed, restricted or otherwise adversely affected, in full or in part, permanently or temporarily; and/or (iii) business, occupation, place of work or residence or habitat adversely affected, with or without physical displacement. In the case of affected household (AH), it includes all members residing under one roof and operating as a single economic unit, who are adversely affected by the project.</p>
compensation	–	This is payment given in cash or in kind to AP at replacement cost or at current market value for assets and income sources acquired or adversely affected by the project.
cut-off date	–	Refers to the date after which people will NOT be considered eligible for compensation i.e. they are not included in the list of APs as determined by a census of persons displaced from assets and livelihoods. In this Project, the DGHS and the Land Acquisition Committee (LAC) will disclose the cut-off-date to residents and local officials of each affected village which coincides with the conduct of the detailed measurement survey (DMS).
detailed measurement survey (DMS)	–	With the use of approved detailed engineering drawings, this activity involves the finalization and/or validation of the results of the IOL, severity of impacts, and list of APs done during the preparation of this resettlement plan (LARP). The final cost of resettlement will be determined after the DMS.
entitlement	–	Refers to a range of measures, such as compensation in cash or in kind, income restoration support, transfer assistance, livelihood substitution, relocation support, etc., which are provided to the APs depending on the type and severity of their losses to restore their economic and social base.
income restoration	–	This involves re-habilitating the sources of income and livelihoods of severely affected and vulnerable APs to supplement compensation received for acquired assets, in order to achieve, at a minimum, full restoration of living standards and quality of life.
inventory of losses	–	This is the listing of assets as a preliminary record of affected or lost assets during the preparation of the LARP where all fixed assets (i.e., land used for residence, commerce, agriculture; dwelling units; stalls and shops; secondary structures, such as fences, tombs, wells; standing crops and trees with commercial value; etc.) and sources of income and livelihood inside the Subproject boundaries are identified, measured, their owners identified, their exact location pinpointed, and their replacement costs calculated. The severity of impact on the affected assets and the severity of impact on the livelihood and productive capacity of the APs are likewise determined.
involuntary resettlement	–	It is the displacement of people, not of their own volition but involuntarily, from their homes, assets, sources of income and livelihood from the site identified for the Project.
land acquisition	–	Refers to the process whereby a person in the WWTP site is

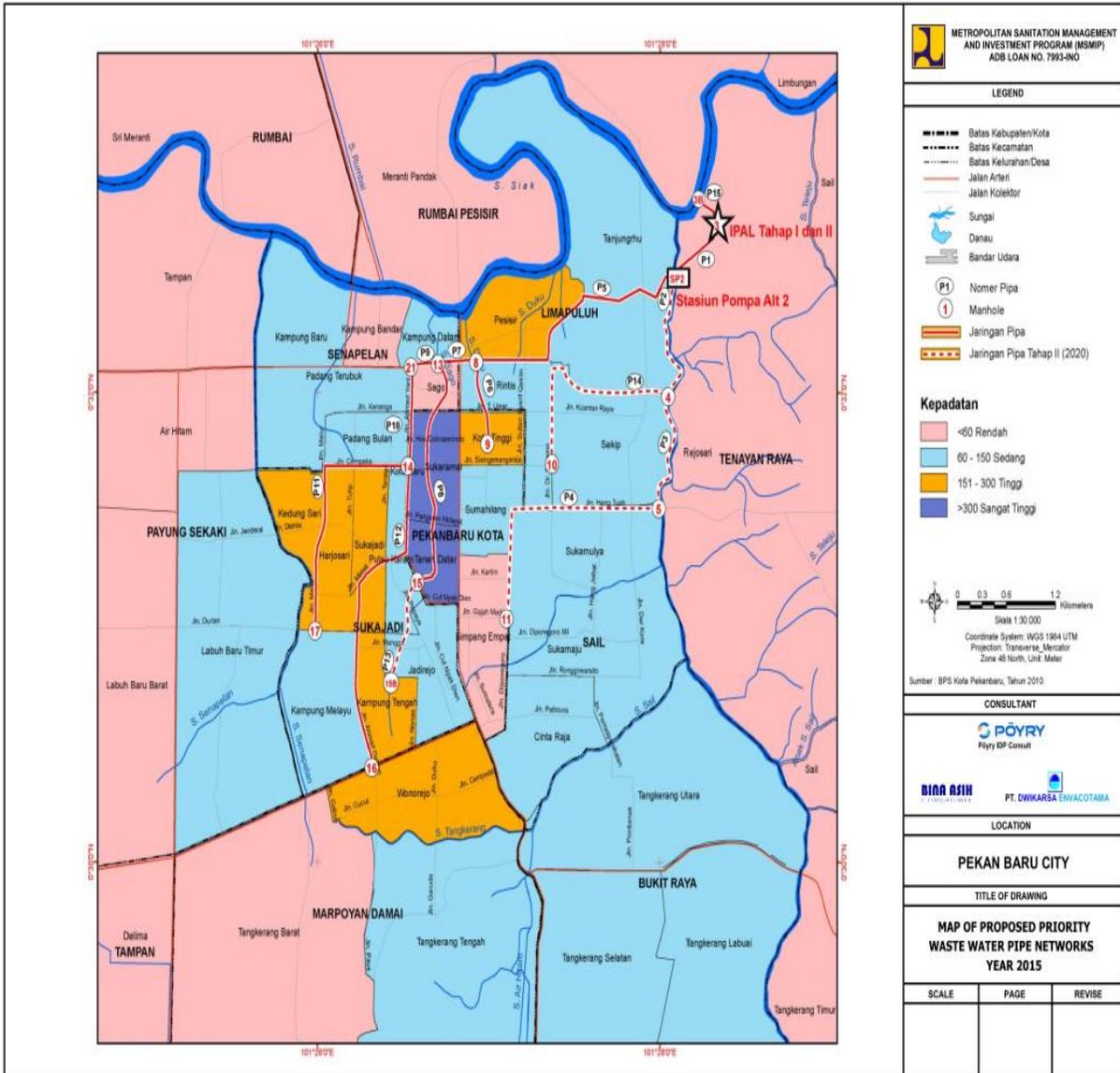
		compelled by the government through the LAC and DGHS to alienate all of the land owned by the AP or possesses, to the ownership and possession of the government for the Project in return for compensation at replacement cost.
relocation	–	This is the physical displacement of the AP from his/her pre-project place of residence and/or business.
replacement cost	–	Means the amount in cash or in kind needed to replace an asset in its existing condition, without deduction of transaction costs or depreciation and remaining values of salvageable materials, at prevailing market value, or its nearest equivalent, at the time of compensation payment.
replacement cost study	–	This refers to the process involved in determining replacement costs of affected assets based on empirical data.
resettlement	–	Refers to various measures provided to APs in mitigating any and all adverse social impacts of the project, including compensation, relocation (where relevant), and rehabilitation as needed.
resettlement plan	–	It is the social safeguards document that contains the policies and guidelines and time-bound action plan with budget, setting out the resettlement objectives and strategies, entitlements, activities and responsibilities, resettlement monitoring, and resettlement evaluation.
severely affected person	–	This refers to APs who will (i) lose 10% or more of their total productive assets, (ii) have to relocate, and/or (iii) lose 10% or more of their total income sources due to the project.
vulnerable groups	–	These are distinct groups of people who might suffer disproportionately or face the risk of being further marginalized due to the project and specifically include: (i) households that are headed by women with dependents, (ii) household heads with disabilities, (iii) households falling under the generally accepted indicator for poverty, (iv) elderly households who are landless and with no other means of support, and (v) landless households.

NOTE

In this report, "\$" refers to US dollars.

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Scope of Off-site Wastewater Collection and Treatment in Pekanbaru City, Riau Province, Indonesia

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EXECUTIVE SUMMARY

1. **Subproject Description.** The Pekanbaru City Off-site Wastewater Collection System and Treatment (or the Subproject) shall be located in Pekanbaru City, Riau Sumatra Province. The Subproject has two components; the Wastewater Treatment Plant Component (WWTP) and the Wastewater Collection System (WCS) Component. The proposed 13.5 -ha WWTP shall be a membrane-covered lagoon followed by partially mixed aerobic lagoons, and maturation ponds to help settle out the suspended solids. Mechanical dewatering will be used for sludge management. Effluent shall be treated in WWTP prior to discharge at Siak River. The WCS shall be established along the road alleys in 12 streets of the City to collect wastewater and biosolids from business establishments, public market, and households through the sewers and shall be treated in the WWTP.

2. **Scope of Land Acquisition and Resettlement.** A total of 134,544 m² (13.45 ha) of private lands shall be permanently acquired for the Subproject and shall affect 5,088 rubber trees, 109 palm oil trees, 48 banana trees and several other trees, totaling 6,122. Of the total 13.45 ha, 11,3148 m², affecting 12 households, has already been acquired. Due Diligence for this acquisition concluded that the procedures according to the local laws and regulations were duly followed. Compensation for land was paid based on the rates determined by the professional appraiser. Compensation for affected 4,649 trees was paid as per the Mayor's regulations. Land acquisition of additional 21,396 m² will affect an additional 10 households. An additional 1,473 trees will also be affected.

