



# Handbook for Preparing a Resettlement Action Plan



**IFC**

INTERNATIONAL FINANCE CORPORATION  
A Member of the World Bank Group



**The International Finance Corporation (IFC)**, the World Bank Group's private sector investment arm, seeks to further economic growth by promoting sustainable private sector development in developing member countries. Since its founding in 1956, IFC has committed more than \$31 billion of its own funds and arranged \$20 billion in syndications for 2,636 companies in 140 developing countries. IFC's committed portfolio at the end of FY01 was \$14.3 billion. IFC's contribution to development goes beyond the provision of capital as IFC frequently advises its clients and member governments on issues relating to environmental and social sustainability. IFC strives to be transparent and accountable in its operations and seeks input from a broad set of stakeholders, with special attention paid to project-affected communities.

IFC has significant in-house environmental and social project appraisal capacity and also provides training to private sector financial institutions on environmental and social appraisal of investment projects. IFC's environmental, social and disclosure requirements have been developed through a process of extensive peer review and draw on best practice experience from a broad range of industries and disciplines. Using its own and concessional funding, from sources such as the Global Environment Facility, IFC also invests in projects with specific environmental goals—supporting projects related to renewable energy, cleaner production and the provision of potable water, for instance. For more information on IFC and its work to promote sustainability in private sector activities, please visit [www.ifc.org/enviro](http://www.ifc.org/enviro).

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## Foreword

Involuntary resettlement may entail both the physical displacement of people and the disruption of their livelihoods. Social Development Specialists at the International Finance Corporation (IFC) work closely with project developers who sometimes bear the heavy responsibility of managing involuntary resettlement in order to implement their projects in developing countries. Most IFC projects do not involve resettlement, but in spite of our efforts to avoid or minimize physical or economic displacement of people, some projects do. Our Social Development Specialists assist all project stakeholders in approaching resettlement as an opportunity for promoting sustainable development through improvements to the economic and social well-being of affected people.



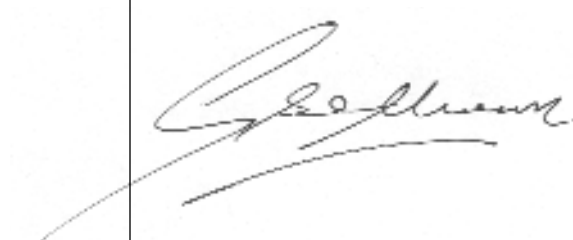
The role of the Social Development Specialists at IFC continues to evolve. At the forefront is their core function of quality assurance, and provision of specialist advice to the developers of projects financed by IFC. This assurance function ensures consistent and pragmatic application of the World Bank Group policies and guidelines while the overall interaction between specialists and project developers contributes towards the mitigation of environmental and social risks. At the same time, the accumulated experience of our Specialists constitutes a unique resource for us to share with those who tackle the difficult developmental challenges along with us.

IFC's Social Development Specialists serve as a resource to the project developers for the design of resettlement action plans that comply with the World Bank Group's policy on involuntary resettlement. In turn, our Social Development Specialists have gained specific insight to countries and industry sectors that have proved to be of value to many companies, financial institutions and community based groups struggling with the challenging task of managing resettlement. This Handbook provides guidance based on our accumulated experience to date.

In order to maximize our learning and knowledge sharing, we recently established the Best Practices Group with a mandate to collect and disseminate international best practices. Our objective is to apply the learning from these best practice examples to help the private sector progress from a traditional impact-mitigation approach to one that is driven by opportunities for positive and sustainable development impact. In the context of resettlement, this means working with the project developers to find better and more creative ways of providing displaced populations with access to the wide range of economic opportunities that development creates. With this goal in mind, the Social Development Specialists set out to systematically record their collective resettlement experience and insights under the sponsorship of the Best Practices Group.

Our intent in producing this Handbook was to document the essential steps for best practice in designing and implementing resettlement action plans. However, we recognize that best practices evolve rapidly through application and those who experience physical or economic displacement have distinct perspectives that may not always be understood by practitioners. In order to reflect evolving best practices, innovative tech-

niques and new insights of practitioners, as well as the views of resettled people themselves, this Handbook will be treated as a dynamic document and will undergo periodic updates. Your views and comments on this Handbook will help us learn and improve. Through continuous learning and sharing our experience, we hope to contribute further to IFC's mission of promoting sustainable private sector investment.

A handwritten signature in black ink, appearing to read 'Gavin Murray', with a long horizontal flourish extending to the left.

Gavin Murray  
Director  
Environment and Social Development Department

# Policy and Principles

The International Finance Corporation (IFC) is the private sector development arm of the World Bank Group. This handbook has been prepared by IFC's Environment and Social Development Department, which is responsible for ensuring that IFC-financed projects conform to World Bank Group environmental and social safeguard policies.

The purpose of this handbook is to provide guidance in the planning and execution of involuntary resettlement associated with IFC investment projects. IFC's policy on involuntary resettlement applies to any project that may result in the loss of assets, the impairment of livelihood, or the physical relocation of an individual, household, or community. The audience for this handbook includes: IFC clients; host government agencies that support private investment in development projects; non-governmental organizations; and the people whose lives and livelihoods will be affected by projects financed by IFC.

All IFC investments involving involuntary resettlement are currently processed with reference to the World Bank's Operational Directive 4.30, *Involuntary Resettlement* (OD 4.30). This handbook explains how and under what circumstances OD 4.30 applies and what actions IFC expects project sponsors to take to manage involuntary resettlement. As such, the handbook provides an outline of the rights, roles, and responsibilities of all parties involved in involuntary resettlement. At the time of the publication of this handbook, all the environmental and social policies applicable to IFC's investments are undergoing review. This review will assess the need for revision of IFC policies based on experience gained applying those policies since their initial formulation. However, regardless of the outcome of this review, IFC will continue to adhere to a number of basic principles for addressing the adverse effects of involuntary resettlement associated with its investment projects. These principles are:

- Involuntary resettlement should be avoided.
- Where involuntary resettlement is unavoidable, all people affected by it should be compensated fully and fairly for lost assets.
- Involuntary resettlement should be conceived as an opportunity for improving the livelihoods of the affected people and undertaken accordingly.
- All people affected by involuntary resettlement should be consulted and involved in resettlement planning to ensure that the mitigation of adverse effects as well as the benefits of resettlement are appropriate and sustainable.

Given the diversity of IFC's investments and the complexity of environments in which those investments take place, **this handbook should be viewed as a guide to managing involuntary resettlement rather than a rulebook**. Specific approaches to resettlement and restoration of livelihoods should be designed to meet the needs of the people affect-



ed by a project and the conditions under which those people live. Sponsors of projects that will result in involuntary resettlement should consult IFC's specialists early in the project cycle to ensure that they understand IFC's requirements and take the necessary steps to meet those requirements. IFC's specialists, in turn, will advise project sponsors throughout the resettlement planning process to ensure that the process contributes to effective preparation and implementation of projects.

This handbook is complemented by two other publications of the IFC Environment and Social Development Department: *Doing Better Business through Effective Public Consultation and Disclosure: A Good Practice Manual*, and *Investing in People: Sustaining Communities through Improved Business Practice—A Community Development Resource Guide for Companies*. Together, these documents provide practical guidance to IFC clients and project stakeholders in both mitigating the adverse effects and promoting the sustainable benefits of those investments. IFC welcomes comments on this handbook from all readers.



## Acknowledgments

The Handbook for Preparing a Resettlement Action Plan has been prepared by the Environment and Social Development Department (CES) of the International Finance Corporation. It was developed by an IFC team led by CES Social Development Specialists Richard English and Eric Brusberg under the direction of Ron Anderson, IFC's Chief Environmental Specialist.

The handbook represents the cumulative experience of IFC's environmental and social development specialists in applying the World Bank Group's policy on Involuntary Resettlement to IFC investments. Kerry Connor, Diana Baird, John Butler, Nick Flanders, Ted Pollett, Debra Sequeira, Jose Zevallos, and Motoko Aizawa provided regular guidance and substantive input to the development of this handbook. Thanks are also due to John Kittridge, Didier Fohlen, Tish Lowe, Todd Hanson, Shawn Miller, and Glen Armstrong, who provided constructive comments on earlier drafts of the handbook.

A draft of the handbook was also circulated among staff members and consultants within the World Bank Group who are familiar with resettlement issues and the implementation of resettlement action plans. The authors would like to thank the following "practitioners," who gave generously of their time to provide detailed and insightful comments: Susan Joyce, Robert Zwahlen, Tod Ragsdale, Michaela Bergman, Robert Barclay, John Renshaw, Phil Jones, Rita Dey, Dieter Heinsohn, and Justin Pooley. The authors also appreciated comments provided by interested parties during the 60-day web disclosure of the draft handbook.





## Glossary of Terms

Explanations of the following terms used in this handbook are intended as working definitions. A number of the terms—and the conditions to which they refer—are defined more specifically in either the policy on involuntary resettlement or the more general IFC policy on environmental assessment. The text of these and other IFC environmental and social safeguard policies can be found on the IFC Internet web page, [www.ifc.org](http://www.ifc.org), under the general heading “Projects and Policies”.

**Associated facility**—Facilities that are essential to the construction or operation of an IFC-financed project but are not themselves financed by IFC. The IFC policy on involuntary resettlement may apply to resettlement induced by such facilities.

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

**Cut-off date**—Date of completion of the census and assets inventory of persons affected by the project. Persons occupying the project area after the cut-off date are not eligible for compensation and/or resettlement assistance. Similarly, fixed assets (such as built structures, crops, fruit trees, and woodlots) established after the date of completion of the assets inventory, or an alternative mutually agreed on date, will not be compensated.

**Host population**—People living in or around areas to which people physically displaced by a project will be resettled who, in turn, may be affected by the resettlement.

**Economic displacement**—Loss of income streams or means of livelihood resulting from land acquisition or obstructed access to resources (land, water, or forest) resulting from the construction or operation of a project or its associated facilities.

**Involuntary resettlement**—Resettlement is involuntary when it occurs without the informed consent of the displaced persons or if they give their consent without having the power to refuse resettlement.

**Land expropriation**—Process whereby a public authority, usually in return for compensation, requires a person, household, or community to relinquish rights to land that it occupies or otherwise uses

**OD 4.30**—The World Bank Group Operational Directive on Involuntary Resettlement. OD 4.30 embodies the basic principles and procedures that underlie IFC’s approach to involuntary resettlement associated with its investment projects.

**Project-affected household**—All members of a household, whether related or not, operating as a single economic unit, who are affected by a project.



**Project-affected person**—Any person who, as a result of the implementation of a project, loses the right to own, use, or otherwise benefit from a built structure, land (residential, agricultural, or pasture), annual or perennial crops and trees, or any other fixed or moveable asset, either in full or in part, permanently or temporarily.

**Project sponsor**—A corporate entity seeking IFC financing for a project either directly or through a financial intermediary supported by IFC.

**Physical displacement**—Loss of shelter and assets resulting from the acquisition of land associated with a project that requires the affected person(s) to move to another location.

**Replacement cost**—The rate of compensation for lost assets must be calculated at full replacement cost, that is, the market value of the assets plus transaction costs. With regard to land and structures, IFC defines “replacement costs” as follows:

- **agricultural land**—the market value of land of equal productive use or potential located in the vicinity of the affected land, plus the cost of preparation to levels similar to or better than those of the affected land, plus the cost of any registration and transfer taxes;
- **land in urban areas**—the market value of land of equal size and use, with similar or improved public infrastructure facilities and services preferably located in the vicinity of the affected land, plus the cost of any registration and transfer taxes;
- **household and public structures**—the cost of purchasing or building a new structure, with an area and quality similar to or better than those of the affected structure, or of repairing a partially affected structure, including labor and contractors’ fees and any registration and transfer taxes.

In determining the replacement cost, depreciation of the asset and the value of salvage materials are not taken into account, nor is the value of benefits to be derived from the project deducted from the valuation of an affected asset.

