

## **GUIDELINE FOR RESETTLEMENT PLANS**

The Inter-American Development Bank (Bank) Policy on Involuntary Resettlement (OP-710, 1998) requires a Resettlement Plan for any project that involves involuntary resettlement. The intent of this guideline is to provide assistance to those borrowers (sponsors) interested in obtaining financing via the Bank's Private Sector Department (PRI), and for which the proposed project for financing includes involuntary resettlement or land acquisition, in the preparation of a Resettlement Plan that may meet the IDB requirements in terms of format and content. This guideline is should be considered as a tool to help in the preparation and implementation of a resettlement plan. The Bank Policy on Involuntary Resettlement and other relevant Bank resettlement documents (i.e., Involuntary Resettlement – Operational Policy and Background Paper; Guidelines for Involuntary Resettlement), which are available in Spanish, Portuguese and English, shall be reviewed by any potential project borrowers (sponsors). Any questions or comments on this guideline should be referred to the PRI Environmental and Social Unit.

### **I. BANK POLICY**

The Bank's Policy on Involuntary Resettlement (OP-710, 1998) applies to all situations in which people are physically displaced **or** lose their source of livelihood (fisheries, agricultural land, employment, business outlets, and so on) as a result of land acquisition. The policy would, for example, apply in situations where people lose their agricultural land or small businesses, even though their housing is not affected. The basic considerations of the policy are also relevant if people have to be temporarily displaced. The key principles of the policy listed below.

- **Avoid or minimize the need for resettlement.** This requires that serious consideration be given to alternatives, such as the relocation of a dam axle or lower reservoir levels in the case of hydropower projects, or a narrower right-of-way and/or re-routing through less populated areas in the case of highway projects. This principle should, however, balance considerations of safety for people living in the vicinity of the project.
- **Ensure that the affected population can achieve an equivalent or improved standard of living within a reasonable time.** The affected population should be given access to land, natural resources, housing and infrastructure of a level at least equivalent to that which they previously enjoyed, allowing them to recover or improve their income levels within a reasonable period. They should be provided with an acceptable level of services, including potable water, drainage, sanitation and community infrastructure, regardless of their previous conditions.
- **Fully compensate all transitional losses.** These include all legal costs, transport costs and loss of income resulting from displacement.
- **Minimize the disruption of social networks and economic opportunities.** As far as possible the affected population should be encouraged to maintain their social networks. This can be achieved through close consultation, by resettling the affected population as a

group, as near as possible to their original location, and by timing the move to coincide with the most appropriate times in the school year and/or agricultural cycle.

- **The project should provide opportunities for development.** Wherever possible, the affected population should be the first to benefit from the opportunities provided by the project. This can be achieved by giving them preference in employment, and if necessary training, and by offering opportunities for self-employment. Examples would include service contracts for local labor, or the provision of parking and basic facilities for roadside vendors affected by highway projects.

**Vulnerable Groups.** It is particularly important to ensure that vulnerable groups are adequately protected. They include poor ethnic minorities, such as indigenous peoples, landless rural poor, and small farmers or squatters who lack full legal title to the land they use or occupy. The Bank will only support resettlement of traditional land-based **indigenous peoples** if it can be shown that resettlement will result in direct benefits to them. This requires that their customary rights must be recognized and fully compensated, they must be offered a suitable land-for-land option, and they must give their informed consent to the resettlement proposals.

Special attention should be given to those sectors of the population that are at risk of impoverishment or that may have special difficulty adjusting to the disruption caused by displacement. They include the elderly, the physically handicapped and female heads of household. In addition, the compensation and rehabilitation measures should ensure that the rights of partners living in common-law unions and their children are protected if the couple separate or if one of the partners dies.