3. **Socioeconomic Characteristics.** A total of 22 households, including 12 HH affected by acquisition of 11.45 ha, shall be affected with aggregate members of 97 persons, composed of 54 male and 33 female. Of the total members, 57 persons are working but their livelihoods do not depend on affected lands. Except for two households, all the other households live in the City's outskirts in seven villages, kilometers away from the affected lands. 5 Households would be affected by more than 10% of their household incomes due to the loss of trees. The incomes of the affected households (AHs) are higher than the City's established poverty threshold. None of the households are reported to have any handicapped members. Based on the vulnerability criteria, none of the AHs are vulnerable. None of them belong to indigenous peoples. However, the data gathered during the TA shall be updated during Subproject implementation.

4. **Information Disclosure, Participatory Consultation and Grievance Redress.** The Initial Public Consultation and Information Disclosure was held on 22 October 2012 in compliance with the Government Regulation and ADB's 2009 SPS and Public Communication Policy (2 April 2012). Five types of stakeholders who have actively participated on that public meeting were identified. Further public consultation was carried out in February 2013. Public Information Booklets (PIB) and the procedures on grievance review mechanism, in *Bahasa Indonesia*, were distributed to the participants. The APs can also ask for assistance from ADB's responsible Project Officer as the last resort in the resolution of their complaints, consistent with the provision of the Bank's *Accountability Mechanism* (2012).

5. **Legal Framework, Compensation and Entitlement Policy.** The legal and policy framework for compensation and resettlement under the Subproject is defined by the relevant laws and regulations of the Gol and the Safeguard Requirements 2 of the 2009 SPS and other cross-cutting policy themes of ADB. Gaps were noted based on the comparison between the Gol and ADB policies but these have been reconciled and translated into Project policy principles. From these principles, Project Policy were developed which the DGHS commits for

implementation. A table on Compensation and Entitlement Matrix and their applications defines the entitlements of APs. Contingency measures were also provided in addressing gender issues. If there are unforeseen impacts that shall be identified in the DMS, the APs are also entitled to receive compensation and assistance.

6. **Income Restoration.** Although not all the trees are productive, several households harvest their trees and fruit crops, albeit irregularly, to augment their household incomes. Land acquisition will result in the loss of this income. 5 households would be affected by loss of more than 10% of their household incomes due to the loss of trees. Depending upon productivity of the trees, compensation amount varies in equivalence of 7 to 69 times the average monthly incomes from trees. The compensation amount and continued harvesting will ensure restoration of incomes for those affected most by the loss of incomes from trees. However, these households would be given priority in project related employment and would be offered opportunities to participate in city sponsored income generation activities. Further, their livelihood and household income would be observed during the implementation phase to check if they are able to improve their standard of living. In case the objective of the involuntary resettlement is not achieved, additional assistance would be provided for restoration of household incomes.

7. **Resettlement Budget.** An overall cost of updating and implementing the LARP was estimated at Rp 23.029 billion (\$ 2.303 million), including a contingency of 15%, for inclusion in the Project investment. The DGHS and/or the City Government of Pekanbaru will ensure the timely provision of funds and will meet any unforeseen obligations in excess of the resettlement budget in order to meet the social safeguards objectives of the Project.

8. **Institutional Arrangements.** The DGHS will create the CPMU and will work closely with the PPIU in Riau Province and the LPMU in Pekanbaru City. The CPMU will hire the PISCs in accordance with ADB's *Guidelines on the Use of Consultants* (2010, as amended from time to time). The PISCs be supported by two full-time qualified and experienced resettlement specialists; one international resettlement expert, the other is a national resettlement specialist. The LAC will be involved under this institutional arrangement for the Subproject. On LARP implementation, it shall take eight months on the assumption that the Subproject DED has been finished by then. The CPMU, in close coordination with PPIU, LPMU and the LAC, will implement the updated LARP upon receipt of the official approval from ADB.

9. **Monitoring and Reporting.** Resettlement implementation will begin only after the detailed designs are ready and approved by the ADB. The CPMU, PPIU and LPMU will have joint responsibilities in the internal monitoring of LARP updating and implementation with results will be reported to ADB on monthly basis. The progress of implementation will be obtained by the PISCs from the field on monthly basis and transmit them to CPMU for its assessment, and adjust the work program if necessary.

I. PROJECT DESCRIPTION

A. Introduction

1. This Land Acquisition and Resettlement Plan (LARP) is the social safeguards document for Pekanbaru City Off-site Wastewater Collection System and Treatment (or the Subproject) in Pekanbaru City, Riau Province. The Subproject is among the five subprojects which have been assisted by Asian Development Bank (ADB or the Bank) under TA № 7993 – INO: Metropolitan Sanitation Management Investment Project (MSMIP). The proposed MSMIP supports: (i) the implementation of the Government's Roadmap to Acceleration of Urban Development 2010-2014, which targets sewerage systems in 16 cities and community based sanitation in all other cities; (ii) the National Policy for the Development of Community-Based Water Supply and Environmental Sanitation; (iii) ADB's Water Operational Framework 2011-2020, which has strong emphasis on sanitation and is directed toward efficient technologies and capacity development programs; (iv) ADB's Water for All Policy; and (v) the draft Indonesia Country Partnership Strategy. The Subproject impact will be health improvement through the reduced occurrence of water-borne diseases and water-washed diseases in the areas it will serve in Pekanbaru City. The outcome shall be increased access to sanitation services by the households.

B. Subproject Description

2. The Subproject has two components, such as (i) the Wastewater Treatment Plant (WWTP); and (ii) the Wastewater Collection System (WCS). The proposed WWTP shall be located in uninhabited lands at Rejosari Village in Tenayan Raya District, some portions of which is grown to rubber trees. The proposed WWTP shall be a membrane-covered anaerobic lagoon followed by partially mixed aerobic lagoons, and maturation ponds to help settle out the suspended solids. Mechanical dewatering will be used for sludge management. Effluent shall be treated in WWTP prior to discharge at Siak River.

3. The WCS shall be established along the road alleys in 12 streets of the City. This facility shall collect wastewater and biosolids from business establishments, public market, and households through the sewers and shall be treated in the WWTP. The WCS has five subcomponents, such as (a) trunk sewers, (b) main sewers, (c) lateral interceptors, (d) storm water drainage, and (e) service connections. Except for a few, most of the roads covered under the WCS component have sufficient space for sewer construction. The proposed Subproject constitutes the least cost components based on the evaluation by the Bank's TA Consultants after the review of INDII wastewater master plan.

II. SCOPE OF LAND ACQUISITION AND RESETTLEMENT

A. Summary of Impacts

4. It is proposed to acquire an area of 13.45 ha for the WWTP and associated facilities. Inventory of Losses and Socioeconomic surveys were conducted from 19 to 21 November 2012 to assess impacts of land acquisition and was further updated in February 13-25, 2013. The acquisition will impact a total of 22 households or 97 persons. Of the required 13.45 ha, an area of 113,148 m² (11.3148 ha) has already been acquired affecting 12 households. A Due

Diligence for this acquisition is included in this report. Acquisition proceedings are underway for the remaining 21,396 m², constituted by 12 land parcels, owned by 10 households. Of the 22 households, 20 households would also be affected by loss of 6,122 trees, mostly rubber and oil palm. Summary of impacts is shown in Table 2.1 below. The census, IOL and SES was carried out between 19 and 21 November 2012 using the questionnaire shown in **Appendix 1**, and was updated in February 2013. Impacts of individual households are shown as **Appendix 2**.

Table 2.1 – Summary of Impacts

Name of Villages	No. of AHs	Land (in m ²)	Rubber	Palm Oil	Fruit Trees	Banana
1. Lembah Sari Village	1	24,737	916	57	77	40
2. Rejosari Village	5	22,207	866	50	58	8
3. Sail Village	2	1,200	86	-	-	-
4. Sekip Village	2	11,796	328	-	-	-
5. Tanjung Rue Vill.	5	18,622	856	2	6	-
6. Tangkerang Village	4	36,289	996	-	-	-
7. Umbansari	1	2,489	110	-	-	-
8. Outside Pekanbaru	2	17,204	930	-	-	-
Total	22	134,544	5,088	109	141	48

Source: Inventory of Losses

B. Details of Impacts

5. **Loss of Land.** The loss of 21,396 m² of land that is yet to be acquired will affect 10 households. Two of these households own two land parcels each. The affected lands represent the gross landholdings of the AHs who were granted rights or certificates by the City Government. Some of the land is being eroded by the Siak River. This area will be reclaimed by the government after it is acquired. The land that has already been acquired (113,148 m²) and that is yet to be acquired (21,396 m²) does not include any land requirement for access road for the WWTP site. The alignment of the access road is yet to be determined. None of the lands are part of the ancestral domain.