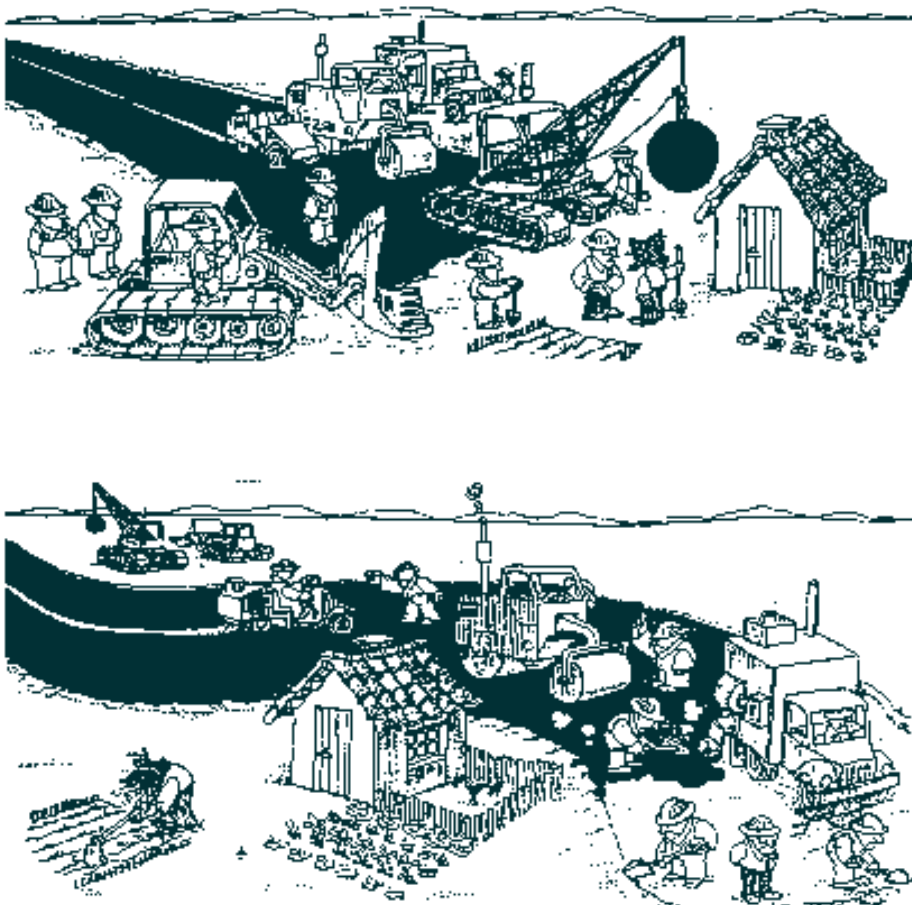
**Resettlement Action Plan (RAP)**—The document in which a project sponsor or other responsible entity specifies the procedures that it will follow and the actions that it will take to mitigate adverse effects, compensate losses, and provide development benefits to persons and communities affected by an investment project.

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

**Resettlement policy framework**—A resettlement policy framework is required for projects with subprojects or multiple components that cannot be identified before project approval. This instrument may also be appropriate where there are valid reasons for delaying the implementation of the resettlement, provided that the implementing party provides an appropriate and concrete commitment for its future implementation. The policy framework should be consistent with the principles and objectives of OD 4.30.

**Stakeholders**—Any and all individuals, groups, organizations, and institutions interested in and potentially affected by a project or having the ability to influence a project.

**Vulnerable groups**—People who by virtue of gender, ethnicity, age, physical or mental disability, economic disadvantage, or social status may be more adversely affected by resettlement than others and who may be limited in their ability to claim or take advantage of resettlement assistance and related development benefits.



# Introduction





# Introduction

As the member the World Bank Group that promotes private investment throughout the developing world, the **International Finance Corporation (IFC)** is committed to financing environmentally and socially sound projects that improve the lives of people in its member countries. As part of IFC's overall environmental and social review procedures, its specialists appraise proposed projects for their potential positive development effects and to ensure that adverse effects are properly mitigated.



A project that involves involuntary resettlement—the economic and/or physical displacement of people—represents a significant challenge for IFC. Without proper planning and management, involuntary resettlement may result in long-term hardship for affected people and environmental damage to the locations in which they are resettled. Such potentially negative consequences diminish the developmental impact of the project, tarnish the reputation of the project sponsor, and are contrary to IFC's mission to improve the lives of people through private sector investment. Conversely, through proper resettlement planning, a sponsor can enhance the development impact of a project and thereby improve the living standards of affected people. Investment in local economic and social development pays dividends to the sponsor in the form of enhanced good will within the host community, an enhanced national and international corporate reputation, and a well-founded partnership with IFC for future investment opportunities.

It is the responsibility of a project sponsor to provide IFC with accurate information regarding the potential social effects of the project **as early in the project development cycle as possible**. IFC, in turn, considers this information in evaluating and approving the project. IFC recognizes that host governments will often take responsibility for the resettlement of affected peoples, which may make the sponsor's role in the process difficult to define. Nevertheless, regardless of which entity takes responsibility for resettlement, IFC requires the outcome of that resettlement to be consistent with the involuntary resettlement policy.

IFC urges sponsors to avoid involuntary resettlement wherever feasible or to minimize it by exploring alternative project designs and sites. Where involuntary resettlement is unavoidable, IFC sponsors must engage affected people in the planning, implementation, and monitoring of the resettlement process. IFC encourages project sponsors to plan and execute **involuntary resettlement as a development initiative** to ensure that the livelihoods and living standards of affected people prevailing before their displacement are improved.

A **Resettlement Action Plan (RAP)** is a document drafted by the sponsor or other parties responsible for resettlement (such as government agencies), specifying the procedures it will follow and the actions it will take to properly resettle and compensate affected people and communities. The RAP is the sponsor's commitment to IFC and to the affected people that it will meet its obligations arising from involuntary resettlement.

*Proper resettlement planning can enhance the development impact of a project.*

*IFC urges sponsors to avoid involuntary resettlement wherever feasible or to minimize it by exploring alternative project design or siting.*

***A well-executed RAP protects the sponsor against unanticipated or exaggerated claims from individuals who have spurious eligibility for resettlement benefits.***

The RAP must identify the full range of people affected by the project and justify their displacement ***after consideration of alternatives that would minimize or avoid displacement***. The RAP outlines eligibility criteria for affected parties, establishes rates of compensation for lost assets, and describes levels of assistance for relocation and reconstruction of affected households. The RAP's planning protects the sponsor against unanticipated or exaggerated claims from individuals who have spurious eligibility for resettlement benefits. The mediation of such claims can cause significant delays in project implementation, which can result in cost overruns for the sponsor.

The purpose of this handbook is to provide guidance to project sponsors in complying with World Bank Group's policy on *Involuntary Resettlement* (OD 4.30, attached as annex A) and in the preparation of a RAP. This handbook represents the "good practice" that has emerged from the application of the policy across the IFC portfolio by IFC's social development specialists. The handbook is organized into four sections with supporting annexes.

- Part I outlines the scope of OD 4.30's application and identifies situations that require specific and detailed consultation between project sponsors and IFC's social development specialists.
- Part II describes fundamental principles, procedures, and requirements of RAP preparation and provides examples of survey instruments and summary data tables. These examples illustrate both the logic and the approach of RAP preparation as well as output from data collection that is needed for RAP planning.
- Part III is a checklist that identifies the sequence of actions that IFC's specialists follow in reviewing the preparation, implementation, and evaluation of a RAP.
- Part IV provides a detailed outline of a RAP that can be adapted to meet the requirements of specific projects.

The annexes of this handbook contain a copy of OD 4.30, a sample terms of reference for the preparation of a RAP, and a sample RAP budget.

This handbook has been prepared as a guide to addressing larger-scale economic and physical displacement. As such, it describes a level of planning and implementation that may apply to only a small percentage of IFC investment projects. Although the level of planning and the difficulty of implementation may vary based on the number of people resettled or the size of the land area acquired, the approach outlined in this guide will apply in all cases of resettlement, large or small.



# I Scope of Application



# I Scope of Application

IFC urges sponsors of investment projects to avoid the disturbance and displacement of human populations. Where such disturbance is unavoidable, the project sponsor should minimize adverse effects on people and on the environment through judicious routing or siting of project facilities. The aim of the involuntary resettlement policy is to ensure that people who are physically or economically displaced as a result of a project end up no worse off—and preferably, better off—than they were before the project was undertaken.



Resettlement is involuntary when it occurs without the informed consent of the displaced persons or, if they give their consent, without having the power to refuse resettlement. A typical example of such displacement is a government agency's expropriation of land for a capital development project by eminent domain. People occupying or otherwise dependent on that land for their livelihoods may be offered fair compensation for their losses. However, they have little recourse to oppose the government's expropriation regardless of their desire to continue occupying or using the affected land.

Displacement may be either **physical** or **economic**. **Physical displacement** is the actual physical relocation of people resulting in a loss of shelter, productive assets or access to productive assets (such as land, water, and forests). **Economic displacement** results from an action that interrupts or eliminates people's access to productive assets without physically relocating the people themselves. IFC's policy applies in either situation.

While land acquisition does not necessarily require the displacement of people occupying or using the land, it may have an effect on the living standards of people who depend on resources located in, on, or around that land. For example, a farming family may lose a portion of its land to a project without having to vacate its homestead. Nevertheless, the loss of even a portion of its land may reduce the overall productivity of that farm. This threat is magnified among agrarian populations of developing countries where farm fields are typically small and often widely scattered. Alternatively, land acquisition may restrict a community's access to commonly held resources such as rangeland and pasture, non-timber forest resources (such as medicinal plants or construction and craft materials), woodlots for timber and fuelwood, or fishing grounds.

Similarly, the acquisition of water resources by a project may entail neither land acquisition nor physical relocation but may nonetheless have negative effects on the livelihoods of people living in the project area. For example, the diversion or impoundment of a river's flow for the generation of hydroelectric power may affect the livelihoods of downstream farmers who rely on minimum flows for irrigating crops. A coastal power plant or factory using ocean water for cooling purposes may affect fish habitats, thereby affecting the livelihoods of people who fish the coastal waters.

The involuntary resettlement policy applies under all conditions of potential physical or economic displacement resulting from the acquisition or use of land for a project **regardless of the total number of people affected or the significance/severity of anticipated impact**. The following paragraphs outline both general and specific conditions under which IFC's policy applies.

***Land acquisition may not require the physical relocation of people, but it may affect the livelihoods of people who live, work, or otherwise depend on the land acquired.***



## Types of Resettlement

As noted above, the Involuntary Resettlement policy applies to a wide variety of project effects, and the scale of displacement associated with those effects will vary from project to project. Common types of resettlement and the issues associated with them include:

**Rural resettlement**—Displacement of people in rural areas typically results from a project's acquisition of farm land, pasture, or grazing land or the obstruction of access to natural resources on which affected populations rely for livelihoods (for example, forest products, wildlife, and fisheries). Major challenges associated with rural resettlement include: requirements for restoring income based on land or resources; and the need to avoid compromising the social and cultural continuity of affected communities, including those host communities to which displaced populations may be resettled.

**Urban resettlement**—Resettlement in urban or periurban settings typically results in both physical and economic displacement affecting housing, employment, and enterprises. A major challenge associated with urban resettlement involves restoration of wage-based or enterprise-based livelihoods that are often tied to location (such as proximity to jobs, customers, and markets). Resettlement sites should be selected to maintain the proximity of affected people to established sources of employment and income and to maintain neighborhood networks. In some cases, the mobility of urban populations and the consequent weakening of social safety nets that are characteristic of rural communities require that resettlement planners be especially attentive to the needs of vulnerable groups.

**Linear resettlement**—Linear resettlement describes projects having linear patterns of land acquisition (highways, railways, canals, and power transmission lines). In sparsely populated rural areas, a linear project such as an electric transmission line may have minimal impact on any single landholder. Compensation is characterized by a large number of small payments for the temporary loss of assets such as standing crops. If well designed, linear projects can easily avoid or minimize the demolition of permanent structures. Conversely, in a densely populated urban area, a linear project such as a road upgrading may require the demolition of structures along the project right-of-way, thereby significantly affecting large numbers of people. Linear resettlement contrasts with site-specific resettlement because of the problems that frequently arise when resettlement actions have to be coordinated across multiple administrative jurisdictions and/or different cultural and linguistic areas.

**Site-specific Resettlement**—Site-specific resettlement is associated with discrete, non-linear projects such as factories, ports, highway interchanges, hotels, commercial plantations, etc., where land acquisition encompasses a fixed area. However, site-specific resettlement associated with **mining and other extractive industries** such as oil and gas may require progressive land acquisition over long periods. As a result, displacement of communities may occur in phases over a number of years, even decades. Communities threatened with displacement at some future date often prefer to remain in place until resettlement is absolutely necessary. The major challenge in such incremental resettlement



ment is maintaining a consistent approach to compensation and income restoration over the life of the project. Similarly, the creation of reservoirs for hydropower and irrigation projects can result in significant economic and physical displacement of rural communities. In the event that it considered investment in a project with such potentially large and controversial effects, IFC would require that project to support development initiatives to reestablish the affected people in significantly improved social and economic conditions.



## Public Disclosure Requirements

To comply with IFC's policies on environmental assessment of projects and disclosure of information, all sponsors of projects resulting in involuntary resettlement are required to prepare and publicly disclose a RAP. The RAP must be prepared through a process of public consultation with all interested and affected parties. Before engaging in this process of consultation, IFC recommends that sponsors consult its publication *Doing Better Business through Effective Consultation and Disclosure: A Good Practice Manual*. As this document emphasizes, proper consultation with affected parties can increase the effectiveness and reduce the costs of RAP implementation for the sponsor or other responsible parties.