## **II. THE RESETTLEMENT PLAN**

The Bank's policy states that, "When displacement is unavoidable, a Resettlement Plan must be prepared to ensure that the affected people receive fair and adequate compensation and rehabilitation". The objectives of the **Resettlement Plan** are to:

- Summarize and analyze the information on the area and people affected by the project;
- Define the legal and institutional framework and responsibilities for resettlement;
- Define basic criteria, including eligibility criteria for compensation and cut-off dates;
- Describe the proposed compensation and rehabilitation measures and procedures;
- Describe the consultations that have taken place with the people affected by the project, and the program of consultations that will take place before, during, and after implementation of the resettlement plan; and
- Analyze the potential environmental impacts of the resettlement program (not the project responsible for displacement), and proposed mitigation measures.

The Resettlement Plan is the document that defines and guides the implementation of the resettlement program, and has to include a detailed description of the time schedule for implementation of the plan, with estimates for the costs of each component. It should also

describe the arrangements for monitoring and evaluation. The contents of the **Resettlement Plan** should include the following sections (see part III of this guideline for a detailed description of the requirements for each section):

1. Executive Summary
2. Introduction
3. Baseline Data
4. Definitions and Eligibility Criteria
5. Legal and Institutional Framework
6. Compensation and Rehabilitation
7. Transitional Arrangements
8. Environmental Impacts and Mitigation
9. Public Consultation
10. Schedule
11. Costs
12. Monitoring and Evaluation

Additional information can be presented in appendices to the Resettlement Plan. These can include details from the baseline survey, summaries of relevant legislation and/or institutional agreements, the economic analysis of the compensation and rehabilitation plan, the conclusions of public hearings, and detailed schedules and costs for particular sub-components of the plan. Detailed maps and/or aerial photographs of the affected area should be included or annexed to the plan. The maps should show the general location of the project responsible for displacement, and, at an adequate level of detail, the location of the affected areas and populations.

The Bank policy requires that a **Preliminary Resettlement Plan** must be prepared and included as part of the project Environmental Impact Assessment (EIA). The Preliminary Resettlement Plan must include, as a minimum, the following (refer to paragraph V.6 of OP-710 for details):

- An estimate of the number of people affected,
- Basic eligibility criteria (including “cut-off dates” for compensation),
- Options for compensation and rehabilitation programs,
- Definition of institutional responsibilities, and
- Evidence of public consultation

**Timing and Disclosure.** The project Environmental Impact Assessment, which includes the Preliminary Resettlement Plan, must be made available in the borrowing country at some public place accessible to the affected people and local NGOs, before the Bank conducts its due-diligence mission. Once the EIA/Preliminary Resettlement Plan is released locally and officially submitted to the Bank, it will be directly available to the public at Headquarters, in the Country Offices, in the Special Office in Europe, and in the Bank’s office in Japan.

The Resettlement Plan must be form and substance acceptable to the Bank prior to the proposed project being presented for Bank approval.

**Public Consultation.** Associated with the resettlement program, public consultation should be performed in an attempt to inform those who are affected, and involve them in all stages of the resettlement program, from planning, through implementation to monitoring (see part III of this guideline for additional details). In moderate to large resettlement projects, a project-specific **social communication program** should be developed. The program would identify the different groups and sectors within the affected population (“stakeholder analysis”), and would devise and implement strategies to inform the different groups, explain the definitions, options and entitlements, and involve them in the detailed planning of the resettlement. The communication program could also facilitate communication between the affected population and the agencies involved in the main project and the resettlement program, helping to resolve specific problems as they arise. Finally, the communication program can involve the affected population in the monitoring and evaluation of the resettlement program.

Public consultation requires serious planning, and should be carried out by specialists, preferably with experience of populations similar to those affected by the project. It is important to avoid raising unrealistic expectations, and to ensure that adequate support is provided to the most vulnerable sectors of the population. This usually involves more than training or technical assistance, and can include help in developing an organizational capacity in the resettlement areas and in accessing local services. Examples include enrolling children in school, facilitating access to health services, and articulating with municipal services, such as water supply or waste disposal. A pro-active approach to consultation can facilitate the collection of baseline data, help resolve disputes about compensation, and reduce the likelihood that outside interests, such as local politicians or NGOs, will manipulate the resettlement program for their own ends.