6. **Loss of Trees and Crops.** Of the 13.45 ha, 12,396 m² of land is currently covered by rubber, oil palm trees and several varieties of fruit trees such as: coconut, mangoes, lemon, guava, areca nut, jackfruit, etc. Rubber and oil palm trees are at different stage of productive age. Rubber is not tapped in the rainy season. Not many trees are productive but occasional harvesting from these trees augment incomes of some households. Number of trees on each land parcel is also shown in **Appendix 2**.

7. **Loss of Structures.** There are no structures on the land that is to be acquired. Therefore, none of the 10 households would need to be relocated.

8. **Loss of Incomes.** As mentioned in the foregoing para, some household harvest their trees and fruit crops. The incomes derived from these trees are irregular and not very significant, except in case of five households. This source of earning will be lost due to the acquisition of their land. However, local government has allowed the households to continue to harvest their trees and fruit crops, even after having received compensation for trees, until the land is ready for clearance and handing over for civil works. The compensation for affected trees for these five HH varies in equivalence of 7 to 69 times the average monthly incomes from trees. This will ensure restoration of their income and livelihood. Estimated incomes drawn per month from the tree/fruit crops, and from other sources are shown in **Appendix 3**.

9. **Severely and Vulnerable AHs.** Based on the SES and IOL information, there are no severely affected households as all of them have other land holdings and their household incomes will not be adversely affected by the land acquisition. There are 7 women headed households, none of them are poor, and have other earning members in the households. Therefore, based on the vulnerability criteria none of the AH are considered vulnerable. However, 5 households with the loss of incomes from trees in excess of 10% of their household incomes can be considered as severely affected.

10. **Temporary land acquisition.** During the construction phase, laying of sewerage pipelines will require road areas temporarily. The temporary acquisition of land for WCS was estimated at approximately 387,596 m² (38.8 ha). The total figure was arrived at by multiplying the total length of the sewers by the working width of heavy equipment to be used in excavation. Included in the temporary use of lands are the required spaces for the associated facilities. All temporary affected lands on the roadsides are being administered by the Directorate General for Highways and agreement and clearance will be secured from this agency prior to excavation. Excluded from the temporarily affected lands are the work stations for the construction contractor/s which shall be identified during Subproject implementation.

Temporary Impacts

11. The sewage pipelines construction activities will be carried out along the 12 roads and road medians (**Appendix 4**). The activities will not displace households or people nor will they have any permanent adverse socioeconomic impacts on the residences, shops and other commercial establishments along the project roads. However, during the construction phase the civil work activities may cause temporary impacts on the residences, vendors and shops along the roads in terms of inconvenience in access, parking, loading and unloading and also for traffic movement, particularly cars and trucks, etc. The wider roads will not face such problems as there will be sufficient ROW space for vehicular movement and for access to roadside businesses. However, small roads and narrow streets, particularly with clear road width of about 6.0 m and below may face some problem of traffic movement at the time of civil works. In Pekanbaru of the 12 roads/streets covered under the WCS component, only three roads: Jl. Sumber Sari, Jl. Kampar, and Jl. Tanjung - Jl. Setia Budi have clear road width of less than 6m. During the construction phase the access to houses, shops, and other commercial establishments may be temporarily affected. However, there is not likely to be any loss of incomes to the road-side commercial establishments as temporary access to road-side businesses will be provided by the contractor. All the other roads are much wider, more than 6m ROW.

12. To avoid or minimize such temporary impacts on roadside businesses and traffic movement, the civil work will be carried out in small segments of about 50 m length at one time. It will take about 10-12 days to complete the work: excavation, laying of pipes and restoring the road, for one segment. Working on small road segments will make traffic management and provision of temporary access to roadside houses and businesses much easier. The contractors will ensure that while working on road segments, the shops and houses are provided with temporary access so that there will be absolutely no loss of business incomes. Temporary road covers (steel or wood) over excavation trench could maintain local inhabitant daily access. Vendors are generally mobile and, if affected, can be easily moved beyond the 50m road segment during the work and can be moved back when the work on a particular road segment is completed.

C. Socio-Economic Characteristics of Affected Households

13. **The Affected Households.** Information on the socioeconomic characteristics of the 22 AHs was collected using the questionnaire shown in **Appendix 1**. Total members of the households are 97 making an average household size of 4.4 persons. Of the 22 households, 2 households live outside Pekanbaru. The remaining 20 households live in seven villages in Pekanbaru (Table 2.1 above). They live outside their affected lands and therefore, impacts on structures or relocation is not an issue. The household members are at varying age levels. Sex and age-group distribution is shown in Table 2.2 below.

Table 2.2: Age Group of Households

No	Age Group (years)	Male	Female	Total
1	0-4	1	-	1
2	5-14	1	2	3
3	15-55	36	31	67
4	>56	15	11	26
	Total	53	44	97

14. **Occupation and Income.** Of the total household members, 21 persons (or 52.5%) are engaged in various livelihood occupations. Most noted are the entrepreneurs (42.8%), traders of rubber (19.0%), and teachers (14.3%) along with pensioners (14.3%) as presented in Table 2.3.

Table 2.3: Occupation

No.	Types of Occupation/Employment	No. of Hh Members	Percentage
01.	Teachers	3	5.26
02.	Public Servant	4	7.02
03.	Entrepreneur	31	54.39
04.	Trading including rubber Trading	8	11.2
05.	Driver	1	1.75
06.	Shop Owner	1	1.75
07.	Farmer	2	3.51
08.	Labor	4	7.02
09.	Pensioner	3	5.26
	Total	57	100.00

15. The AHs have average incomes of Rp 3,514,000 per month; the lowest is Rp 2,200,000 while the highest is Rp 11,900,000 (**Appendix 3**). 14 households (63.6%) earn between Rp. 2,000,000-5,000,000 per month. The remaining 8 households (36.4%) have an average household income of more than Rp. 5,000,000 per month (Table 2.4). Matched against the City's monthly poverty threshold of Rp 325,670 per person in a household (based in 2011), there appears that none of the AHs suffer from income deficits and none is vulnerable. All

household heads have senior high school education and none of them belong to any group indigenous peoples.

Table 2.4: Average Monthly Household Incomes

No	Income Group (Rp)	Number	Percentage (%)
1	< 1,000,000	0	0
2	1,000,000 – 2,000,000	0	0
3	2,000,000 – 5,000,000	14	63.6
4	>5,000,000	8	36.4
	Total	22	100.0

D. Updating the LARP

16. Although there are only few impacts from permanent land acquisition, these will be confirmed during the updating of this LARP owing to the following factors: (i) final alignment of the sewers based on DED that may affect the entrance of the houses or business establishments; (ii) change in the scope of the WCS; (iii) enforcement of new legislation relevant to land acquisition after ADB’s approval of this LARP prior to implementation; (iv) delay in Subproject implementation of at least three years; and (v) unanticipated impacts found during Subproject implementation. The Project Implementation Support Consultants (PISCs) will assess any changes in the type and scale of the impacts and include them in the updated version of this LARP, or formulate a new LARP consistent with the provisions and requirements in SR2 of the Bank’s 2009 SPS. The provisions on entitlement in the updated LARP will not be lower than what is provided for in this draft LARP.

E. Gender Issues

17. The Subproject will not pose significant impact to gender equality since land acquisition for WWTP will not cause any physical displacement of affected households and will not have any significant bearing on their incomes, access to social services, access to information and food security. Also, there is no gender differentiation foreseen that shall be brought about by the activities on the WCS. And therefore, no Gender Action Plan, with respect to involuntary resettlement, is required. However, a gender strategy was designed in this documents soliciting for the active participation of men and women in the Subproject

III. DUE DILIGENCE ACTIVITIES

A. Coverage and Objectives

18. Assessment on the 113,148 m² (11.3148 ha) land parcels, located in *kelurahan* Rejosari, *Kecamatan* Tenayan Raya; acquired by the City Government in Pekanbaru is incorporated in this report to appraise whether the land acquisition activities involved were consistent with Safeguard Requirement 2 (SR2) of 2009 Safeguard Policy Statement (SPS). The acquisitions were carried out in December 2012 and payment of compensation to affected 12 households was completed on January 2013.

B. Findings from Due Diligence

19. **Ownership of Acquired Lands.** Based on the IOL, SES and information obtained from BAPPEDA in February 2013, all the 12 households have titles to their land holdings. The names of owners and areas of different parcels are shown in **Appendix 2**. The land is classified as agricultural and is covered by mainly rubber and oil palm trees and some other diverse fruit trees such as: coconut, mangoes, guava, banana, etc. Most of the trees are unproductive.