Sponsors must provide copies of the RAP—along with all other documents related to a project's environmental assessment—to IFC for submission to the World Bank InfoShop for public access at least **60 days** before IFC's formal consideration of the project for financing. In addition to complying with any host country disclosure requirements, the sponsor must ensure that the RAP is available throughout the project area. To this end, the sponsor may be required to prepare summaries of the RAP in local languages for distribution to accessible points within the project area. The 60-day disclosure period will allow time for all interested and affected parties to submit their comments and concerns about the RAP.

Under certain circumstances, based entirely on the judgment of IFC specialists, a RAP may warrant a shorter period of public review. Under these circumstances, sponsors will be required to publicly disclose the RAP **30 days** before IFC's formal consideration of project financing. In all cases, sponsors will be made aware of the necessary period for public disclosure early in the RAP preparation process.

More detailed information on public disclosure requirements is contained in IFC's Operational Policy 4.01 on Environmental Assessment and its policy on the disclosure of information. These and other relevant safeguard policies, as well as the above-mentioned good practice manual for consultation are on IFC's Internet site, [www.ifc.org](http://www.ifc.org).

***... proper consultation with affected parties can increase the effectiveness and reduce the costs of RAP implementation for the sponsor or other responsible parties.***



*IFC policy applies to facilities that serve the needs of a project even if those facilities are not financed by IFC.*

## Special Considerations

In addition to the general conditions of land acquisition and displacement noted above, specific situations may trigger the invocation of IFC's involuntary resettlement policy. Alternatively, IFC may require the sponsor to demonstrate that the policy does not apply. These special cases include:

- **Willing buyer/willing seller**—Individuals affected by a project may be willing to sell their property and assets on a voluntary basis to the project sponsor. Under such circumstances—the transfer of unencumbered rights to a willing buyer by a willing seller—IFC will not invoke its involuntary resettlement policy provided the sponsor can demonstrate that: 1) land markets or other opportunities for the productive investment of the sales income exist; 2) the transaction took place with the seller's informed consent; and 3) the seller was provided with fair compensation based on prevailing market values. In the absence of land markets, the sponsor should establish a compensation structure that enables sellers of land and assets to restore their livelihoods to levels equivalent to or better than those maintained at the time of sale.
- **Associated facilities**—The involuntary resettlement policy also applies to all components of a project resulting in physical or economic displacement regardless of the source of financing. In other words, the policy applies to a project's *associated facilities*, which, in the judgment of IFC, are: 1) a consequence of the IFC-financed project and therefore would not take place in the absence of the project; 2) necessary to achieve its objectives as set forth in the project documents; and 3) carried out, or planned to be carried out, contemporaneously with the project. Examples of associated facilities include oil, gas and water pipelines, canals, electrical transmission lines evacuating power from a thermal or hydropower plant, pipelines, and construction access roads. IFC will determine on a case-by-case basis whether the involuntary resettlement policy applies to a project's associated facilities and, if so, how to ensure that resettlement and compensation are accomplished in a manner consistent with the policy.
- **Prior acquisition**—Under certain circumstances, a project sponsor may be provided with an unoccupied project site clear of any current claims by a government agency or other party. If resettlement from the project site has occurred—with or without the project sponsor's knowledge—in anticipation of the project but not immediately preceding project implementation, IFC may invoke the involuntary resettlement policy to determine whether those resettled were compensated in a manner consistent with its policy requirements. Under such circumstances, IFC considers factors such as: 1) the length of the intervening period between land acquisition and project implementation; 2) the processes, laws, and actions by which the resettlement was carried out; 3) the number of people affected and the significance of the impact of the land acquisition; 4) the relationship between the party that initiated the land acquisition and the project sponsor; and 5) the current status and location of the people affected.

- **Timing of the resettlement**—IFC policy requires that land acquisition, payment of compensation for affected assets, and resettlement associated with a project (or project component) be complete before the onset of project impacts. However, a given project may have subprojects or multiple components that cannot be identified before project approval or that may be implemented sequentially over an extended period (such as a highway project in which the location of all interchanges has not been determined or a mining project for which all land acquisition cannot be planned at one time). Under these circumstances, OD 4.30 provides for the preparation of a **resettlement policy framework** to establish the principles, procedures, and organizational arrangements by which the sponsor will abide during project implementation. The sponsor will then prepare a RAP consistent with the policy framework for each subsequent subproject or project component that entails physical and/or economic displacement. A policy framework is appropriate when there are valid reasons for delaying or sequencing the implementation of the resettlement—as when a community, which may be affected by the planned expansion of a project (a mining project, for instance) some years hence, prefers not to be moved until that expansion is imminent.

***IFC requires that land acquisition, payment of compensation for affected assets, and resettlement take place before the onset of project impacts.***

The following sections of this manual provide detailed guidance on the preparation and implementation of a RAP that meets IFC's requirements for positive and sustainable developmental impact.

## II Components of a Resettlement Action Plan



## II Components of a Resettlement Action Plan

IFC requires a resettlement action plan (RAP) for any project that results in either the physical or the economic displacement of people. The scope and level of detail of resettlement planning will vary with circumstances, depending on the project's complexity and the magnitude of its effects. As a minimum requirement, a RAP must ensure that the livelihoods of people affected by the project are restored to levels prevailing before inception of the project. However, simple restoration of livelihood may be insufficient to protect affected populations from adverse project impacts, especially *induced* effects such as competition for resources and employment, inflation, and the breakdown of social support networks. For this reason, IFC seeks to promote the improvement of the living standards of people affected by the project. **Thus, resettlement activities should result in measurable improvements in the economic conditions and social well-being of affected people and communities.**

This section describes a recommended approach to effective RAP preparation. The essential components of a RAP are the following:

- identification of project impacts and affected populations;
- a legal framework for land acquisition and compensation;
- a compensation framework;
- a description of resettlement assistance and restoration of livelihood activities;
- a detailed budget;
- an implementation schedule;
- a description of organizational responsibilities;
- a framework for public consultation, participation, and development planning;
- a description of provisions for redress of grievances; and
- a framework for monitoring, evaluation, and reporting.

The basic principles, procedures, and requirements of RAP preparation are described at length below. Throughout the text, examples of survey instruments and summary data tables are provided. These examples illustrate both the logic and the approach of RAP preparation as well as the types of data that are needed for RAP planning. They are not meant to serve as templates for data collection and analysis. Instead, they are intended to illustrate the depth and breadth of information required for effective resettlement planning.

Resettlement and development planning require specialized expertise. ***It is essential that the project sponsor engage the services of qualified and experienced personnel*** to design and implement resettlement action plans. (A sample terms of reference for such services is provided in annex B). However, it is equally important that sponsors engage themselves in the RAP design process. Sponsor participation in the process is instrumental to coordinating resettlement activities with the project implementation schedule. **IFC experience indicates that the success of a RAP is related directly to the level of sponsor involvement in its implementation.** Because the scope and level of detail of resettlement planning will



***IFC will require a project sponsor to prepare a RAP for any project that results in the physical or economic displacement of people.***

***The success of a RAP is directly related to the level of sponsor involvement in its implementation.***





***The RAP must identify all people affected by the project and all adverse impacts on their livelihoods associated with the project's land acquisition.***

***The sponsor must mitigate any adverse impacts on the host community that are associated with resettlement.***

vary, not all RAPs require the same level of expertise. Sponsors should consult IFC specialists early in the process to determine the appropriate levels of technical assistance needed to design and implement a RAP.

## Identification of Project Impacts and Affected Populations

The first task in planning resettlement is to identify a project's adverse impacts and the populations that will be affected. As noted above, this usually requires the participation of qualified experts who have appropriate training and experience. Resettlement planning involves more than simple cadastral surveys or inventories of affected assets. The ultimate goal of a RAP is to enable those displaced by a project to improve their standard of living—a goal that requires an examination of social, environmental, and economic conditions beyond simple physical inventories.

The RAP must identify all people affected by the project and all adverse impacts on their livelihoods associated with the project's land acquisition. Typical effects include breakup of communities and social support networks; loss of dwellings, farm buildings, and other structures (wells, boreholes, irrigation works, and fencing), agricultural land, trees, and standing crops; impeded or lost access to community resources such as water sources, pasture, forest and woodland, medicinal plants, game animals, or fisheries; loss of business; loss of access to public infrastructure or services; and reduced income resulting from these losses.

Consultation with officials of local government, community leaders, and other representatives of the affected population is essential to gaining a comprehensive understanding of the types and degrees of adverse project effects. The project sponsor must discuss plans for a census and registration program with local leaders and representatives of community-based organizations. Census and asset inventory enumerators may be the first project-related personnel that affected people will encounter. Enumerators must be thoroughly briefed on the objectives and timetable of the project and what is being planned in terms of physical relocation, compensation for lost assets, and restoration of livelihood.

Sponsors of projects resulting in the physical relocation of affected populations to a new site must also undertake an environmental and social assessment of the resettlement site. People inhabiting the areas in which project-affected populations are resettled are known as "host populations" or "host communities." **Host communities may be affected adversely by new settlement and should therefore be identified as a category of persons** affected by the project. The sponsor must address and mitigate any adverse effects associated with resettlement in host communities including increased pressure on land, water, natural vegetation (forests, woodlands, savannas, grasslands, and wetlands), plantations and woodlots, or other common property resources, public infrastructure, and services. Host communities should be informed and consulted as part of the resettlement planning process. Consultation involving representatives of both host communities and the communities to be displaced helps to build familiarity and to resolve disputes that



inevitably arise during and after resettlement. Any payment due to host communities for land or other assets that will be provided to new settlers should be agreed on and rendered promptly.

Affected populations and impacts should be identified through a series of steps :

1. **thematic maps** that identify such features as population settlements, infrastructure, soil composition, natural vegetation areas, water resources, and land use patterns;
2. a **census** that enumerates the affected people and registers them according to location;
3. an **inventory** of lost and affected assets at the household, enterprise, and community level;
4. **socioeconomic surveys and studies** of all affected people (including seasonal, migrant, and host populations), as necessary;
5. **analysis of surveys and studies** to establish compensation parameters, to design appropriate income restoration and sustainable development initiatives, and to identify baseline monitoring indicators; and
6. **consultation with affected populations** regarding mitigation of effects and development opportunities.

Each of these steps is described in detail in the following paragraphs. As the description will indicate, these steps are not necessarily discrete or sequential.

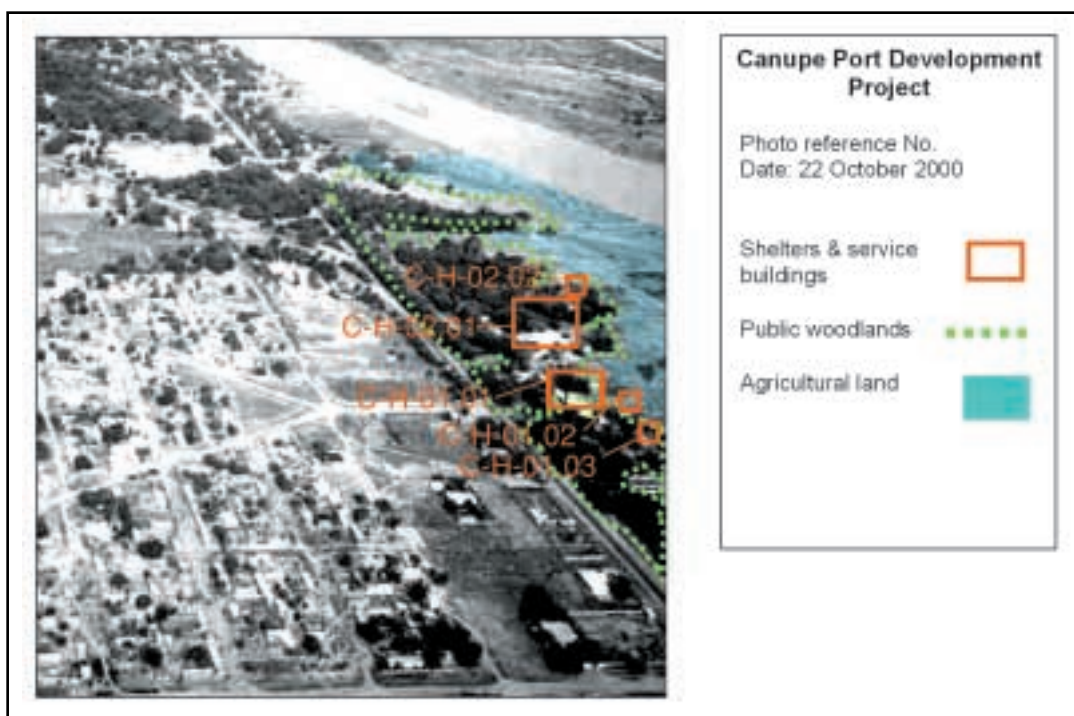
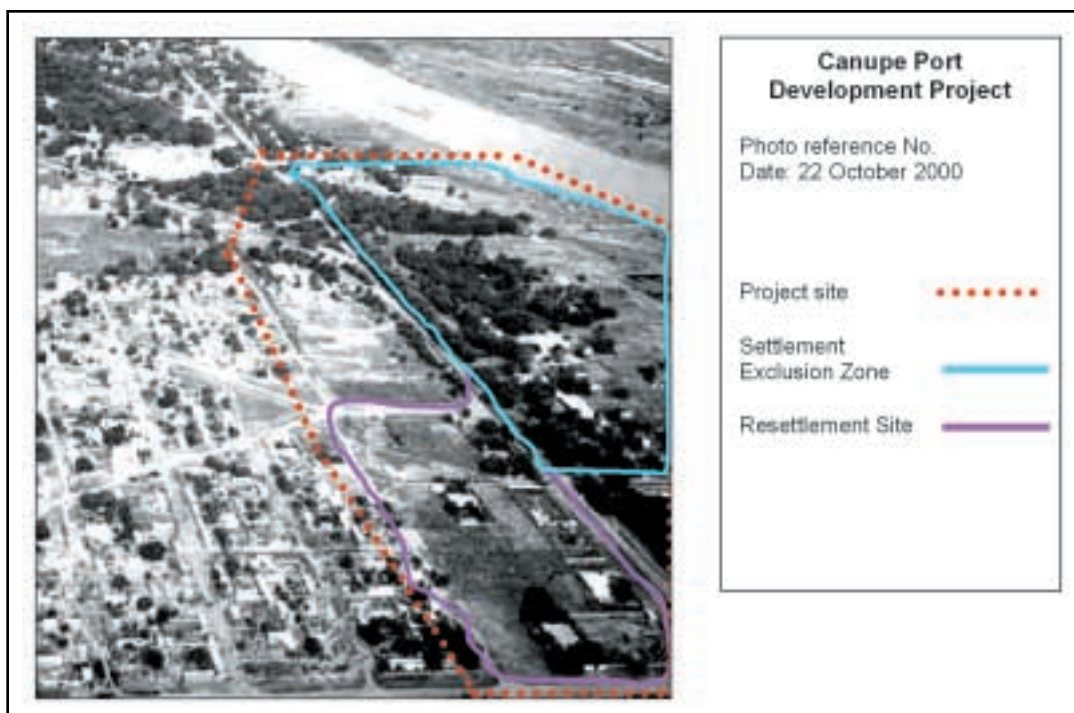
**Step 1: Mapping**—The area *from which people will be moved* as well as the area *to which people will be resettled* should be mapped in detail. The sponsor should prepare a detailed large-scale map (if possible, supported with aerial photography) on which individual affected households are demarcated (identified with registration numbers derived from the population census described below). The sponsor should undertake land surveys and map different types of land according to use and potential (for instance, crop suitability assessments, natural vegetation, and livestock carrying capacity assessments). From these survey maps, resettlement planners can prepare various thematic maps that identify the location and extent of important types of land use. Additional thematic maps should be prepared that identify: land use categories; the location of common property resources; cultural property (for example, places of ritual significance, graveyards, and monuments); road and transportation networks; and the location of employment and services.