### **III. OUTLINE OF THE RESETTLEMENT PLAN**

#### **1. Executive Summary**

The Executive Summary should provide a short (1-2 page) summary of the Resettlement Plan. It should provide a brief outline of the main characteristics of the project. It should summarize the information on the area and numbers of people affected by the project, eligibility criteria, the proposed compensation and rehabilitation measures, public consultations, the institutional framework for implementation of the Resettlement Plan, and the present status and proposed timing for the plan. Finally, it should identify the principal issues that remain outstanding.

#### **2. Introduction**

The introduction should provide a general description of the project and the components responsible for displacement. It should include a summary of the relevant background information on the project, the area and people affected, and the resettlement program. It should cover the following:

- Location of the project;
- Description and history of the project and associated works;
- Analysis of Alternatives (for example, hydropower/other sources, siting of dam axle, water level), justifying the need for displacement;
- Objectives of the resettlement project;
- Institutions involved in the project (general areas of responsibility);
- Participation of local agencies, NGOs, organizations of affected people;
- Present status of the project; and
- Outstanding issues.

The importance of the Alternatives Analysis must be stressed. The overall objective of the Bank's policy on involuntary resettlement is "to minimize the disruption of people living in the project's area of influence by avoiding or minimizing the need for physical displacement". This section needs to offer a clear justification of **why** this particular option was chosen, and to show that the resettlement is necessary.

The discussion of the outstanding issues should offer an honest appraisal of the main problems or difficulties facing the project, and the measures that are proposed, or need to be taken to resolve them.

### **3. Baseline Data**

Bank policy states that "accurate baseline information must be compiled as early as possible. It will include information on the number of people to be resettled, and on their socioeconomic and cultural characteristics, including disaggregation by gender..." The detailed baseline data should cover the areas listed below. Where estimates are presented, they should be justified, and an indication given of how and when accurate, up-to-date information will be collected. The baseline data needs to be analyzed, and should provide an accurate picture of the way of life and standards of living of the population prior to displacement. The information will be used to determine the proposed compensation and rehabilitation measures, the magnitude, budget and timing of the resettlement program, and will provide the baseline for the monitoring and evaluation of the program.

The results of the baseline survey may be used to identify the current occupants of the area, and to establish a basis for determining their eligibility for the compensation and/or rehabilitation programs. The following presents a summary of relevant baseline data.

- Area directly/indirectly affected by the project and associated works, distinguishing types of land and any other areas affected.
- People directly affected by category. It is important to remember that people can be affected even if they live outside the immediate area of the project. The baseline data should clearly identify: i) all those people who are affected by loss of land and/or productive assets (owners, occupiers, tenants, sharecroppers, and so on), including those

that reside in the affected area **and** those who reside outside, ii) all those people affected by loss of housing, and iii) all other people who may be affected by loss of employment (laborers, non-resident service providers), income (retail outlets, small enterprises), or other assets (access to areas for fishing, grazing, firewood).

- Any vulnerable or “high-risk” groups or sectors that may be affected (indigenous peoples, landless laborers, households headed by single women, the elderly).
- Relevant social and cultural information, ethnic groups, language, formal and informal groups and organizations (co-operatives, NGOs, religious organizations) that may be relevant to consultation and implementation of the resettlement plan.
- Land tenure and/or ownership rights of the affected population (owners, communal holdings, tenants, sharecroppers). It is important to identify any issues that affect rights to land or housing, for example, occupancy rights, irregular transactions or inheritance, and unpaid taxes. The baseline study should also consider the rights of women household heads and women living in common-law unions.
- Land holdings of affected population (include an analysis of “viable holding”).
- Agricultural production, livestock, and other on-farm income.
- Communal productive assets that may be affected (fishing, communal pasture, firewood etc).
- Other economic activities – any local employment that may be affected.
- Household income levels and expenditure. This should include an analysis of the cost of basic services, such as water, sewerage, electricity, and local taxes.
- Public infrastructure and social services that will be affected (access roads, bridges, schools, health posts and health centers, churches, and cemeteries).