20. **The Affected APs/AHs.** General socioeconomic characteristics of the 12 households are shown in the previous sections. None of the households are vulnerable nor do they run the risk of falling below the poverty line due to the land acquisition.

21. **Land Acquisition Procedure.** The City Government of Pekanbaru has totally complied with the procedures in land acquisition as provided for in Chapter IV of Presidential National Land Agency (BPN) Regulation No. 3/2007, and is described in Section VI.F of this report. The land was acquired by BAPPEDA, Pekanbaru. Given that land acquisition in Indonesia is defined by law, it follows that the procedure applied by LAC in Pekanbaru is complete in documentation. The payment was made in January 2013.

22. **Compensation Rate and Payment.** The Pekanbaru city government hired the services of an independent appraiser from Jakarta to appraise the affected land, in line with the provision in Paragraph 4, Chapter IV of Presidential National Land Agency (BPN) Regulation No. 3/2007. For payment of compensation the negotiated rate used for the acquired lands was at Rp 120,000/m², which was as recommended by an independent appraiser (refer to **Appendix 5**). Total compensation amount of Rp. 13,577,760,000 for acquisition of 113,148 m² of land was paid to the 12 affected households in January 2013. Compensation for trees was paid to the 12 households in accordance with the rates established by the Mayor of Pekanbaru per Regulation No. 348/2012. Total compensation amount paid for the loss of 4649 trees was Rp. 450,252,000.¹ For the five households who will be affected by loss of more than 10% of their household incomes due to the loss of trees, the compensation amount for trees varies in equivalence of 7 to 69 times the average monthly income from trees. The established rate list included rates for young trees, productive trees and unproductive trees depending upon the types of trees. The households are allowed to continue to harvest their affected tree/fruit crops and will be given at least 4 months notice before land clearing and handing over the land for civil works. There are no complaints or outstanding issues reported by the AHs during the consultation held in February 2013.

23. **Impact of Land Acquisition on Livelihood and Living Standard.** The acquisition of 11.314 ha of land will not have any adverse impact on the livelihood and household incomes of the 12 households as the land is not very productive and the households do not have any time to tend to the trees and harvest them in a regular manner. Only a few households harvest trees, and that too only occasionally. Only five households have incomes from trees varying between 21-31% of their total HH income. However, with compensation received, they have invested in to more profitable ventures such as: buying land and investment in businesses. Further, all the households are being allowed to continue harvesting their trees and fruit crops, even after they have received compensation, until the land is required for civil works. These five households would be given priority in project related employment during the implementation phase and will be offered opportunities to participate in the city's income generation activities. None of the 12 households would become vulnerable due to land acquisition or have their livelihood and standard of living adversely affected.

¹ Proof of payments to 12 HH is available with the consultant and can be forward to ADB separately, if necessary

IV. INFORMATION DISCLOSURE, PARTICIPATORY CONSULTATION AND GRIEVANCE REDRESS

A. Activities Accomplished

24. Public consultation and information dissemination in the MSMIP Pekanbaru has been an ongoing activity and will continue throughout the project process cycle. Households affected by acquisition of land and the communities along the project roads have been fully informed about the project from the beginning of the field work.

25. Through the BAPEDDA, the City Government of Pekanbaru has already conducted the Initial Public Consultation and Information Disclosure of the Subproject focusing on environmental and social issues, in compliance with the Presidential Regulation No. 3 of 2007² issued by the National Land Agency of the Government of Indonesia (GoI) and ADB's 2009 Safeguard Policy Statement and Public Communication Policy: Disclosure and Exchange of Information (2011) and OM Section L3/BP (2 April 2012). Convened on 22 October 2012 at BAPPEDA Office's meeting room, the following stakeholders were identified in that consultation: (i) district and village officials; (ii) community leaders; (iii) household heads of AHs; (iv) Office of Women Empowerment; and (v) BAPPEDA as well as the other offices of the City Government.

26. The stakeholders have actively participated in the consultation but fewer issues were brought up on land acquisition as they were more interested on the Subproject's environmental impacts, as recorded in the Minutes of Consultation. Related to land acquisition, one participant suggest for more community consultations as the other participant wanted the confirmation if the affected person will be paid for compensation on their properties. These issues were clarified by the MSMIP TA Resettlement Specialist and were already addressed in this LARP, such as the future consultation activities and the payment of compensation based on replacement costs.

27. Consultation with randomly selected roadside occupants along the project roads was carried out in February 2013 for information dissemination and to obtain feedback on project related issues and their concerns. Details of public consultations and Minutes of the meeting held on October 22, 2012 are shown in **Appendix 6**. Following information was provided to the affected households and community members:

- Project objectives
- Potential benefits to the communities in the project area and general public
- Potential adverse impacts, both permanent and temporary
- Key provisions of the compensation policy for the assets acquired and assistance provided for temporary impacts during construction
- Grievance redress mechanism as provided for in the project
- Address for submitting any complaints and grievances and for additional information.

² This regulation has unified the Implementing Rules and Regulation of (a) Presidential Regulation № 36 of 2005 Concerning Land Provision on the Implementation of Development for Public Interest, and (b) Presidential Regulation № 65 of 2006 which amended the Presidential Regulation № 36 of 2005.

28. The project authorities have since prepared a Public Information Booklet (PIB) for the project, included as **Appendix 7**. Copies of the booklet were provided to randomly selected residents and business establishments who may be temporarily impacted during the construction work along the project roads.

B. Future Consultation Activities

29. **Consultation during Project Implementation.** During the updating of this LARP, the Project Implementation Supervision Consultants (PISCs) at the Central Project Management Unit (CPMU) will coordinate with the Local Project Management Unit (LPMU) in Pekanbaru City, through the Provincial Project Implementation Unit (PPIU) in Riau Province. They will inform the project-based stakeholders on Subproject implementation, and like during the initial public consultation, they will be provided with PIBs, written in *Bahasa Indonesia*, and presented with visual aids for recall and further understanding of the Subproject. All project-based stakeholders, including the AHs, will be encouraged to share their thoughts and recorded in the Minutes of Public Consultations.

30. During the implementation phase, the PISC will prepare Public Relations (PR) and Public Campaign (PC) strategy and programs for effective public consultation and participation. The programs will include continued public consultation meetings, dissemination of information using banners, leaflets, and radio talk shows. Consultations and discussions with residents in the public consultation meetings will be conducted continually during construction. The main topics to be discussed in public consultation meetings are:

- The benefits and impact on society. Documents containing the results of research, if any, on the matter will be translated into the Indonesian language and made available in the village office/kecamatan to be easily accessed by residents;
- The description of the scope of the project will be shown in a banner at the entrance of the project;
- Schedule of the construction work; and
- How the public can participate in support for the project.
- Potential impacts on roadside occupants (residences and business operations), including temporarily restricted access, potential damage to private properties and loss of incomes to shops due to restricted access; and
- Mitigating measures to be taken by contractors and project authorities.

31. Detailed Measurement Survey (DMS) and census of affected persons (APs) along the roadsides will be conducted following the public meeting and consultations, and will also be given PIBs written in *Bahasa*. They will also be provided with summary or leaflet version of the draft updated LARP, in *Bahasa* language, for comments/suggestions. The summary LARP shall be also made available at the offices of the heads of the districts and heads of the villages. The whole report shall be uploaded at the ADB website for review by a wider audience.

32. Upon concurrence by ADB, the PISCs will inform the PPIU to coordinate with the LPMU to announce the schedule of Subproject implementation and the placement of signage in strategic areas for public awareness.

33. **Post Project Implementation.** As part of the appraisal following implementation, an evaluation will be conducted to determine how far the objectives of the LARP have been

achieved. The City Government of Makassar will coordinate with the districts and village officials to inform the APs and the public to participate in the consultations and interviews that shall be conducted as part of post-implementation evaluation exercise. The inputs from such evaluation would provide valuable feedback for future policy and implementation procedures.

34. **Disclosure.** General public and particularly the communities within the project areas will be kept fully informed about the project through a variety of means: newspaper articles, Public Information Booklet (PIB), and public consultation workshops. Draft LARP will be uploaded on the CPMU and ADB website. The final LARP approved by ADB will be uploaded during the project implementation complaint to public disclosure requirements. The summary LARP shall be also made available at the offices of the heads of the districts and heads of the villages.

C. Grievance Redress Mechanism

35. The CPMU, through the PPIU, the LPMU in Pekanbaru City will ensure that all grievances and complaints on any aspect of land acquisition and compensation are addressed in a timely and satisfactory manner. The APs can send their complaints or grievance to the parties involved in Subproject implementation related to compensation, entitlement, compensation policy, rates and land acquisition. The complaining APs will not be charged of any fee during the resolution of their grievances and complaints. Nothing in this grievance and review mechanism (GRM) removes the APs ability to pursue the matter through Indonesia's legal system. The GRM for involuntary land acquisition shall be implemented by the City Government's *Unit Perlaksan Teknis Daerah* (UPTD) or a different unit to be organized for such purpose.