In addition to its usefulness for planning, mapping of the project area, affected households, natural resources, fixed assets, and infrastructure provides the sponsor with a spatial reference or baseline with which to protect the project from claims by people who move into the affected area after the cut-off date (see figure 1).

***Host communities should be informed and consulted as part of the resettlement planning process.***

***Thorough mapping can protect the sponsor from spurious compensation claims.***

Figure 1: Aerial Photographs Documenting Pre-Project Land Occupancy and Use (Sample)



**Step 2: Census**—The census of people affected by the project is a key initial stage in the preparation of the RAP. The census serves five important and interrelated functions:

- enumerating and collecting basic information on the affected population;
- registering the affected population by residence or locality;
- establishing a list of legitimate beneficiaries **before the project's onset** that counters spurious claims from those moving into the project area solely in anticipation of benefits;
- laying a framework for subsequent socioeconomic research needed to establish fair compensation rates and to design, monitor, and evaluate sustainable income restoration or development interventions; and
- providing a baseline for monitoring and evaluation.



**Enumeration and Registration**—Census and registration provide information on the scale and complexity of the required resettlement planning (for example, the size, distribution, and socioeconomic diversity of the population). The census must encompass all people adversely affected by the project, regardless of their legal status—landowner, holder of land rights, tenant, illegal squatter—or whether they are actually living on an affected site at the time of the census. In other words, **lack of legal land title does not disqualify people from resettlement assistance**. Private landowners and holders of rights to land as well as any person currently occupying public or private land for shelter, business purposes, or other sources of livelihood (caretakers, squatters, scavengers) should be included in the census. While landless people or squatters may not be eligible for land compensation, they may be eligible for resettlement assistance, compensation for assets (such as shelters and standing crops, orchards, or woodlots), and, where practicable, the benefits of development interventions, which may include provision of land.

Resettlement planners must give particular attention to vulnerable groups living in the project area. These groups may include households headed by women or children, people with disabilities, the extremely poor, the elderly, and groups that suffer social and economic discrimination, including indigenous peoples and minorities. Members of vulnerable groups may require special or supplementary resettlement assistance because they are less able to cope with the physical and/or economic displacement than the affected population in general. An indigenous population, for example, may have more difficulty than other affected people with physical displacement because of a stronger attachment to the land, the natural resources, or the physical features of a site required by a project. Project sponsors should consult World Bank Group Operational Directive OD 4.20, on Indigenous Peoples.

Similarly, resettlement planners must account for people who may not occupy a site required by a project at the time of enumeration. Refugees or people internally displaced by civil conflict may be unable or unwilling to return to a location to exercise their land

***Lack of legal title to land does not disqualify people from resettlement assistance.***

*The completion of the census represents a provisional cut-off date for resettlement assistance.*

claims after a conflict. In Mozambique, for example, proponents of an industrial estate provided resettlement assistance to farmers who had fled the project area during years of civil war. Though these farmers were absent from the land at the time of the census, they were included among the affected population and compensated on their return. In such instances, systems for checking and validating land claims are essential to comprehensive resettlement planning.

**Beneficiary Capping**—The completion of the census represents a provisional cut-off date for eligibility for resettlement assistance. This makes it essential that planners ensure sufficient public awareness of the cut-off date. Census-takers should provide affected people documentation that confirms their enumeration (identity cards or a witnessed copy of the survey endorsed by the household head). Proof of enumeration precludes an influx of people into the project area after the cut-off date. Although concessions should be made for enumerator errors and omissions, as a rule **people moving into the project area after the cut-off date should not be entitled to assistance**. Planners must nevertheless accommodate individuals or groups who are not present at the time of registration but who have a legitimate claim to membership in the affected community. Such groups might include absent family members engaged in migrant wage labor or nomadic pastoralists who use local resources on a seasonal basis. If there is a significant time lag between the completion of the census and implementation of the RAP, resettlement planners should make provision for population movements as well as natural population increase and expansion of households, which may include a repeat census.

**Framework for Socioeconomic Studies**—The project area census can be combined with the gathering of pertinent demographic (age, sex, family size, births, and deaths) and related social and economic information (ethnicity, health, education, occupation, income sources) from among the affected people. This information can provide resettlement planners with a general understanding of the communities affected by the project, including host communities, and the scope of compensation and resettlement assistance necessary to mitigate adverse effects. From this general understanding, resettlement planners can develop more targeted socioeconomic studies (for example, studies of land and resource management practices, analyses of specific income streams, assessment of gender roles and vulnerable groups) to improve the RAP's compensation and livelihood restoration strategies.

**Baseline Data for Monitoring and Evaluation**—The census should provide resettlement planners with the quantitative data that enables them to budget resources and services, to track the delivery of those resources and services to the affected population, and to correct problems in the delivery of resources and services throughout implementation of the RAP. In addition, information gathered during the census can yield important baseline data at the household and community levels, which can be used to establish indicators not only for resettlement implementation, but also for monitoring and evaluation of income restoration and sustainable development initiatives associated with a RAP.

Resettlement planners should consolidate data gathering efforts both to economize on project resources and to minimize survey fatigue among the affected population. Table 1 illustrates a census survey instrument, which, in a single format registers and locates the household (according to map coordinates); identifies all family members by age, sex,

**Table 1: Illustrative Census Format**

Household No. K-044 Village: K**** Date:							Map Reference: 044-399	
Name	Sex	Age	Relation to Household Head (HH)	Primary Occupation	Notes/Secondary Occupation	Highest Level of Education	Income/Remittances	Illness/Symptoms within past 2 weeks*
Devi	F	72	Mother of HH	deceased, 4/2001		n/a		
Ram	M	76	Father of HH	retired	wood carver	none		1,3
Sita	F	65	Mother of W1	retired	weaver	none		
Hanuman	M	55	HH	farmer	hunter/fisher	primary		
Pria	F	44	Wife 1 (W1)	farmer	beer maker	primary		3
Anjuli	F	33	Wife 2 (W2)	farmer	petty trade	secondary		
Shiva	M	25	Son, W1	taxi driver/in town	resides in town	college	\$50/month	
Paras	M	23	Son, W1	farmer	seasonal laborer	secondary		1
Tulsi	F	20	Daughter, W1	farmer	weaver	primary		
Ram	M	19	Son, W1	deceased, 6/2001	malaria	secondary		
Sita	F	18	Daughter, W1	farmer	weaver	primary		
Poolan	M	15	Son, W2	school, grade 8	farm labor	grade 8		1,3
Visnu	M	12	Son, W2	school, grade 6	farm labor	grade 6		1,3
Arun	M	7	Son, W2	school, grade 1	household help	grade 1		1
Nandini	F	3	Daughter, W2			n/a		
Mohan	M	1	Son, W2	deceased, 9/2001	infant	n/a		

\*Illness/Symptom codes: 1) diarrhea; 2) skin rash; 3) fever; 4) other (specify)

ethnic group, relationship to the head of the household, education, and occupation; indicates the prevalence of health problems (based on a previous two-weeks recall); and identifies nonresident members and sources of remittance income. This information provides a number of **baseline indicators**, including mortality and fertility; children in school by age and sex; household size; incidence of disease; and key economic activities of household members. Data must be collected for all household members, including those who may not be resident at the time of the census. In some cases, remittances from family members living outside a household can account for a significant proportion of total income for that household.

In summary, the census consolidates information that 1) provides initial information on the scale of resettlement to be undertaken; 2) gives an indication of further socioeconomic research needed to quantify losses to be compensated and, if required, to design appropriate development interventions; and 3) establishes indicators that can be measured at a later date during monitoring and evaluation.

**Step 3: Inventory of Affected Assets**—The sponsor must undertake a detailed survey of all losses that will result for each household, enterprise, or community affected by the project. The survey should account for land acquisition and loss of physical assets as well as loss of income—either temporary or permanent—resulting from displacement of household members from employment or income-generating resources (for instance, potters from clay deposits, fishers from fishing grounds, small-scale suppliers or vendors

**Data gathering should be consolidated to economize on project resources and to minimize survey fatigue among affected populations.**

**An inventory of losses accounts for the loss of physical assets as well as the loss of income—either temporary or permanent.**

*The sponsor should be prepared to undertake independent land surveys to ensure both the accuracy and the equitable payment of compensation claims.*

from customers). Assets held collectively, such as water sources, livestock grazing areas, irrigation systems, and community structures should be recorded separately. **It is essential for resettlement planners to consult with affected people during this step to develop a reasonable consensus on the methods and formulas for assigning value to lost assets and income forgone during resettlement.** In some jurisdictions, it may be necessary for local authorities to validate claims to assets. However inventories of assets are compiled, heads of households should be required to countersign them to minimize the possibility of subsequent claims or disputes regarding claims. The following are important inventory categories:

- **Land use/land capability**—All land acquired or otherwise affected by the project, whether on a permanent or a temporary basis, must be surveyed, classified by type, and recorded. Civil authorities typically classify and assess the value of land by use (for instance, irrigated agriculture, nonirrigated agriculture, pasture, forest, housing, commercial). However, such classification may overlook the difference between present and potential land use requirements of affected people. For example, swidden cultivators practice crop rotation over wide areas and long periods of time. In such a case, land that appears unused may in fact be in a fallow cycle awaiting cultivation some years hence. **Resettlement planners must establish the difference between present and potential land use to ensure that replacement land provided to affected people is of value equivalent to the land acquired from them.** Such a differentiation typically requires detailed soils maps and an assessment of land capability and carrying capacity. In addition, even in cases where cadastral survey maps demarcating land ownership and classification are available from the local land revenue office, these maps may be dated and no longer accurate. For this reason, the sponsor should be prepared to undertake independent surveys of land use and assessments of capacity to ensure the accuracy and equitable payment of compensation claims.

Additional follow-up studies are usually required to support estimates of the annual revenue derived from different land uses or land types such as irrigated land, rain-fed land, fish-farming ponds, and woodlots. Table 2 is a generic example of a productive assets survey summary that includes: land areas by type and use, annual net income per hectare (*Net\$/yr/ha*), income lost for the household (*% taken* and *Value/lost production* (\$), replacement value on the prevailing market, and tenure status.