#### **4. Definitions and Eligibility Criteria**

This section should provide a comprehensive description of the eligibility criteria for the compensation and rehabilitation programs. It is important to offer definitions that are legally valid, and that as far as possible coincide with the cultural values of the people affected by the project. It is important to have a definition of the “household” – that is, defining what constitutes an independent household, eligible to receive the benefits of the compensation and rehabilitation program.

Another critical issue is the definition of the “cut-off dates”, after which any new entrants to the affected area will no longer be eligible for compensation or rehabilitation. This often coincides with a formal census or valuation of the affected property. It is essential have an accurate census, otherwise disputes may arise about rights to compensation. Ideally, there should not be too long a gap between the “cut-off date” and the date that the expropriation or displacement takes place. Finally, it is important to emphasize the need to inform the affected population about the key definitions, and to involve them in the collection and verification of the census data.

#### **5. Legal and Institutional Framework**

The Resettlement Plan has to provide a clear description of the legal framework for the expropriation and compensation procedures. It is important to “determine the entitlements of the affected population under applicable laws and regulations, and to identify any services or social benefits to which they might have access...and to assess what additional measures are needed...to restore their livelihoods to the pre-resettlement standard” (OP-710 V.4). The legal framework should include:

- Analysis of the “power of eminent domain” and associated compensation, including valuation methodology, and timing of payments;
- Legal and administrative procedures, including rights of affected persons under the judicial process, the time frame for dispute resolution procedures and alternative mechanisms;
- Relevant laws relating to land tenure (including rights of occupancy, usufruct, and customary law), use of natural resources, environmental laws and social welfare legislation; and
- Legal steps necessary to ensure of implementation of resettlement activities, including procedures for recognizing claims to land rights and inheritance.

The institutional framework should provide a clear description of the responsibilities of the different parties involved in preparation and implementation of the plan, and of any contractual agreements that have been drawn up (for example, the relevant sections of the concession documents). This is particularly important in those private sector projects where resettlement is partly or wholly the responsibility of government agencies. In such cases the Bank usually requires some assurance that the responsible agency is willing and able to implement the resettlement plan in accordance with Bank policy. The institutional description should cover the following:

- Preparation and implementation of the Resettlement Plan (the implementing agency should prepare the plan, be directly involved or should formally approve it);
- Finance for the resettlement program;
- Valuation, negotiation and payment of compensation for land and property;
- Resolution of problems relating to irregular land/house titles;
- Federal, state and municipal licensing and approval procedures;
- Communication and coordination with affected people, local authorities, NGOs, and other organizations;
- Complaints and arbitration;
- Technical assistance (social work, agricultural extension, local services);
- Operation and maintenance of resettlement infrastructure; and
- Monitoring and evaluation.

## **6. Compensation and Rehabilitation**

Bank policy states that “Compensation and rehabilitation options must provide a fair replacement value for assets lost, and the necessary means to restore subsistence and income, to reconstruct social networks...and compensate for transitional hardships” (OP-710 V.3). The Resettlement Plan should offer a detailed description of all the compensation measures and procedures, including compensation for individual households, communities and any agencies, such as churches, NGOs or local government agencies, that may be affected. It should also describe the programs for income restitution, and any other activities designed to restore or improve the standard of living of the affected population. The description should cover:

- Compensation for loss of land (total loss, loss of viable holdings, partial loss, restrictions on use, such as transmission lines, conservation areas);
- Compensation to replace lost housing (owners, tenants, occupants);
- Valuation procedures (methodology, types and levels of compensation under local laws, and any supplementary measures needed to achieve replacement cost for lost assets);
- Negotiation procedures;
- Detailed description of the resettlement options, including an analysis of likely choices and of the factors that may affect the choices of the affected population;
- Procedures for identifying and preparing relocation sites, and criteria to ensure that the relocation sites are comparable to, or better than those affected;
- Legal and institutional arrangements for regularizing tenure and transferring titles to resettled households, and where this involves repayments, the plan should demonstrate that the affected families will be able to pay;
- Measures to prevent land speculation, or invasion of the affected areas and/or proposed resettlement sites;
- Detailed description of the housing and service solutions, with analysis of likely choices, and any potential problems (costs of service provision, maintenance, taxes, style of housing), and the plan should take population growth into account, and, as appropriate, should present the proposals for site development, and the engineering and architectural designs for the facilities;
- Dispute settlement and arbitration procedures;
- Compensation measures for loss of income (permanent crops, pasture, retail outlets, industry and services);
- Programs for training and institutional development;
- Compensation for social and/or transport infrastructure;
- Impact of affected families on “host” populations, and measures to avoid potential conflicts; and
- Facilities required to accommodate demand from influx of construction workers (health services, schooling, etc).