36. As consulted with BAPPEDA prior to public consultation and Subproject disclosure, below are the procedures in the resolution of grievances and complaints under the Project.

A. First Stage

- (i) The complaining AP may bring the grievance/complaint directly to the District Land Acquisition Committee (LAC) or through the village chief who will then endorse it to the LAC, verbally or in writing.
- (ii) The LAC together with the village chief will seek to reach a consensus to achieve an acceptable settlement with the complaining AP.
- (iii) If the complaining AP does not accept the compensation being offered, the LAC will deposit the compensation money with the court.
- (iv) The LAC is responsible for keeping the records of complaints it handles.

B. Second Stage

- (i) If the complaining AP is not satisfied with the decision of the LAC, it may bring the grievance, verbally or in writing, to the Regent of the district along with explanation on the causes and reasons for the objection within a period of 14 days from the issuance of the decision of the LAC in the First stage.
- (ii) The Regent will decide on the complaint within a period of 30 days.
- (iii) Before deciding on the case, the Regent may request for opinions/concerns from (a) the complaining AP, (b) the LAC, and (c) the Office of the DGHS.
- (iv) The Regent decision will be delivered to the complaining AP, the District LAC and the DGHS.
- (v) The Regent's office is responsible for the documentation and keeping the records of complaints it handles.

C. Third Stage

- (i) If after 30 days, no decision to the complaint is made or if the aggrieved AP is not satisfied with the decision of the Regent, it may bring the complaint/case to the governor.
- (ii) The Governor will decide on the complaint within a period of 30 days.
- (iii) The Governor, before making decision or settlement, may request the opinions/concerns from (i) the complaining AP; (ii) the LAC; and (iii) the DGHS.
- (iv) The Governor's decision will be delivered to the complaining AP, the District LAC and the DGHS.
- (i) The Governor's office is responsible in documenting and keeping file of all complaints that it handles.
- (ii) If after 30 days, no decision to the complaint is made or if the complaining AP is not satisfied with the decision of the Governor, it may bring the complaint/case to the court for adjudication. The court's decision is final.

37. However, the APs can also ask for assistance from ADB's responsible Project Officer as the last resort in the resolution of their complaints, consistent with the provision of the Bank's *Accountability Mechanism* (2012). The APs can file their complaints through the ADB Resident Mission in Jakarta for transmittal to the Bank's headquarters in the Philippines. The responsible Project Officer will then file the same to the Complaints Receiving Officer for appropriate action. As understood by the DGHS, being the Project Executing Agency (EA), the Accountability Mechanism has two functions, i.e. the problem solving function that will be led by the Special Project Facilitator, and the compliance review function that will be handled by the Compliance Review Panel. The PISCs at the CPMU and the LPMU will disclose the details of the procedures to the stakeholders and the APs during the updating of this LARP.

V. LEGAL FRAMEWORK, COMPENSATION AND ENTITLEMENT POLICY

A. Objectives

38. The objectives of the compensation and entitlement policy are to see to it that the Subproject should provide an opportunity for the APs and to ensure that they should derive benefits from it so that that they are not worse off during and after implementation. Section II of this report describes the AHs who are eligible for compensation, and there are also APs who have yet to be identified and determined to receive their compensation in case their properties shall be affected by land excavation for the sewers.

B. The Legal Basis of Compensation and Entitlement Policy

39. **Relevant Laws in Indonesia.** The Gol has promulgated a new Land Acquisition Law in January 2012 and followed by the issuance of Presidential Regulation No. 71/2012 in August 2012 and Head of National Land Agency Regulation (*Peraturan Kepala Badan Pertanahan Nasional/BPN*) No. 5/2012 in October 2012. Some key provisions stipulated in the new land acquisition law are the following;

- a. Eligibility: informal settlers affected by development projects would be entitled to compensation for their losses and assistance for relocation;
- b. the New law provides for compensation for economic losses;
- c. Consultation with the potentially affected households and their consent for acquisition of their land is a requirement;
- d. The resettlement planning and implementation must follow a well-defined time frame; and
- e. All losses (physical and economic) must be assessed by a professional appraiser.

40. New Law on Land Acquisition would be applicable in projects where the land acquisition has not been completed as of the date of 31 December 2014. As such, the current legislations have been used for comparison with ADB's Policy Requirements in crafting the Compensation and Entitlement Policy in this LARP. These laws refer to: (i) Presidential Regulation No. 36/2005, otherwise known as "Provision of Land for Realizing the Development for Public Interests", as amended by Presidential Regulation No. 65/2006, entitled "On Land Acquisition for Development Purposes in the Public Interest", and the (ii) National Land Agency (BPN) Regulation No. 3/2007 which provides the IRR for Presidential Decrees 65/2006 and 36/2005. Presidential Regulation No. 65/2006 provides for various forms of compensation for private assets affected by Government development projects. Other laws and regulations relevant to involuntary resettlement are: (a) Land National Agency circulation letter No. 3127/15.1-300/VII/2009, (b) National Land Agency Regulation No. 1/2010; (c) Road Law No. 38/2004; and (d) Act No. 9/2009 on Food Security.

41. **ADB's Safeguards Requirement 2 and Other Cross-Cutting Policy Themes.** The objectives of SR2 of the 2009 SPS are to: (i) avoid involuntary resettlement wherever possible; (ii) minimize involuntary resettlement by exploring project and design alternatives; (iii) enhance, or at least restore, the livelihoods of all displaced persons in real terms relative to pre-project levels; and (iv) improve the standards of living of the displaced poor and other vulnerable groups. SR2's requirements apply to full or partial, permanent or temporary physical displacement (relocation, loss of residential land, or loss of shelter) and economic

displacement (loss of land, assets, access to assets, income sources, or means of livelihoods) resulting from (a) involuntary acquisition of land, or (b) involuntary restrictions on land use or on access to legally designated parks and protected areas. Resettlement is considered involuntary when displaced individuals or communities do not have the right to refuse land acquisition that result to displacement. This occurs in cases where (i) lands are acquired through expropriation based on eminent domain; and (ii) lands are acquired through negotiated settlements, if expropriation process would have resulted upon the failure of negotiation.

42. The SR2 of ADB's 2009 SPS adopts a holistic approach in development as it mandates the incorporation of its other cross-cutting policy themes, such as the following:

(i) Gender and Development (1998). It adopts gender mainstreaming as a key strategy for promoting gender equity, and for ensuring that women participate and that their needs are explicitly addressed in the decision-making process for development activities;

(ii) Public Communications Policy (2011). It seeks the active participation of affected people and other stakeholders during the development and review of safeguard policies on ADB-assisted programs and projects, consistent with ADB's OM Section F1/OP (March 2010); and

(iii) Accountability Mechanism Policy (2012). It is part of ADB's continued efforts to enhance its capacity in responding to and/or resolving the problems associated with the implementation of its policies in all programs or projects it assists. It consists of a consultation phase and a compliance review phase, by which the problems or issues raised by the affected people and/or stakeholders are investigated and resolved.

43. Listed in **Appendix 8** are the general policy principles in SR2.

C. Analysis of Gaps and Project Policy Principles

44. Given the comparison between Gol's Regulation No. 3/2007 and the Bank's SR2 Policy Requirements, the prescription from the former has no equivalence with the policy of the latter. Rather, the Regulation was enforced in order to facilitate land acquisition through the exercise of the power of eminent domain. Acquisition is focused on the land and the objects found thereon, but lacking the provisions for assistance and social rehabilitation of persons being dispossessed of their properties and uprooted from their social networks. Under ADB's SR2's policy requirements, it is sensitive to adverse social impacts emanating from physical development. It does not prescribe for the classification of APs who are entitled to receive compensation, so long as they are recorded in the cut-off date of the census. It is sensitive to gender, persons being dispossessed of their properties, and the severely as well as the vulnerable APs. This explains the incorporation of the Bank's other cross-cutting policy themes in every LARP it requires.

45. In order to meet the Bank's SR2 requirements, the DGHS has reconciled the gaps noted from Regulation No. 3/2007 by formulating the Project principles for MSMIP, based on the comparison between the Regulation and the Bank's SR2 Policy Requirements, as shown in **Appendix 9**.

46. The Gol's regulations will be subject to review and compared with SR2 policy requirements once the joint IRR for Land Acquisition Law issued in January 2012 and

Presidential Regulation No. 71/2012 has been issued. If there are substantial changes from the present regulations, the Project Principles for MSMIP shall be amended, when necessary.