- **Houses and associated structures**—Dwellings, separate kitchens, toilets, store-rooms, barns, stables, livestock pens, granaries, and workshops for cottage industry should be classified by construction materials (timber, wattle, bamboo, reed, brick and mortar, concrete, earth). All structures should be included in the inventory regardless of whether they are permanently inhabited or occupied intermittently by transient populations.
- **Other private physical assets**—Including nonmoveable assets such as standing crops, fruit and fodder trees, firewood and timber woodlots, plantations (rubber, oil palm) fencing, wells, irrigation structures, and graves or tombs.



**Table 2: Land Assets Inventory**

Household No. K-044		Date:						Coordinates: 044-339			
Village: K*											
Parcel No.	Land/Holding Type						Tenure	Observations	Land Taken (ha)	Net prod. (\$/year)	Market Value (\$)
		Rain-fed (ha)	Irrigated (ha)	Pasture (ha)	Fishpond (ha)	Woodlot (ha)					
	Net return/yr/ha (\$)	230	690	140	765	240					
	Value per ha (\$)	700	1200	375	1125	1500					
K-044-01	1.65						Owner		0	380	1,155
K-044-02	4.34						Owner		0	998	3,038
K-044-03	2.79						Owner		0	642	1,953
K-044-04	3.06						Owner		0	704	2,142
K-044-05	1.83						Owner		0	421	1,281
K-044-06			1.88				Owner		1.89	1,316	3,948
K-044-07			1.04				Owner		2.33	728	2,184
K-044-08			0.76				Owner		0.76	532	1,596
K-044-FP1					0.66		Co-own:	50% w/ HH K-037	0.66	252	371
K-044-W1						0.77	Owner		0	1,155	1,155
K-044-W2						1.03	Owner		0	1,545	1,545
K-044-P1				7.03			Owner		0	2,636	2,636
K-044-P2				2.75			Owner		0	385	1,031
K-044-HL1							Owner		0.37	0	139
Total		13.67	3.68	9.78	0.66	1.80			6.01	11,694	24,175
% Taken		0%	100%	0%	100%	0%				23%	33%
Value/lost production (\$)		0	2,576	0	126	0	0			2,702	
Replacement cost (\$)		0	7,728	0	186	0	139	0			7,914

- **Private enterprises**—Shops, workshops, stalls, factories, and other business establishments should be surveyed and recorded. These should be classified according to ownership (private business, public enterprise, joint venture, etc.). Individuals losing their enterprises, employees losing jobs, or vendors losing customers should be enumerated, and the value of these losses incurred during the resettlement period should be estimated.

Table 3 is an example of a generic household physical assets inventory. At the community level, the assets survey should provide an inventory and an assessment of the losses of public resources including:

- **Common property resources**—including forest and woodlands (sources of building and craft materials, biomass for domestic energy) and pasture.
- **Public structures**—Including schools, clinics, meeting halls, places of worship, wells/communal water points, livestock watering points, bathing and washing platforms, bus shelters, and monuments.
- **Cultural property**—Cultural property includes archeological sites, burial grounds, monuments, shrines, places of worship, artifacts, and sites of religious or historical significance. Project sponsors should refer to the World Bank Group Operational Policy OP 11.03 or later revisions for guidance on the management of cultural property.

**Table 3: Physical Assets Survey (sample)**

Household No. K-044 Village: K* Photographs: K-044/P1; P2; P3; P4; P5			Date: Coordinates: 044-339			
Item	Quantity	Description/Construction type	Replacement Cost		Total Cost	Observations
			Materials	Labor		
Residence	340 <sup>m2</sup>	Local brick, zinc roof, cement floor	2,770	550	3,320	
House fence	160 m	Post & palm rail	120	100	220	
Kitchen	16 <sup>m2</sup>	Post & wattle, zinc roof	225	75	300	
Latrine/bath	10 <sup>m2</sup>	palm fence enclosure, cement floor	130	100	230	pit excavation 4 m.
Paddock fence	188 m	post & thornbush	60	100	160	
Grainery	2.9 <sup>m2</sup>	palm frame, mud with cement finish	260	125	385	
Animal shed	110	post & wattle, thatch roof, earth floor	165	100	265	
Well	∅1.2m x 20 m	cement tile, pulley & animal trough	460	300	760	
Harvest Shrine	1	Clay deity in cement shelter		20	20	to be moved by owner
Grave	1	HH head's mother			350	as arranged w. hh.
Grave	1	HH head's infant son			350	as arranged w. hh.
Grave	1	HH head's grandmother			350	as arranged w. hh.
<b>Totals</b>			<b>4,190</b>	<b>1,470</b>	<b>6,710</b>	

- **Infrastructure**—All infrastructure that will be destroyed or disrupted by the construction of the project should be enumerated, including roads and bridges; irrigation and drainage channels; water and sewage lines; power lines; and communication lines.

The inventory of assets should be cross-referenced with the census and linked with the census in a single database. It is advisable for resettlement planners to photograph, document, and register all assets described above by household, enterprise, or community organization. Digitized photographs can be used to record assets for storage in computerized census and socioeconomic databases.

**Step 4: Socioeconomic Studies**—A substantial amount of household-level socioeconomic data is collected during the census and inventories of assets. However, low-income households (those commonly affected by resettlement), particularly in rural areas, typically have diversified livelihood strategies that combine agriculture with wage labor and small-scale enterprise. Therefore, ***it is important to survey all income sources in order to calculate income loss from project land acquisition as a proportion of total income.*** For example, land loss for a household engaged in business or wage labor is likely to be less significant than for a household whose income is derived wholly from agriculture. For these reasons, the socioeconomic studies are needed to collect additional quantitative (supported by qualitative) information in two important areas: 1) household-level income streams and livelihood strategies that were not identified in the census and inventories of assets; and 2) the structure, organization, and economic inter-

dependencies within the larger community affected by the project. Analysis of these data will help identify those households most at risk from physical or economic displacement. However, income stream analysis is not required in cases where land acquisition does not affect the income-earning capacity of a household (for example, in cases where only dwellings are displaced and the affected people can be relocated to near-by sites).

The socioeconomic studies should be linked closely with the census and inventory of assets to provide comprehensive information on household economic resources, including common property resources. The census and inventory of assets should have already identified the basic social unit of production or economic organization. **Typically, this unit is the household, which functions as a single economic unit** (a household may consist of a nuclear family, extended family, or a unit including non-related members). If income streams are based exclusively on agriculture and associated activities, the socioeconomic study can be largely completed by merging the census and assets data. The remaining tasks are to carry out additional studies to quantify net returns from income streams and to establish replacement values for land and assets. This information provides resettlement planners with an understanding of household income streams and of how these streams can be restored after resettlement is complete. It also provides a baseline for evaluating the success of livelihood restoration and sustainable development measures. It is important to disaggregate production and income stream data by gender in order to differentiate the roles that men and women play in maintaining a household's livelihood and to design appropriate strategies to restore income.

Where other activities contribute to the household economy (such as seasonal wage labor, remittances, or income earned by pastoralists herding livestock in areas distant from the community), the socioeconomic surveys should identify net returns from these income streams. For example, a study focused on income from seasonal employment outside the village may be needed to establish a value for net wages returned to the household each time the census survey has identified a remitting or wage-earning member of the household. In many parts of the world, rural people may appear to be agriculturalists. However, further analysis may reveal that the agricultural base is insufficient for subsistence and represents only a small portion of household income, whereas the bulk of household income is derived from migratory wage labor or other sources. Figure 2 and Table 4 (from which Figure 2 is derived) provide a generic example of income streams analysis for a hypothetical rural community.

Depending on the size of the affected population, it may be possible to conduct a socioeconomic survey of the entire population on a household-by-household basis. Where the population exceeds a size suitable for an individual household survey, a survey of a sample of the population may suffice. However, resettlement planners must follow appropriate survey methodologies **to ensure that a statistically valid representative sample of all strata of the affected population—including women and other vulnerable groups—is included in the survey.** It is important for survey designers to recognize that a given community may not be homogeneous. All groups within a community do not have the same vulnerabilities or potential to respond to development opportunities associated with a RAP. The involvement of representatives of these groups in survey design and data gathering will improve the quality and comprehensiveness of the survey results.

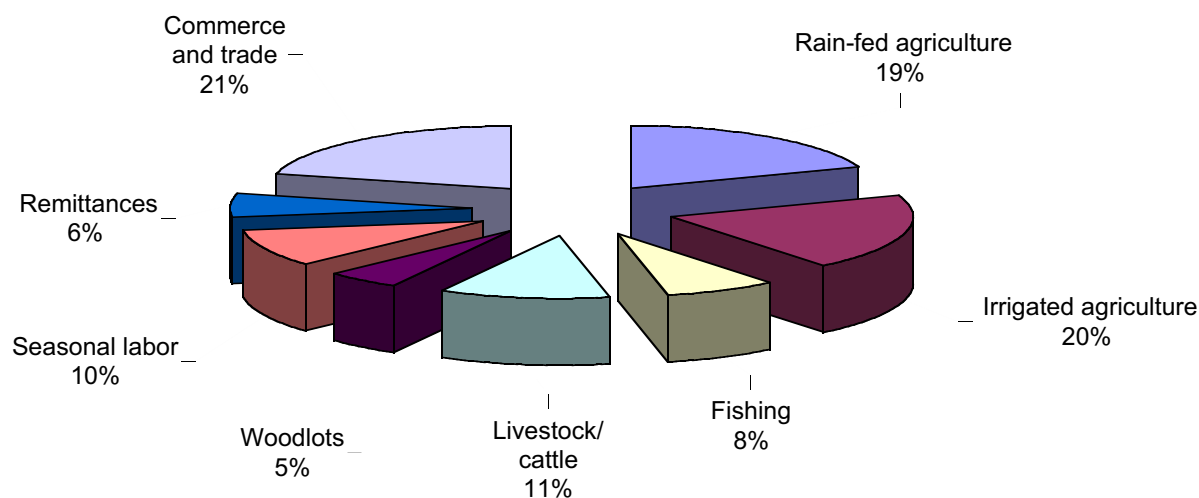
***Socioeconomic studies should be linked with the census and inventory of assets to provide complete information on household income streams.***

***All groups within a community do not have the same problems or potential to respond to opportunities associated with a RAP.***

**Table 4: Income Stream Analysis (sample)**

Village: K* — Annual Income from Various Sources in US\$ Equivalents											
Household		Income Sources								Total HH Net Income	Income Per Capita
Registration Number	Family Size	Rain-fed Agriculture	Irrigated Agriculture	Fishing	Livestock All Types	Woodlots	Seasonal Labor	Remittances	Commerce and Trade		
K-001	12	1,244	3,255	775	1,270	445	1,225	720	1	8,935	745
K-002	11	444	4,778	1	975	1	2,225	1	1	8,426	766
K-003	4	300	977	500	468	275	1	1	1	2,523	631
K-004	5	575	900	1	1	1	300	1	600	2,379	476
K-005	8	400	1	1	135	1	1	350	1	890	111
K-006	9	1,325	1	1	450	1	750	1	1	2,530	281
K-007	3	350	1	1,250	775	1	1	1	1	2,380	793
K-008	14	770	1,400	500	800	980	1,400	1	1	5,852	418
K-009	7	690	1,250	500	1,225	275	350	1	1	4,292	613
K-010	8	1,466	1,335	440	440	275	450	600	1	5,007	626
K-011	6	1,690	1	1	1	1	250	400	1,400	3,744	624
K-012	9	200	1	675	150	1	1	400	1	1,429	159
K-013	8	1,425	1	750	150	1	1	350	1	2,679	335
K-014	8	1,325	885	200	220	1	1	400	1	3,033	379
K-015	13	1,500	900	1	1,400	800	1,260	1,200	3,000	10,061	774
K-016	6	1,200	1,250	250	175	200	200	120	800	4,195	699
K-017	16	980	1	200	900	950	1	600	12,300	15,932	996
K-018	4	770	1	400	150	1	1	1	1	1,325	331
Total	151	16,654	16,938	6,446	9,685	4,210	8,418	5,148	18,113	85,612	
Percentage		19	20	8	11	5	10	6	21	100	
Average		925	941	358	538	234	468	286	1,006	4,756	567

**Figure 2: Income Stream Analysis (sample)**



Quantitative data gathering in resettlement situations can be problematic. Factors such as the adequacy of sample frames, the experience of field staff, the knowledge and cooperation of respondents, transportation and communications, and adequacy of field staff supervision can bias sampling as well as data collection. Resettlement planners should balance quantitative and qualitative methods of gathering data to ensure as complete an understanding of income streams as possible. Smaller-scale qualitative case studies may yield data that are as useful as larger-scale quantitative sample surveys. Guidance on survey planning and design can be found in the *Additional Resources* section at the end of this handbook.

**Step 5: Analysis of Surveys and Studies**—Analysis of the data collected in the census, assets inventory, and socioeconomic studies serves three ends: 1) it provides information needed to establish an entitlement matrix for household- and community-level compensation; 2) it yields basic economic and social information needed to design appropriate livelihood restoration and development interventions; and 3) it provides quantifiable demographic, economic, educational, occupational, and health indicators for future monitoring and evaluation of RAP implementation.