## **7. Transitional Arrangements**

This section should present a clear description of the timing, and arrangements to move the affected families to their new sites. The description should cover the items listed below.

- Transport to new sites. This should address compensation for the cost of transport, or, where relevant, provision of adequate transport for the affected families, their personal effects, equipment, livestock, and housing materials. If necessary it would cover arrangements or contingency plans for temporary accommodation.
- Timing of the move. Where appropriate, this should consider the timing of resettlement in relation to the agricultural cycle and the school year.
- Compensation for temporary loss of income or productive assets. This would include temporary loss of clientele for retail outlets, compensation for farmers who lose an agricultural season. The description should cover eligibility, valuation procedures, timing, and procedures for dispute resolution.
- Compensation for legal costs including regularization of titles to the land or housing that is lost, and costs related to the acquisition of replacement land or housing.

## **8. Social and Environmental Impacts and Mitigation**

This section should discuss the social and environmental impacts of the resettlement program, **not** the impacts of the project that is causing the resettlement. Examples of environmental and social issues that may have to be addressed include:

- Impacts derived from the housing program, including temporary construction impacts and long term impacts, particularly relating to the sources and use of water, sewage, street drainage, and the disposal of solid waste;
- Impact of resettled population on local services (health, schooling);
- Impact of resettled population on the host population (especially vulnerable populations, such as indigenous peoples);
- Impacts on natural resources, such as the collection of firewood, impacts on fisheries or wildlife;
- Potential public health issues, epidemiological vigilance and control measures (include impact of work camps on the affected population, impact of affected population on host populations);
- Impact of income restoration projects, such as agricultural and livestock programs that have the potential for deforestation, soil erosion, and the use of agro-chemicals and/or small industries may affect water use or have a potential for contamination; and
- Health and safety issues related to the income restoration programs.

This section should also describe the measures to mitigate the impacts identified above. These may include specific conditions, related to the selection of resettlement sites (for instance, no resettlement near indigenous populations or protected areas). The measures could also contemplate specific plans to improve environmental management of resettlement areas, such as training in integrated pest management and safe use of agro-chemicals.

## **9. Public Consultation**

Bank procedures and policies require that public consultation take place during project preparation. The Bank's policy on resettlement states that, "the resettlement plan will include the results of consultations carried out in a timely and socio-culturally appropriate manner with a representative cross-section of the displaced and host communities. Consultations will take place during the design phase and will continue throughout the execution and monitoring of the plan..."

It is important to ensure that the affected population is fully informed about the criteria, programs, procedures and timing of the resettlement program. Effective mechanisms need to be developed to ensure that all sectors of the affected population can be consulted, and can express their concerns to the project authorities. Formal mechanisms, such as consultative committees or regular meetings with local NGOs, are useful, but it is often necessary to establish multiple channels of communication to ensure that all the affected population can be informed and consulted. A social communication program can facilitate the flow of information, ensuring that the affected population is informed of events on a day-to-day basis, and offering a channel for individuals to express their concerns to the project authorities.

The Resettlement Plan should describe the consultations that have taken place, summarizing the principal issues that were identified, and/or agreements that were reached to address these issues. The plan should also include a consultation or social communication program, and should cover the following:

- The proposed procedures for consultation, public disclosure and communication of information about the project and the Resettlement Plan;
- Institutional responsibility for organizing consultation and social communication;
- Detailed description of the program, achievements to date, and timetable for future activities;
- Sectors ("stakeholders") involved in public consultation, including in particular the affected population, potential representatives of the affected population, and vulnerable groups (special efforts are likely required to ensure vulnerable group effective participation in the consultation process);
- Measures to review, summarize and disclose the results of the public consultations;
- Institutional arrangements to ensure that affected people can communicate their concerns to project authorities throughout planning and implementation, including grievance procedures for issues other than compensation; and
- Proposals for public involvement in monitoring and evaluation.