D. Project Policy Commitments

47. From the Project principles, the DGHS has formulated the following policies for MSMIP and commits itself that it will observe and implement in transparent manner:

- (i) Permanent or temporary acquisition of lands that will result to physical and/or economic displacements of persons or households will be avoided or minimized, as much as possible, by identifying feasible alternatives in Project engineering design, alignment of the pipelines, access roads, and work stations.
- (ii) The DGHS, through the IA, will conduct due diligence on the ownership of affected assets, and identify 100% of the APs who are severely and marginally affected by land restriction and/or land acquisition. Severely affected APs are those who stand to lose 10% or more of their economic and important assets while marginally affected APs are those who will lose below 10% of the same.
- (iii) DMS will use a survey tool that will enable to segregate important data on APs by gender and income as basis for updating the compensation and assistance due them.
- (iv) Joint participatory consultations and meetings with Project-based stakeholders, APs and affected villages, community organizations will be carried out throughout the resettlement planning and implementation phase as well as during the updating and implementation of the LARP. Women, disabled, and the elderly will be invited to participate in the consultations and meetings. The comments and suggestions of the APs will be recorded and taken into account for consideration in the updating or implementation of the LARP, where legally acceptable and ethically relevant.
- (v) APs will be systematically informed and consulted about the Project, the rights and options available to them, the proposed mitigating measures, special assistance measures to vulnerable groups and the need for the preparation of LARP. The LARP will be disclosed in a language largely spoken by the APs and involve them in decision-making process.
- (vi) Compensation on the affected properties of APs will be based on replacement cost, without provisions for deduction of the following: (i) stamp, duties, fees or other payments in case of land; and (ii) depreciation and salvage value of construction materials in case of houses and other structures.
- (vii) Payment of compensation to APs will not be differentiated between the male and the female household heads.
- (viii) Special assistance measures will be provided to the severely affected APs who shall become vulnerable due to the project, with particular attention to women, children without means of support, disabled, the elderly and landless and people with incomes below the generally accepted poverty threshold for the province.

- (ix) The project will strive to improve, or at least restore, the livelihood of all displaced persons through i) land based resettlement strategies when affected livelihood are land based where possible, or cash compensation at replacement cost for land when the loss of land does not undermine livelihood, ii) prompt replacement of assets with access to assets of equal or higher value, iii) prompt compensation at replacement cost for assets that cannot be restored, and iv) additional measures and services through benefit sharing schemes, where possible.
- (x) Appraisal of affected lands will be carried out by duly licensed independent appraiser and replacement cost surveys of other affected assets will be carried out as bases for compensation of APs, based on replacement costs, in compliance with the compensation policy of the Gol and ADB.
- (xi) All APs whose names are included in the cut-off date of the census established by the head of the district are entitled to receive compensation. APs that do not have land certificate or any recognizable legal rights to land will be compensated for non-land assets, at replacement cost, so long as they are included in the census. APs residing, working and/or doing business during the DMS for the update of the LARP are entitled to be compensated for their lost assets, incomes and businesses at market prices prevailing at the time of compensation.
- (xii) Project authorities will prepare a land acquisition and resettlement plan (LARP) with detailed description of potential impacts due to land acquisition, entitlements for all types of losses, relocation strategy where affected households are physically displaced, livelihood restoration strategy, effective institutional arrangements and human resources for consultation, liaison, land acquisition, resettlement and monitoring to ensure the efficient implementation of LARP.
- (xiii) Effective mechanism for arbitration of grievance redress will be established with one of the members of the grievance and redress committee will either come from the project-based stakeholders, APs, or women's organization.
- (xiv) Adequate budgetary support for payment of compensation, assistance, and resettlement will be committed and released to APs during LARP implementation.
- (xv) Reliable and efficient database system will be established for the internal monitoring of LARP implementation.
- (xvi) The DGHS, upon compliance of the foregoing policies, including the resolution of all grievances and complaints, will request ADB for its "No Objection" for the award of civil works contract/s.

E. Eligibility

48. The APs eligible to receive compensation and/or assistance are: (i) the 22 AHs in WWTP site affected by loss of land; and (ii) 20 AHs who are affected by loss of rubber, oil palm and other fruit trees. Households or persons who established their houses, planted trees and/or crops thereon after 21 November 2012, as the last day of the IOL and census, are not eligible to receive compensation.

F. Land Acquisition Process

49. The DGHS will comply with the land acquisition process for Project requiring more than 1.0 ha of land as provided for in Chapter IV of Regulation № 3/2007. The process is briefly described below as referenced from the relevant paragraphs in Chapter IV of the Regulation.

- Stage 1: The Establishment of Land Acquisition Committee (*Paragraph 1*);
- Stage 2: Socialization or Public Consultation (*Paragraph 2*);
- Stage 3: Identification and Inventory of Losses (*Paragraph 3*);
- Stage 4: Appointment Land Valuation Agency/Team (*Paragraph 4*);
- Stage 5: Valuation of the Land and Assets (*Paragraph 5*);
- Stage 6: Deliberation Forum between the Agency Requiring the Land and the Owner/s of the Land (*Paragraph 6*);
- Stage 7: Decision of the Chairman of the LAC (*Paragraph 8*);
- Stage 8: Payment of Compensation (*Paragraph 9*);
- Stage 9: Consignment of Compensation (*Paragraph 10*).
- Stage 10: The Release of Land Title (*Paragraph 11*); and
- Stage 11: Payment of the Costs of Land Acquisition by the Agency Requiring the Land (*Paragraph 12*).

50. The Mayor or the Regent of Pekanbaru City has already issued a decree for the creation of the LAC that will be composed of 9 members which is headed by a chairman and vice-chairman. The LAC is represented by officials from government agencies, sub-district and village leaders in the area/s where land acquisition will take place.

G. Entitlement Matrix

51. Guided by the Project policy commitments in para. 45, the Entitlement Matrix (EM) for the subproject in Pekanbaru is shown in Table 4.1 below. The EM summarizes the entitlements of the AHs based on the impacts of land acquisitions.

Table 4-1: Entitlement Matrix

I. For APs or AHs in the Proposed WWTP			
Type of Loss	Application	Eligible Person	Project Entitlement and/or Assistance
1. Permanent loss of land	Lands partially or fully affected by WWTP and associated facilities. (21396m2)	AP or AH with certificate (formal legal rights) or recognized as a full title. (10 AHs)	<p>Entitlements:</p> <ul style="list-style-type: none"> • Compensation will be paid in cash or in kind, at replacement cost, based on the appraisal by an independent appraiser/s. • In case of partial loss of land, if the remaining land is no longer viable for its use, full acquisition of the land with corresponding compensation based on the appraisal by an independent appraiser/s. • The land appraisal will only be valid for a year. • Exemption from paying tax on compensation and administrative cost for the affected land. • Land replacement for agricultural land as per provisions in the Law No. 41/2009 on Agricultural Land for Sustainable Food Protection <p>Assistance:</p> <ul style="list-style-type: none"> • The City or District Government will shoulder the reconstitution of land ownership document of the residual of affected land • Priority for employment of a household member on a

			<p>project-related job.</p> <ul style="list-style-type: none"> Entitled to participate in the Livelihood Restoration Program
2. Loss of Trees and/or Crops	All fruit trees in the defined WWTP site boundaries recorded in the joint IOL/SES questionnaire. (1473 rubber trees).	Eligible AP or AH with or without certificate to the land they occupy, and who were recorded in the IOL/SES. (10 AHs)	<p>Compensation for Fruit trees and crops :</p> <ul style="list-style-type: none"> Compensation for <u>trees</u> will be based on the age and productive status by the type of trees at the rates established by the Mayor in October 2012. Ahs will be allowed to continue to harvest their trees and will be given at least 4 months advance notice to enable them to harvest the trees, before the project authorities take possession of the land for clearing and handing over for civil works.
II. For APs Covered by WTC			
Type of Loss	Application	Eligible Person	Compensation and/or Assistance
1. Temporary loss of land.	Land for temporary work stations, storage of equipment and sewer pipes.	AP or AH with certificate (formal legal rights) or recognized as a full title	<p>Compensation:</p> <ul style="list-style-type: none"> Project contractor will pay lease or rent to the owner on the agreed period of using the land based on prevailing rental cost and agreement with the land owner. For productive land, rental fee will not be less than net income obtained from the said productive land Restoration of the land to its original condition, or better, prior to its return to the land owner. <p>Assistance:</p> <ul style="list-style-type: none"> On behalf of the land owner, the LPMU will check if the land has been restored to its original condition, or better
	Land besides the pumping station and land for sewer pipes	AH and individual or institutional AP (public or private).	<p>Compensation:</p> <ul style="list-style-type: none"> Payment of compensation to any properties loss or damages based on replacement costs, including cost of labor for dismantling and restoration thereof. Restoration of the land to its original condition, or better, prior to its return to the land owner. <p>Assistance:</p> <ul style="list-style-type: none"> LPMU will inform the public at least 45 days before the start of digging activities. Digging of lands will be scheduled, one at a time, by the Project contractor for the systematic and continuous flow of traffic by motorists. LPMU will check if the lands besides the pumping stations and that of lands impacted by installation of sewer pipes have been restored to their original condition, or better.
2. Loss of structures.	Affected structures like fence, gate and development made on the land.	Owner of the affected structure (AP or AH with or without certificate to the land).	<p>Compensation:</p> <ul style="list-style-type: none"> Compensation for structure at replacement cost based on actual market price of materials and cost of labor for dismantling, transfer, and rebuild. No deduction for depreciation or the remaining values of salvageable materials. Provision of cash advance to AP or AH for the re-installation of affected utilities in the structure like electricity, telephone, and/or water connections.
3. Loss of trees	Affected trees along the routes of the sewer pipes.	AP or AH with or without certificate to the land.	<p>Compensation for Wood trees/timbers:</p> <ul style="list-style-type: none"> Compensation will be based on their age, productivity and present commercial value, per recommendation by local environmental/mayor office. 60 days advance notice to harvest/cut trees/crops prior to land clearance.