As table 4 and figure 2 illustrate, household data can be aggregated to compare the returns to labor or investment in different income stream options (for instance, farming, livestock, or commerce). This information is essential to designing livelihood restoration measures for affected households and communities. **Likewise, the assessment of losses resulting from the effects of the project are better understood in the context of the overall household and community economies.** Household data can, in turn, be disaggregated to identify economic strata within communities (the poorest and most vulnerable households, households dependent on remittances, etc.) and to identify appropriate assistance as well as development strategies for the populations affected by the project.

Socioeconomic studies also yield important information on the ways in which affected communities are organized and function. These studies should provide resettlement planners with an understanding of leadership and decision making processes within the community that may function independently of the prevailing political and administrative structures. This understanding also helps resettlement planners to identify informal social support networks that are important for the survival of the community, particularly more vulnerable members of the community such as households headed by women, the impoverished, and groups that suffer social and economic discrimination.

**Step 6: Consultation with Affected People Concerning Assistance Benefits and Development Opportunities**—With the information provided by the surveys and studies, resettlement planners can engage in informed and constructive consultations with the affected community regarding the RAP strategy for livelihood restoration. A committee of community representatives can serve as a focal point for consultations on the types of assistance proposed by resettlement planners as well as for subsequent participation of the community in RAP implementation. Where host communities are affected by resettlement decisions, representatives of these communities should be included in these consultations.

*Smaller-scale qualitative studies may yield data that are as useful as larger-scale quantitative sample surveys.*

*Surveys and studies provide a basis for informed consultation with affected communities about realistic livelihood restoration and development strategies.*

***Resettlement may provide opportunities to an affected community to improve housing, public infrastructure, and services and to engage in land use planning that contributes to the long-term development objectives.***

A project's impact may extend beyond a discrete number of affected households to the wider community. In other words, a project may result in disruptions to the economic and social relations of a community that cannot simply be offset by measures that compensate and restore income to affected households. An example of such disruption would be the reduced viability of a farmer's cooperative after some of its members were physically relocated by a project, or small-scale enterprises' losing customers for the same reason. Under circumstances where a project has such *cumulative impacts*, IFC may require project sponsors to support development interventions among the broader project-affected population to mitigate those effects. **Such interventions should be appropriate and sustainable, that is, they should be based on existing local capacity, local resources, and local initiative, and they should enable the participants to move beyond dependence on external resources (such as capital and expertise) within the life of the RAP implementation.** The best approach to designing such development interventions is direct consultation with the affected population.

It is beyond the scope of this document to prescribe the range of possible development interventions. However, survey data will yield a substantial amount of information on the economy and social organization of the affected community. Resettlement planners should review these data to identify appropriate and sustainable interventions. These interventions may relate to productivity or production enhancements of existing income streams through the extension of existing irrigated agriculture, construction of storage facilities, support for small-scale credit, and the formation of cooperatives and marketing strategies or the promotion of new commodities and enterprises. Project employment, during both the construction phase and the long-term operations phase, should also be considered as part of the overall development package.

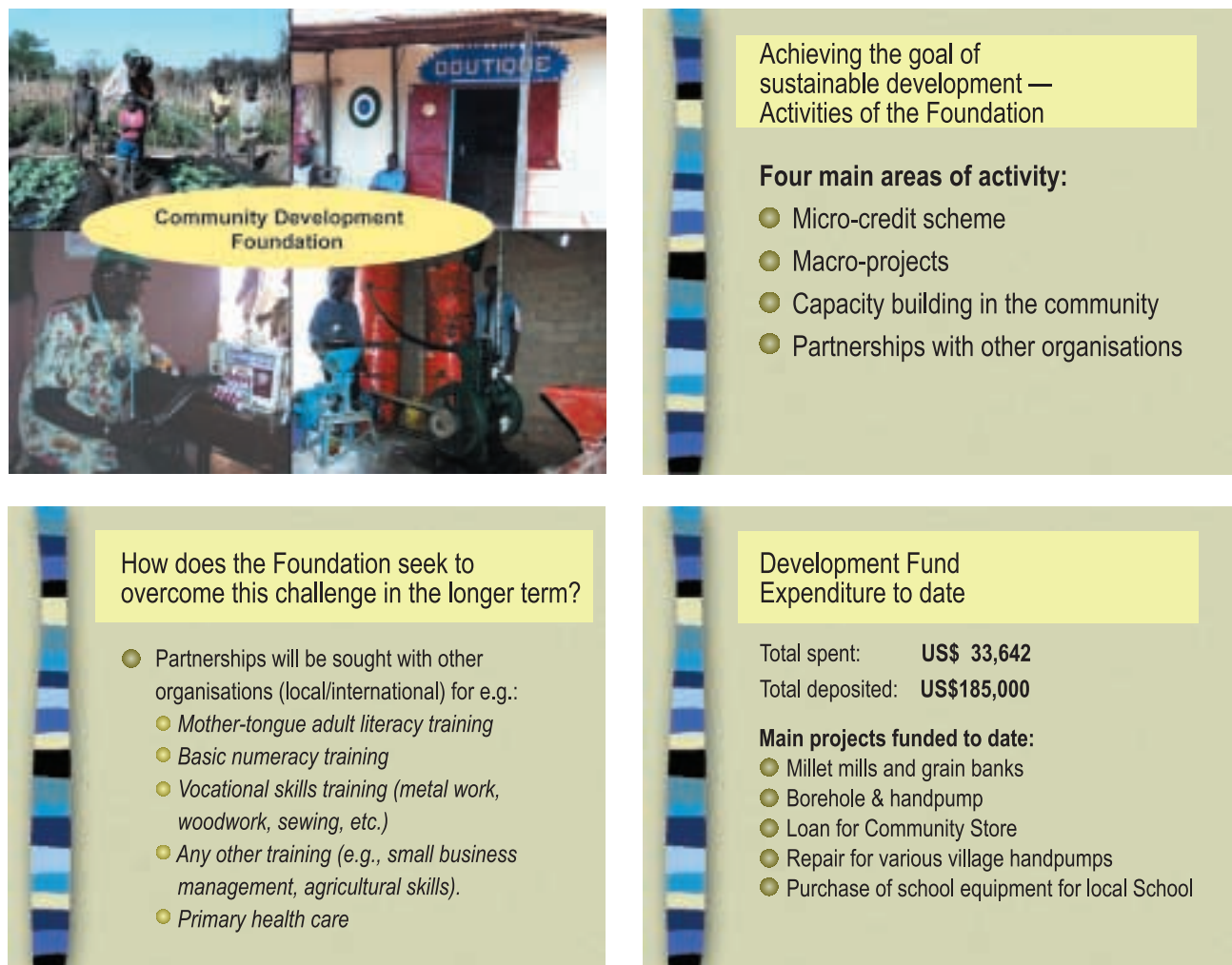
In addition to the restoration and improvement of livelihoods, resettlement may provide opportunities to an affected community to improve housing, public infrastructure, and services and to engage in land use planning that contributes to the long-term development objectives of individuals and the community as a whole. For example, resettlement associated with an infrastructure project in Côte d'Ivoire provided the affected population with the opportunity to move from substandard squatter housing to a planned and fully serviced site: permanent housing with water, sewerage, electricity, street lighting, and paved access. The resettlement site provided the affected population with improved access to schools, health facilities, and employment opportunities.

Having identified such development opportunities, resettlement planners should design appropriate interventions in close collaboration with beneficiaries, local authorities, and, where appropriate, local community-based organizations. Proposed development interventions will require documentation similar to resettlement plans: an implementation schedule; clear and effective organizational responsibilities; a program for consultation and participation; a mechanism for dispute resolution and problem solving; a detailed budget; a schedule for monitoring and independent evaluation; and mechanisms for taking corrective actions identified in the evaluation.

In all its investments, IFC strives to maximize development benefits for affected people. In other words, IFC seeks to promote the economic, social, and environmental sustainability of its investments. Where a project has a finite life span (as, for example, the



**Figure 3: Example of a Sustainable Development Project Serving People Associated with Mining Project**



development of a mine or of infrastructure such as a highway, port, or hydropower facility), IFC encourages sponsors to identify measures that will support community development initiatives beyond the life of a project. IFC's *Community Development Resource Guide for Companies* provides strategies for mobilizing resources (such as establishing linkages with NGOs or creating community development foundations) to support sustainable local-level development. Figure 3 illustrates a program of development initiatives supported by a mining project through a community development foundation. The figure describes the goal of the foundation and its principal activities, describes how it proposes to meet the challenge of sustainable development, and gives an account of activities supported to date.

***IFC encourages sponsors to identify measures that will support community development initiatives beyond the life of the project.***



## Legal Framework

The legal framework of a RAP describes all laws, decrees, policies and regulations relevant to the resettlement activities associated with a project. Many countries have legislation and policies governing land expropriation and compensation for affected assets. However, policy governing resettlement is often poorly defined, if not altogether lacking. IFC requires the project sponsor to identify, review, and abide by all laws of the host country that are applicable to land acquisition and involuntary resettlement including:

- the scope of the power of eminent domain and the nature of compensation associated with it, both the procedures for assessing compensation values and the schedule for making compensation payments;
- the legal and administrative procedures applicable, including the appeals process and the normal time for such procedures;
- land titling and registration procedures; and
- laws and regulations relating to the agencies responsible for implementing resettlement and those related to land compensation, consolidation, land use, environment, water use, and social welfare.

This requirement also extends to established local customs and traditions that govern affected communities. **All relevant laws and customs should be noted and summarized in the RAP**, as exemplified in table 5.

Regardless of the existence of relevant formal or customary laws, IFC requires the sponsor to ensure that the outcome of any involuntary resettlement associated with its project is consistent with IFC's policy on involuntary resettlement as stated in OD 4.30 (see annex A). In particular, this policy stipulates that people affected by the project must be:

- consulted regarding resettlement activities;
- provided with timely compensation for lost assets at full replacement cost;
- provided with alternative sites for relocation;
- provided with resettlement assistance, if required; and
- restored to livelihoods whose standards compare with, and preferably exceed, those that prevailed before resettlement.

These conditions are not commonly prescribed in the legislation of IFC member countries. Therefore, the development of the RAP legal framework requires the sponsor to compare prevailing laws and regulations of the host country with the policy on involuntary resettlement. Where relevant legislation is lacking or where that legislation falls short of meeting the conditions established by the policy—as for example payment of

*The RAP legal framework compares local laws and regulations with IFC policy, identifies gaps between the two, and describes how those gaps can be filled.*

**Table 5: Legislation Relevant to Resettlement for an Infrastructure Project in China (sample)**

Law/Regulation	Responsible Authority	Application
Land Law of the People's Republic of China (December, 1986)		
Article 27	Municipal Land Bureau	Establishes that a new land user (i.e., project developer) should pay compensation for land requisitioned for construction projects
Article 28	Municipal Land Bureau	Requires that in addition to compensation for land acquisition, compensation should be paid to cover loss of livelihood by project-affected agricultural workers
Article 29	Municipal Land Bureau	Empowers provinces, municipalities and autonomous regions to increase the amount of compensation to original land users where compensation provisions under Articles 27 and 28 are not sufficient to maintain the original land user's standard of living
Article 30	Municipal Land Bureau	Requires that, except for compensation paid for private structures, all compensation to be used for developing production or otherwise re-employing those whose livelihood is reduced by land acquisition
Land Management Regulation of Zhejiang Province (January, 1994)	Provincial and Municipal Land Bureaus	Regulations define: 1) circumstances where compensation is payable; 2) the basis to be used for calculating the amount of compensation; and 3) general standards for the amount of compensation, i.e., for land, crops, improvements and livelihood
National Highway Administering Regulation (January, 1998)	Municipal Transport Bureau	Responsible for the environmental protection and approval for infrastructure projects; items to be addressed in the environmental assessment are issued by the responsible organization
National Law on Cultural Relic Protection	Municipal Land and Environment Bureau	Responsible for the organization of cultural relics, recovery of archaeological artifacts and preservation of cultural relics
Woodland Control Regulations of Zhejiang Province (Decree No. 43, April, 1994)	Municipal Land Bureau	Responsible for forestry operations, forest protection, planting of forest areas, logging of forest areas and legalities.

compensation for lost assets *at full replacement cost*—**the sponsor must meet the conditions of the policy**. In other words, the sponsor must identify gaps between local law and IFC policy and propose a strategy to address those gaps. In doing so, the sponsor must be careful not to compromise relations with the host government by appearing to infringe on its sovereignty. In such cases, bringing a project's compensation framework into compliance with IFC policy will require careful negotiations with the host government and determined coordination with local authorities on the part of the sponsor. Specific examples of such cases are provided in the paragraphs that follow.