## **10. Schedule**

The Resettlement Plan must include a timetable for implementation. This is usually presented in the form of Gantt charts. It is important to identify the critical path for the implementation of the plan, and to identify the institutional responsibilities and financial requirements at each stage of

implementation. It is essential to relate the timetable to the timing of the main project that is the cause of the displacement. The timetable should show:

- The timing of all the activities identified in the Resettlement Plan, including, as appropriate, the baseline studies, census (cut-off dates), valuation of land/property/crops, assessment of loss of earnings, payment of compensation, move to the new site, economic rehabilitation programs, construction of housing and infrastructure at the new site, and social and technical assistance programs;
- Chart showing institutional responsibilities for each component of the resettlement plan, critical paths and timing; and
- The disbursements required at each stage of implementation of the Resettlement Plan.

## **11. Costs**

The Resettlement Plan should provide an accurate estimate of the costs of the different components, along with the schedule for disbursements. This schedule of disbursements is essential to ensure that sufficient funds are available, at the right time, and to control expenditure during implementation of the plan. The section on costs should include the following:

- Estimated cost for each component and sub-component of the resettlement plan (land acquisition and compensation, housing, social infrastructure, economic rehabilitation, training);
- Estimated cost for each component, broken down by expected month/year of disbursement;
- Estimated cost for each component and sub-component, broken down by institution responsible for financing the component, and expected month/year of disbursement;
- Cost of contractors required for implementation of the program or sub-programs (where these are contracted out to local agencies, consultancy companies or NGOs); and
- Overheads, by institution, and by month/year (staff costs, office and running costs, transport).

It is also useful, in the context of the analysis of project alternatives, to consider what proportion of the overall costs of the project responsible for displacement are represented by the resettlement program.

## **12. Monitoring and Evaluation**

The Resettlement Plan should include provision for the monitoring and evaluation of the program. Bank policy states that “the resettlement component must be...covered in the reports on the progress of the overall project. The plan and the loan agreement will specify the monitoring and evaluation requirements and their timing. Whenever possible qualitative and quantitative indicators will be included...” (OP-710 V.7).

Monitoring covers two distinct but related activities. The first is monitoring the implementation of the Resettlement Plan. This is intended to provide the sponsor and the Bank with information on the achievement of program targets, and to show whether the plan is on schedule, and within budget. The second activity is monitoring the families that have been compensated and/or resettled, to assess whether compensation levels have allowed them to replace lost assets, and whether they have been able to replace or improve their income levels and standard of living.

Evaluation is more likely to be carried out by external evaluators, and would address a wider range of issues, that could include an assessment of the adequacy of the original Resettlement Plan. An ex-post evaluation could review the achievements of the project once completed, providing useful lessons for future projects.

The Resettlement Plan should include the following information in relation to monitoring and evaluation:

- Institutional responsibilities for monitoring and for evaluation;
- Reporting procedures (to sponsor, Bank, interest groups and general public);
- Indicators used for monitoring of project implementation (valuations, negotiations, payment of compensation, resettlement, provision of housing/services, productive projects, communication program);
- Indicators used for monitoring compensated and/or resettled households (quality of replacement assets, including land, housing, and productive assets; income levels, subsistence production, health indicators, educational indicators, etc); and
- Ex-post evaluation, to sponsor, Bank and public disclosure (compare with baseline data on landholding, housing, income levels and type/levels of employment).

### **Maps and Appendices**

The Resettlement Plan should include detailed maps, showing the location of the project and the area affected. It is useful to have detailed maps showing the landholdings in the affected area and land use (rural areas).

The appendices should include any detailed statistical information that has been summarized in the plan, as well as relevant legal documents, agreements and so on.