			<p>Compensation for Fruit trees :</p> <ul style="list-style-type: none"> • Compensation for <u>fruit trees</u> will be based on the volume of harvest multiplied by unit price prevailing at the time of compensation, per recommendation by local agriculture office. • 60 days advance notice to harvest/cut trees/crops prior to land clearance.
4. Loss or limitation of access	Closure of traffic in some road sections during the installation of sewer pipes.	The motorists	<p>Assistance:</p> <ul style="list-style-type: none"> • Project contractor to provide signage that inform the public and motorists on safety precautions and rerouting schemes. • The LPMU will check if the lands in the affected road sections impacted by installation of sewer pipes have been restored to their original condition, or better.
	Limitation of access to and from the business shops.	The pedestrians, buying public and shop owners.	<p>Assistance:</p> <ul style="list-style-type: none"> • Contractor will be advised to provide planks in strategic places to facilitate temporary access by the pedestrians, buying public and shop owners. • The LPMU will check if the lands on the affected road sides have been restored to their original condition, or better.
5. Disruption of business	Small business occupying the sidewalks.	APs doing their business on the sidewalks.	<p>Assistance:</p> <ul style="list-style-type: none"> • In consultation with the APs, the LPMU will assist in locating for temporary small business operation and facilitate for their transfer before the digging of the lands. • Compensation will be paid based lost days income. • The LPMU will check if the lands on the affected road sides have been restored to their original condition, or better.
6. Unforeseen impacts or losses	Private or public properties which have not been accounted for in the DMS.	The APs, AHs, public or private institutions and <i>kelurahans</i> .	<ul style="list-style-type: none"> • Compensation will be paid to any damages to properties, based on prevailing replacement costs. • Provisions of mitigating measures to any inconveniences that may arise during Project implementation.

H. Gender Strategy

The LPMU, with assistance from PISCs, will carry out the following specific actions to address gender issues in the Subproject:

- During the updating of this LARP, both men and women will be invited to participate in the discussions during public meeting and providing inputs to DMS.
- A male representative and a female representative of the AHs will be invited to participate in the resolution of grievances and complaints.
- Gender issues will be included in the training on Subproject implementation by PISCs to concerned personnel of the CPMU, PPIU and the LPMU in the City Government of Pekanbaru.

VI. INCOME RESTORATION

52. The data on household incomes suggest that the livelihoods of the AHs do not depend on their affected lands. However, a few AHs harvest tree crops, mainly rubber and fruit trees, irregularly to augment their household incomes. With the loss of trees, incomes of these households would be marginally reduced except in the case of five households who stand to lose more than 10% of their household incomes due to the loss of trees. However, to compensate for the potential loss of household incomes due to the land acquisition, local

government has allowed the affected households to continue to harvest their trees and fruit crops, even after they have received compensation, until the land is required for clearance and handing over for civil works. This will give affected households at least 8-12 months time for harvesting of their trees and fruit crops. Further, these five households would be given priority in project related employment during the implementation phase and will be offered opportunities to participate in City sponsored income generation activities. Of these, only one household is engaged in rubber trading and collects latex from his rubber trees and obtain from other sources for trading. Most of the households who have received compensation for the land and trees, have already invested in buying other land and plantations or in expansion of their businesses and do not have any complaint or grievance about the compensation. However, impacts on land acquisition on their livelihood, particularly the five households who stand to lose more than 10% of their household incomes, will be monitored during the implementation phase of the subproject and appropriate additional assistance will be provided, if necessary.

VII. RESETTLEMENT BUDGET

A. Replacement Cost Rates

53. **Land.** The replacement cost rate used in the affected lands was at Rp 120,000/m² as recommended by an independent appraiser (refer to Appendix 5).

54. **Trees and Crops.** Compensation rates for affected trees are based on the Regulation No. 348/2012 issued by the Office of the Mayor of Pekanbaru City. The regulations prescribe rates for different types of trees based on their age and productive stage: young trees, productive, and unproductive. An analysis of compensation amounts received by the HH indicates that the compensation for trees was in equivalence varying between 7 to 69 times the average monthly incomes drawn from trees. Rates for the unproductive trees are for their residual timber value. For computation of compensation for the 10 households who are yet to receive compensation for trees, the rates are used for productive value. At the time of LARP implementation, local government will assess age of the each affected tree to determine actual rate for payment of compensation.

B. Administration and Internal Monitoring

55. The budget for the administration of LARP is equivalent to 10% of the total costs of compensation to AHs. From which total, these were allocated for following expenses:

- (i) Administration and management (50%) for the travel and transportation of the resettlement specialists of PISCs from Jakarta to Subproject sites, land travel at Subproject sites, communications and office supplies, including internal monitoring.
- (ii) Conduct of DMS (15%) that will be undertaken in areas where land excavation will take place.
- (iii) Meetings and consultations (20%) with people in the communities affected by excavation.
- (iv) Grievance resolution (15%) for the resolution of disputes that may arise during land excavation affecting the properties of the owners.

56. External monitoring and post-implementation evaluation is not required given that no households shall be relocated and that their number is less than 200. However, social impact

monitoring shall be carried out by an independent monitoring agency (IMA) to assess whether the households affected by loss of land and trees/fruit crops have been able to improve, or at least restore, their household incomes and livelihood to the pre-project level. Excluded from the administration costs of LARP are the salaries of personnel from the CPMU, PPIU and the LPMU at the City Government of Pekanbaru since they are already receiving regular salaries from their respective office. On the other hand, the professional fees of the PISCs will be charged under the Project.

C. Compensation during Land Excavation

57. A provision of 10% of compensation amount is provided for compensation payment for unlikely cases of loss of business incomes. Contractors will be responsible to make good any damages done to the private assets during the civil works. Minor damage to properties may also happen during the connection of sewers to the households.

D. Compensation Payment

58. The individual compensation of the AHs will be paid in full in the form of check, issued in the joint name of husband and wife, that will be encashed in the designated bank of the City Government of Pekanbaru. The AHs, or their authorized representatives, will pick up the check personally at the LPMU in the City Government's office. The individual compensation of the AHs is shown in **Appendix 10**.

E. Summary and Financing of Resettlement

59. As summarized in Table 6.1, the overall cost of updating and implementing the LARP was estimated at Rp 23.029 billion (\$ 2.303 million) for inclusion in the Project investment. The DGHS and/or the City Government of Pekanbaru will ensure the timely provision of funds and will meet any unforeseen obligations in excess of the resettlement budget in order to meet the social safeguards objectives of the Project.

Table 6.1: Resettlement Budget for Pekanbaru City Subproject

No.	Description	Unit (sqm.)	No. of h'holds	Amount	
				Rupiah	USD
1.	Compensation for WWTP			16,687,687,000	1,668,768.70
	Land	134,544	22	16,145,280,000	1,614,528.00
	Tree/Fruit Crop	6122	20	542,407,000	54,240.70
2.	Compensation for Loss of Income WCS Component & Additional Assistance to AHs for Income Restoration, if necessary (10% of compensation)	-	-	1,668,768,700	166,876.87
	Compensation for Loss of Business Income & Additional Assistance for Income Restoration of AHs due to Loss of trees/Fruit Crop	-	-	1,668,768,700	166,876.87
3.	Administration and Monitoring	-	-	1,668,768,700	166,876.87
	Administration and Management	-	-	834,384,350	83,438.50

(50%)				
Census and DMS (15%)	-	-	250,315,305	25,031.50
Public Consultation & Meetings (20%)	-	-	333,753,740	33,375.37
Grievance Redress (15%)	-	-	250,315,305	25,031.50
Total			20,025,225,000	2,002,523
Contingency – 15%			3,003,783,660	300,378
Grand Total			23,029,008,660	2,302,901

VIII. INSTITUTIONAL ARRANGEMENTS

A. Overall Arrangement

60. The DGHS is the EA of MSMIP while the implementing agencies at the Subproject level are two units working together, the Satuan Kerja (SATKER) for Riau Province as the Provincial Project Implementation Unit (PPIU) and the Pekanbaru City Local Project Management Unit (LPMU). The DGHS will be responsible for the management of LARP and social issues which shall be updated by the PISCs and implemented by SATKER and the LPMU. The DGHS will create the CPMU that will then hire the PISCs in accordance with ADB's *Guidelines on the Use of Consultants* (2010, as amended from time to time). The PISCs be supported by two full-time qualified and experienced resettlement specialists; one international resettlement expert, the other is a national resettlement specialist. The LAC will be also involved in this institutional arrangement for the Subproject. Their responsibilities are detailed in the following subsection.