The legal framework lays the foundation for three key elements of the RAP: 1) establishing rates of compensation; 2) determining eligibility for compensation and resettlement assistance, including development initiatives aimed at improving the social and economic well-being of affected populations; and 3) establishing mechanisms to resolve grievances among affected populations related to compensation and eligibility. The first



*IFC expects all people affected by a project to be compensated for loss of physical assets, revenue, and income resulting from economic displacement or physical relocation.*

two components are discussed in the context of the RAP compensation framework below. Mechanisms to ensure the timely redress of grievances are discussed later in this section.

## Compensation Framework

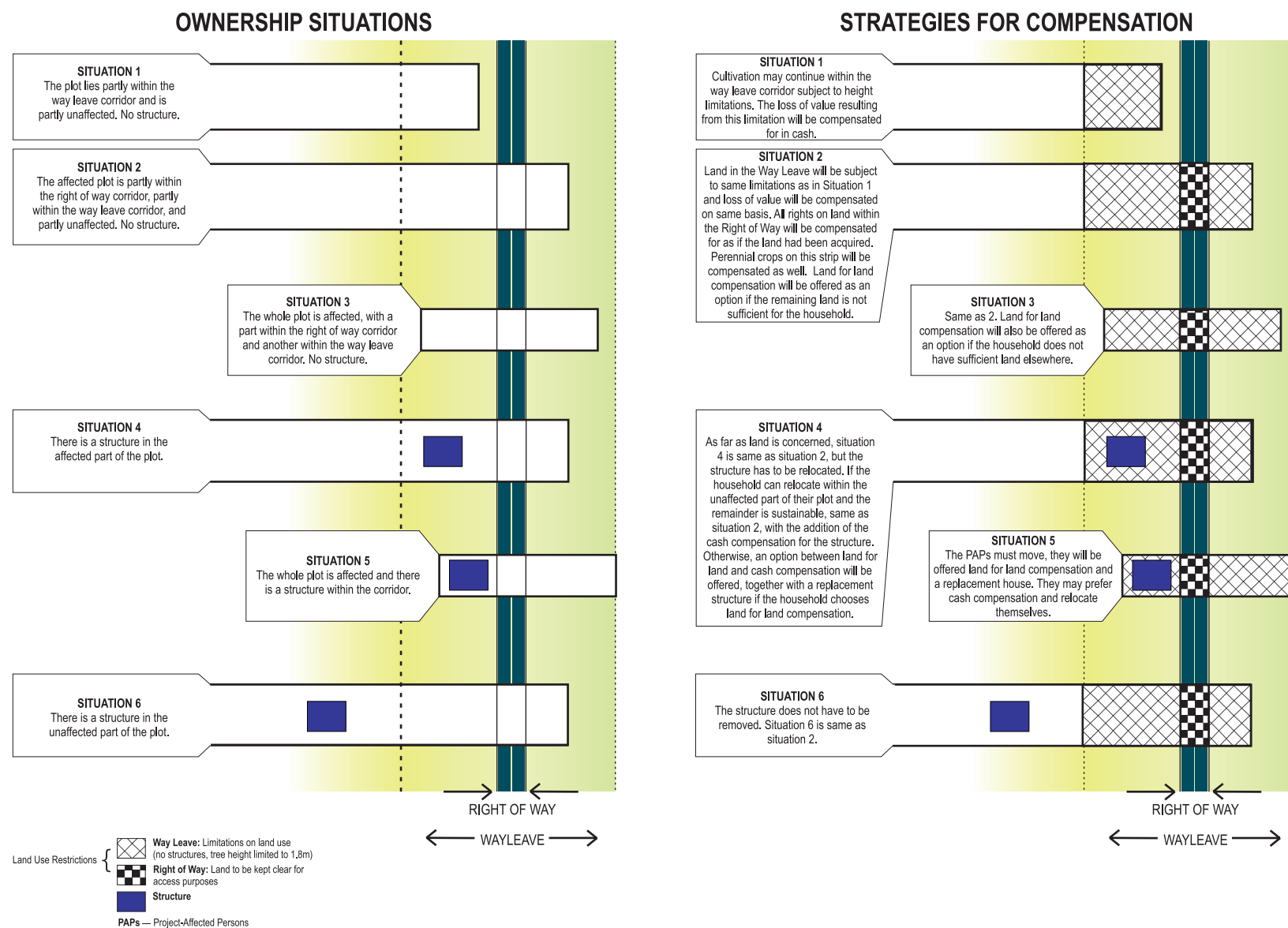
The RAP compensation framework specifies all forms of asset ownership or use rights among the population affected by the project and the project's strategy for compensating them for the partial or complete loss of those assets (see figure 4). The compensation framework should include a description of the following: 1) any compensation guidelines established by the host government; 2) in the absence of established guidelines, the methodology that the project sponsor will use to value losses; 3) the proposed types and levels of compensation to be paid; 4) compensation and assistance eligibility criteria; and 5) how and when compensation will be paid.

**Compensation**—IFC expects the project to compensate affected people for loss of physical assets, revenue, and income resulting from economic displacement or physical relocation whether these losses are temporary or permanent. If domestic law does not already specify such a framework, the project sponsor should establish transparent methods for the valuation of all assets affected by the project. **These methods should include consultation with representatives of the affected communities to assess the adequacy and acceptability of the proposed compensation.** Such consultation is especially important where market values for assets are not well established (property markets in emerging economies) or intangible (social or cultural values that are not readily monetized).

After acceptable compensation rates are established, they are applied to the RAP *inventory of losses* for all households and enterprises affected by the project. A simple software application can be used to create a database that combines census data, inventory of losses data, and compensation formulas. This database can then be used to budget compensation payments and to track progress in settling compensation claims. Table 6 provides an example of a compensation payment database format.

If compensation procedures are not addressed under domestic law, **the project sponsor should also establish a method for delivering compensation** (either cash payments or in-kind allocations, as in the case of land-for-land compensation). In most cases, the project sponsor will collaborate with local government authorities in the distribution of compensation payments. Those eligible for compensation should be given advance notice of the date, time, and place of payments via public announcement. Receipts should be signed by all those receiving compensation payments and retained for auditing purposes. The payment of compensation should be monitored and verified by representatives of the project sponsor as well as representatives of the affected communities, which can often include community-based organizations and local NGOs. It may be appropriate for the sponsor and government authorities to engage the services of a registered auditing firm to monitor compensation payments.

Figure 4: Illustration of Compensation Strategies for Linear Resettlement Associated with a Highway Project



Source: ESG / WS Atkins / F. Giovannetti



**Table 6: Database Format for Assessing and Processing Compensation Claims (sample)**

Reg. No.	Owner/ Head of Household	Crops					Total Crop Value (US\$)	Crop Land		Structures		Total Compensation
		Maize \$40 per ha.	Cassava \$30 per ha.	Peanut \$14 per ha.	Cashew \$40 per unit	Mango \$11 per unit		\$273 per ha.	\$164 per sq. m.	Area/ sq. m.	Total value (US\$)	
001	Carlos Batsane	0.5	0.2	0.3	5		229	0.5	136	50	8,218	\$8,584
002	Christina Nhatumbo	0.3	0.1	0.1		4	61	0.3	0	35	0	\$62
003	Emelinda Cuvele	1.2	0.6	0.6	10		473	1.2	0	65	1	\$473
004	Isabel Mutemba	0.5	0.3	0.2	2	2	134	0.5	0	50	0	\$134
005	Laura Amelia Chambiss	0.3	0.1	0.1		4	61	0.3	0	35	0	\$62
006	Margarinda Nhaposse	1.2	0.6	0.6	10		473	1.2	0	65	1	\$473
007	Bartolomeue Villanculos	0.5	0.3	0.2	2	2	134	0.5	0	50	0	\$134
008	Laurenco Bila	0.3	0.1	0.1		4	61	0.3	0	35	0	\$62
009	Gilda Sumbane	1.2	0.6	0.6	10		473	1.2	0	65	1	\$473
010	Almerinda Daniel	0.5	0.3	0.2	2	2	134	0.5	0	50	0	\$134

***Compensation rates should be applied consistently throughout the life of the project to protect the sponsor from unjustified and exaggerated claims.***

The sponsor must clearly demonstrate the adequacy of all compensation rates in the RAP document. Once acceptable compensation rates are established, the sponsor or any other party responsible for resettlement should apply these rates consistently throughout the life of the project or adjust the rates consistently if compensation payments are staggered over the life of the project. Adjustment of the rates for one group—for example to induce a hold-out household or group to vacate the project site—may expose the sponsor to unjustified and exaggerated compensation claims from other affected groups or their representatives. For example, a sponsor of an infrastructure project in Central America established a fair rate of compensation for land required by its project. The majority of occupants of that land accepted the compensation and vacated the land. The remaining occupants demanded higher rates of compensation, which, in the interest of avoiding project delays, the sponsor agreed to pay. On learning of the higher compensation payments, a number of families in the first group reoccupied the project site and demanded compensation equivalent to that received by the second group. The first group has since brought suit against the sponsor claiming that their original compensation was inadequate.

One of the fundamental tenets of the involuntary resettlement policy is that, where feasible and where desired by the affected people, land-based resettlement options should be provided to displaced people whose livelihoods are based on use of the land (for instance, farmers and herders). These options may include resettlement on or access to land acquired or purchased for resettlement. Such **land-for-land** compensation should be made according to the following principles:

- New land should be equivalent or superior in productive potential to the land from which people will be displaced;



- New land should be located in reasonable proximity to land from which people will be displaced;
- New land should be provided free of any “transaction costs” such as registration fees, transfer taxes, or customary tributes;
- New land should be prepared (cleared, leveled, and made accessible) for productive levels similar to those of the land from which people will be displaced (preferably, affected people should be paid by the project to do this work).

In situations where arable land available for compensation is fundamentally different from the land from which people will be displaced, the project should provide technical support and appropriate inputs to farmers to bring the land into full productive potential. In situations where arable land is not available, the project should provide support (such as skills training, grants, or credit for enterprise start-up) to affected people to adjust to nonfarming occupations as part of their resettlement assistance. The same principle applies to people whose principal livelihood is animal husbandry, but for whom suitable pasture or grazing land is not available.

In situations where **cash compensation** is appropriate (or where affected persons—after informed consultation—choose cash rather than land-for-land compensation), the sponsor should calculate and award compensation payments according to the following principles:

- Compensation rates should be calculated in consultation with representatives of affected populations to ensure that rates are fair and adequate;
- Compensation for land, crops, trees, and other fixed assets should be sufficient to enable affected people to restore their standard of living after resettlement;
- Compensation for structures should cover full replacement cost exclusive of depreciation and inclusive of all fees (such as construction permits and title charges) and labor costs;
- Compensation payments should be made before any acquisition of assets or physical resettlement takes place unless those payments are staggered to enable affected people to begin preparation of new sites;
- Compensation for dismantled infrastructure or disrupted services should be paid to affected communities, or to local government as appropriate, at full replacement cost, before civil works begin;
- Where necessary and feasible, local currency compensation values should be indexed to the U.S. dollar or other stable currency to protect affected people against local currency fluctuations and inflation;
- Compensation for lost earnings should be paid to proprietors and employees for the duration of work stoppages resulting from the relocation of enterprises.

***Where prevailing domestic law does not meet the standard of compensation at full replacement cost, the project sponsor should provide supplementary assistance.***

***Squatters are entitled to resettlement assistance if they occupied the project area before an established cut-off date.***

Where prevailing domestic law does not meet the IFC policy of compensation at full replacement cost (that is, market value plus transaction costs), the project sponsor must supplement payments with additional measures to meet the replacement cost standard. If local laws preclude such “topping up” of compensation payments, the sponsor may choose to provide allowances or supplementary assistance in cash or kind to eligible affected people. See the *Glossary of Terms* for an explanation of what constitutes replacement cost for land and structures.

**Eligibility for Assistance**—The project sponsor must establish and disclose the criteria by which affected people will be considered eligible for compensation and other resettlement assistance. This procedure should include provisions for consultations with affected persons, households, and community leaders, local authorities, and, as appropriate, NGOs.

Under the IFC policy, displaced persons in the following two groups are entitled to compensation for loss of land or other assets, such as dwellings and crops taken for project purposes, and to resettlement assistance:

- Those who have formal legal rights to land or other affected assets (including customary and traditional rights to the use of land or other assets); and
- Those who do not have formal legal rights to land or other assets at the time of the census, but who have claim to such legal rights by virtue of occupation or use of those assets.

In other words, ***the absence of legal title to land or other assets is not, in itself, a bar to compensation for lost assets or to other resettlement assistance.*** Persons belonging to the second group above may or may not be present in the project area during the time of the census. Seasonal resource users such as herders or fishing families, hunters, and gatherers may have interdependent economic relations with communities located within the project area that will be adversely affected by resettlement. The existence of such populations and economic relationships can be determined through direct consultation and through socioeconomic surveys.

The population affected by the project may include people who are residing on or otherwise occupying land at or near the project site in violation of local or national laws. People who belong to this group, often referred to as “squatters,” are not entitled to compensation for loss of land under IFC policy. However, they are entitled to compensation for any improvements made to the land (such as structures, perennial crops, and trees) as well as to resettlement assistance if they occupied the project area before an established cut-off date.