B. Delineation of Duties

61. **The CPMU and SATKER.** Acting on behalf of the DGHS, they will: (i) provide overall management and coordination of the subproject; (ii) liaise with City Government to carry out the Subproject in Pekanbaru City; (iii) coordinate with ADB to engage the services resettlement consultants for the Project; (iv) support the LPMU in updating the LARP; and (v) prepare Project progress reports including on land acquisition and resettlement submitted by the LPMU for information of MPW and ADB. Upon advice by the LPMU, request to ADB its "No Objection" for the award of all civil works to the contractor/s. The PISCs' international resettlement consultant will prepare the compliance report, supported with photographs, for endorsement by DGHS to ADB.

62. **The LPMU.** Acting on behalf of the City Government of Pekanbaru, LPMU will: (i) provide adequate budgetary support to carry out the updating and implementation of the LARP; (ii) provide the main workforce in the updating and implementation of the LARP; (iii) advice the Office of the Mayor or Regent to issue a Decree for the organization of LAC; (iv) engage the services of a duly licensed independent property appraisal firm or land valuation team for the appraisal of affected properties/assets as basis for setting up the unit replacement cost for affected lands and assets; and (v) assist in the expeditious and judicious resolution of complaints of APs. The LPMU will coordinate with LAC and work closely with the staff of the PPIU and CPMU.

63. **Project Implementation and Supervision Consultants.** Related to LARP updating and implementation, the PISCs will recruit two resettlement consultants; one International Resettlement Expert for the duration of three months, and one National Resettlement Specialist for the duration of six months. The International Resettlement Expert will: (i) establish the baseline data; (ii) assist the BAPPEDDA in conducting consultations in communities that will be affected by the pipelines; (iii) update the LARP based on detailed engineering design, if necessary; and (iv) train the national expert for the succeeding activities. The National Resettlement Expert will: (a) assist the International Resettlement Expert on the establishment of baseline data, (b) assist the BAPPEDDA in conducting consultations in communities that will be affected by the pipelines, update the LARP based on the DED, (c) conduct internal

monitoring on LARP implementation, and, (d) upon completion of resettlement, inform the PISCs Team Leader to notify the Office of the Mayor that will then advise the DGHS to request for the issuance of “No Objection” by ADB for the award of civil works contract to the contractor/s.

64. **The Land Acquisition Committee (LAC).** As provided for in Regulation No. 3 of 2007 issued by the National Land Agency, the LAC shall be tasked for: (i) giving clarification or socialization with the APs; (ii) conducting research and inventory of land, building, plants and other assets relating to the affected lands; (iii) verifying the legal status of lands; (iv) announcing the results of verification and inventory land; (v) receiving price valuation for lands and/or trees from the Land Valuation Agency or Land Valuation Team and official responsible for the valuation trees on the affected lands; (vi) conducting deliberation meeting with the owners and government institution requiring lands to decide on the nature and/or amount of compensation; (vii) setting the amount of compensation for the affected lands and trees; (viii) witness the payment of compensation; (ix) preparing release of land title; (x) administering and documentation of all land acquisition files for submission to the government institution requiring lands and District/City Land Affairs Office; and (xi) submitting the complaints and the proposed solutions on land acquisition to Regent/Mayor or Governor if no agreement is reached during the deliberation meeting.

C. Implementation Schedule

65. **Pre-Implementation Activities.** Prior to implementation of the LARP the project authorities are required to complete the following activities:

- Ensure that all the affected households are paid full compensation and other assistance prior to taking over the land;
- Determine compensation affected trees/fruit crops based on their age and productivity and hold consultations with the households on their entitlements for affected tree/fruit crops;
- Completion of payment of compensation for affected trees/fruit crops;
- Public consultation with Ahs affected by loss of trees to inform them of implementation schedule and give 4 month notice prior to taking possession for clearance and handing over the land for civil works;
- Prepare Public Relations (PR) and Public Campaign (PC) strategy and programs for effective public consultation and participation. The programs will include continued public consultation meetings, dissemination of information using banners, leaflets, and radio talk shows.
- Conduct information dissemination and public consultation with the communities along the roads that are covered under the WCS component. Distribute PIBs to potentially affected businesses/residences along the roads covered by the WCS component;
- Conduct DMS and census of assets, households that may be affected temporarily during the implementation phase;
- Update the LARP based on the detailed design, as necessary; and
- Upon completion of the above activities, request ADB for the ‘No objection’ certificate for award to civil works contracts.

66. The implementation of the LARP was estimated at eight months, prior to the award of civil works contract. The CPMU, in close coordination with PPIU, LPMU and the LAC, will implement the updated LARP upon receipt of official approval from ADB. It will only award the civil works contract to the civil works contractor in compliance with the following conditions: (i)

full payment of compensation to AHs; (ii) no complaint and/or grievance related to compensation are left unresolved; and (iii) official receipt of “No Objection” from ADB for the award of civil works contract. **Figure 1** shows the detailed activities and schedule in implementing the updated LARP related to the award of civil works contract.

Figure 1 : LARP Implementation Schedule as Related to Construction Works

No.	Implementation Activities	2013						2014								
		6	7	8	9	10	11	12	1	2	3	4	5	6	7	8
I. LARP PRE-IMPLEMENTATION ACTIVITIES																
1	Preparation of Public Relations & Public Campaign Strategy	■														
2	Demarcation of Subproject boundaries for WWTP and WCS	■														
3	Public meetings and consultations for WWTP and WCS	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
4	Conduct of DMS at WCS sites		■													
5.	Determine age and productivity of trees and compensation		■													
6	Updating of LARP, as necessary			■												
7	Consultation with AHs & Finalization of LARP				■											
8.	Give 4 months notice to HH for harvesting before site clearance					■										
9	Review, approval of LARP by EA/IA & ADB					■										
II. LARP IMPLEMENTATION																
10	Issuance of public notice on the implementation of LARP								■							
11	Public Consultations and negotiation with land owners (particularly for access road)			■	■	■	■	■	■							
12	Geodetic survey, approval of budget and Payment to AHs									■						
13.	Issuance of ;No Objection from ADB									■						
14.	Award of Civil work Contracts									■						
15	Clearing and handover of WWTP site										■					
16	Resolution of grievances filed by APs and/or AHs			■	■	■	■	■	■	■	■	■	■	■	■	■
17	Internal Monitoring		■	■	■	■	■	■	■	■	■	■	■	■	■	■

IX. MONITORING AND REPORTING

A. Internal Monitoring

67. The CPMU, PPIU and LPMU will have joint responsibilities in the internal monitoring of LARP implementation with results will be reported to ADB on quarterly basis. All activities in resettlement are time bounded and the progress of implementation will be obtained by the PISCs from the field on monthly basis and transmit them to CPMU for its assessment, and adjust the work program if necessary. Indicators for the internal monitoring will be those related to process and immediate outputs and results, such as the following: (i) information campaign and consultations with APs; (ii) status of land acquisition and payments of compensation; (iii) compensation of affected trees; (iv) resolution of complaints; and (v) income restoration activities.

68. The preceding indicators will be monitored monthly by applying the following approaches: (a) review of DMS on all APs; (b) consultation and informal interviews with AHs; (c) in-depth case studies; (d) sample survey of APs; (e) key informant interviews; and (f) public meetings with people in the community hosting the civil works.

B. Social Impact Monitoring and Evaluation

69. The key objectives of social impact monitoring and evaluation are to: (i) assess whether resettlement objectives have been met particularly in regard to income restoration of AHs due to loss of incomes from tree/fruit crops; (ii) assess the efficiency of land acquisition, effectiveness, impact and sustainability, drawing lessons as guide to future resettlement policy formulation for forthcoming ADB-assisted projects in DGHS; and (iii) the need for further mitigation measures. In this respect, an independent monitoring agent (IMA) shall be commissioned by the project authorities to carry out a post-resettlement survey after six or twelve months following the completion of land acquisition. It will hold public consultations, and conduct a socioeconomic survey by interviewing a random sample of 20% of AHs whose lands were acquired. The IMA will then compare with their pre-resettlement conditions, to assess the success and/or failure of the resettlement program.