In the interest of the public good, IFC encourages project sponsors to work with host governments to resettle squatters in areas where they can establish legal title or, in the case of informal businesses, regularize their status. Formal recognition of those claims may simplify the resettlement of squatters by entitling them to the same resettlement assistance package as those project-affected people having legal title to lands affected by the project.

If adequate public notice of the cut-off date has been given, persons who settle in the project site after that date are not entitled to compensation for lost assets or any other form of resettlement assistance.

The project sponsor should prepare an **entitlement matrix** with respect to both temporary and permanent displacement that identifies:

- all categories of affected people, including property owners and land right holders, tenants, squatters, sharecroppers, grazers, nomadic pastoralists and other natural resource users, shopkeepers, vendors and other service providers, communities, and vulnerable groups;
- all types of loss associated with each category, including loss of physical assets; loss of access to physical assets; loss of wages, rent, or sales earnings; loss of public infrastructure and elements of cultural significance (as identified in the *inventory of losses*); and,
- all types of compensation and assistance to which each category is entitled, including: compensation for or replacement of land and natural resources; compensation for structures, assets, wages, rent, or sales earnings; moving assistance and post-resettlement support (such as technical assistance, extension and skills training, and access to credit).

The sponsor should ensure that eligibility criteria for relocation and cost recovery are not disadvantageous to women, whose incomes tend to be lower and less stable than those of men. Eligibility for relocation and the allocation of new sites should be made to the head of the household, male or female. Land titles, use-right agreements, or loan titles should, if possible, be registered in the name of husband *and* wife, or in the name of the woman if she is the head of household. A sample entitlement matrix—from an electricity transmission line project—is illustrated in table 7.

**Responsibility and Schedule for Compensation Payments**—The RAP compensation framework specifies the organization or agency responsible for delivering entitlements to all groups eligible for resettlement assistance and a timetable for the delivery of entitlements. People affected by a project may have multiple entitlements. For example, a farmer who loses productive land to an oil pipeline project may be entitled to an alternative plot of land and compensation for standing crops from the local civil administration. The same farmer may be entitled to agricultural extension services from the district agricultural office to help him maximize crop yields from his new plot of land. Similarly, a shopkeeper who loses her business and clientele due to the extension of an airport runway may be entitled to compensation for her shop and inventory. The same shopkeeper may be entitled to alternative job training or credit to establish a new business from an NGO providing such services on behalf of the project sponsor.

Resettlement planners should establish a timetable for the payment of compensation and delivery of related entitlements to each category of eligible people. It may be advisable for compensation payments to be staggered or paid out in installments to allow affected people to establish themselves at the new site (to prepare farm plots, to construct hous-

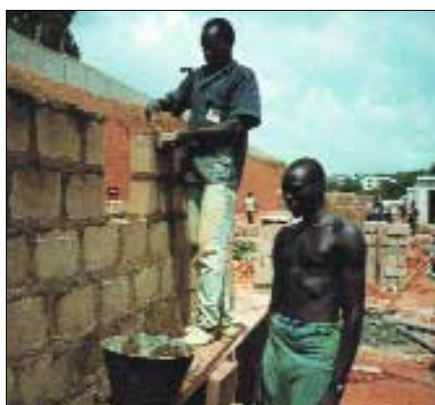
***The sponsor should ensure that eligibility criteria for relocation and cost recovery are not disadvantageous to women, whose incomes tend to be lower and less stable than those of men.***

***Staggering compensation payments enables resettlement planners to determine if payments are being used for their intended purpose and, if not, to adjust the compensation framework accordingly.***

**Table 7: Entitlement Matrix (sample)**

Category of PAP	Type of Loss	Entitlements				
		Compensation for Loss of Structures	Compensation for Loss of Assets	Compensation for Loss of Income	Moving Allowance	Other Assistance
Property Owners	Loss of land	<ul style="list-style-type: none"> <li>■ No compensation</li> <li>■ Sign wayleave agreement</li> <li>■ Land use restrictions</li> </ul>	Crops, trees and fencing at Government schedule plus 20%			
	Loss of structure, residential or business	<ul style="list-style-type: none"> <li>■ Compensation at replacement value</li> <li>■ For opportunity cost of demolition/reconstruction, lump sum cash payment of \$50</li> </ul>	Compensation for lost assets, e.g., water points, latrines, etc., at replacement cost	<ul style="list-style-type: none"> <li>■ For lost rental income, lump sum cash payment of 3 months rent, up to \$95</li> <li>■ For lost business income, lump sum payment up to \$125</li> </ul>	Lump sum cash payment of \$15 Only one payment if residence and business combined at same location	
Tenants	Loss of rental accommodation	No loss of structure so no compensation, and no entitlement to accommodation at new site	No loss of assets	No loss of income	Lump sum cash payment of \$15 Only one payment if residence and business combined at same location	Lump sum payment of three months rent up to \$95 in lieu of termination of rental agreement
Squatters	Loss of land	Relocation to resettlement site of choice and provision of plot for fee of \$40	Crops, trees and fencing at Government schedule plus 20%	For lost business income, lump sum payment up to \$125	Crops, trees and fencing at Government schedule plus 20%	

es or shops). The staggering of compensation payments enables resettlement planners to determine if payments are being used for their intended purpose and, if not, to adjust the compensation framework accordingly. A compensation timetable can be incorporated into the overall schedule of RAP implementation (see Budget and Implementation section below), and the timetable's deadlines can serve as implementation milestones for the purposes of RAP monitoring (see Monitoring and Evaluation section below).



## Resettlement Assistance and Livelihood Restoration

Wherever possible, the project sponsor should avoid or minimize the displacement of people by exploring alternative project designs (for example, realignment of a gas pipeline to bypass human settlements). Where displacement is unavoidable, the sponsor should plan and execute resettlement as a development initiative that provides displaced persons with opportunities to participate in planning and implementing resettlement activities as well as to restore and improve their livelihoods. IFC recommends that project sponsors undertake the following actions on behalf of all affected people, including members of the host communities in which displaced people will be settled:

- Inform affected people of their options and rights concerning resettlement;

- Provide technically and **economically feasible options for resettlement** based on consultation with affected people and assessment of resettlement alternatives;
- Whether physical relocation is required or not, provide affected people with prompt and effective compensation at full replacement value for loss of assets due to project activities;
- Where physical relocation is necessary, provide assistance with relocation expenses (moving allowances, transportation, special assistance and health care for vulnerable groups);
- Where physical relocation is necessary, provide temporary housing, permanent housing sites, and resources (in cash or in kind) for the construction of permanent housing—inclusive of all fees, taxes, customary tributes, and utility hook-up charges—or, as required, agricultural sites for which a combination of productive potential, locational advantages, and other factors are at least equivalent to the advantages of the old site.
- Provide affected people with transitional financial support (such as short-term employment, subsistence support, or salary maintenance); and
- Where necessary, provide affected people with development assistance in addition to compensation for lost assets described above such as land preparation, agricultural inputs, and credit facilities and for training and employment opportunities.

The project sponsor should undertake all land acquisition, provide compensation for lost assets, and initiate resettlement related to a specific project before that project commences. **IFC often links the implementation of resettlement activities to the schedule of disbursements for project financing.** In doing so, IFC ensures that displacement does not occur before the sponsor has carried out the necessary measures for the resettlement of the affected people. In particular, the acquisition of land and other assets should not take place until compensation is paid and, where applicable, resettlement sites and moving allowances are provided to displaced persons. In situations where the responsibility for some tasks related to resettlement is passed through to contractors (such as preparation of resettlement sites, provision of temporary social services, and transportation), the sponsor should ensure that appropriate arrangements, such as penalty clauses for nonperformance, are written into contracts and enforced. Similarly, in situations where a host government assumes responsibility for resettlement with financial support from the sponsor, the sponsor should negotiate performance-based implementation agreements with the appropriate government agency linking disbursement of funds in installments to the achievement of agreed milestones.

As noted in the discussion of the compensation framework, the sponsor must be sensitive to the special needs of women and other vulnerable groups in the planning and implementation of resettlement and livelihood restoration. Men and women have different needs and opportunities for access to land, resources, employment, and markets.

*People must be provided with options regarding compensation, resettlement assistance, and livelihood restoration packages.*

*Sponsors should ensure that project contractors abide by all RAP principles and procedures.*

*Men and women have different opportunities for access to land, resources, employment, and markets. Resettlement will therefore affect men's and women's livelihoods differently.*

*The two most critical concerns in site selection are location and community preservation.*

Resettlement will therefore affect men's and women's livelihoods differently. A discussion of the special needs of women and vulnerable groups is included below.

Resettlement involving physical relocation of people affected by the project will have the following components:

- site selection and preparation;
- influx management;
- relocation schedule and assistance;
- replacement of services and enterprises;
- restoration of livelihood;
- treatment of cultural property; and
- special assistance for women and vulnerable groups.

**Selection and Preparation of the Resettlement Site**—The resettlement site must be chosen through consultation with all displaced people and host communities. Resources and plans for land use must be evaluated. Site selection and the shelter and infrastructure options provided at the new sites should reflect both the preferences of the affected population and the best opportunities for timely restoration of livelihoods. The two most critical concerns in selection of a resettlement site are **location and community preservation**. The selection of resettlement sites that provide people with reliable access to productive resources (arable and grazing land, water, and woodlands), employment, and business opportunities is key to the restoration of livelihoods. Resettlement options should avoid breaking up communities, because the maintenance of the social networks linking members of the affected communities may be critical to the successful adaptation of those communities to their new circumstances. Table 8 illustrates some resettlement options that address these concerns. Though community preservation is a primary concern, some members of a community may have other settlement preferences, including a preference *not* to remain part of the affected community. For this reason, all community members must be consulted and provided with appropriate options for resettlement.

The RAP must describe the site selection process in detail; provide a description of the selected site (including alternative sites); describe preliminary site evaluation (including the outcome of the environmental assessment of sites and social assessments of the host population); and describe housing options, land preparation requirements, and service infrastructure (access roads/pathways, piped water supply, electricity, lighting, drainage, and waste management). The sponsor must ensure that all affected households and enterprises receive clear title to their new sites free of registration fees, licensing fees, or customary tribute payments. **Special provisions may have to be made for households headed by women and children and other vulnerable groups in circumstances where local law or custom does not fully recognize their rights to own or register land, assets, or enterprises.** Such provisions may be difficult to implement if the host government does not recognize private ownership of land. Nevertheless, the sponsor should make every effort to reach agreements with host governments that ensure the security of affected people's ownership of land and assets.

**Influx Management**—The problems of an influx of newcomers and resettlement are often closely related and have similar effects on host communities. Resettlement sites are



**Table 8: Options for Physical Resettlement**

<p><b>No Resettlement</b> The option of no resettlement should be considered if alternatives are too expensive or policy objectives cannot be met.</p>	<p><b>On-Site Resettlement</b> Where the population densities are relatively low, it may be possible to consolidate members of an affected community in a single area thus making room for project facilities without having to relocate the community to another site.</p>	<p><b>Partial Resettlement</b> Where the whole site is not required for project facilities, it may be possible to minimize or isolate land take. As a result, only a fraction of the affected community may require physical relocation.</p>
<p><b>Resettlement to Nearby and Multiple Sites</b> Where full resettlement is necessary, the impact of displacement can be minimized by relocating affected people to several small sites near the affected area; the extent to which this type of resettlement is possible or desirable depends on the structure of the community and on the land market.</p>	<p><b>Resettlement to Margins of Developed Areas</b> The margins of developed areas offer cheaper land than more central locations but normally still have access to utilities and infrastructure.</p>	<p><b>Resettlement to Distant Sites</b> Land cost and availability considerations often favor the selection of resettlement sites far from project facilities, but the disadvantages of such sites include lack of employment and business opportunities and of wider social support networks; the cost of infrastructure provision is likely to be high; and social services will likely have to be specially provided.</p>

Adapted from Davidson, et. al. (1993)

often located close to project areas and thus represent an obvious collection point for job seekers. In many societies providing accommodation and support to extended family members is an important social obligation. Large-scale projects (in particular mining and power projects in remote rural areas) often attract significant numbers of newcomers seeking employment or other opportunities associated with construction and operation of the project. For example, on a mine project in Mali, the influx and largely uncontrolled settlement of more than 3,500 newcomers had severe negative effects on host communities in and around the project area as well as on the project itself. Subsequent expansion of the mine necessitated *resettlement of newcomers* within only two years after their arrival. To avoid such circumstances, project planners should take a proactive approach and prepare an **influx management plan** in association with RAP initiatives as part of the overall project environmental impact assessment. The expertise of the RAP team and the methodology of the RAP process can be applied to the management of population influxes to develop a single coordinated response to the social and economic effects of a project.

**Relocation Schedule and Assistance**—The RAP should outline the details of the physical movement of people scheduled for relocation to the resettlement sites. This outline should include dates and times of movement, how information on the relocation will be disseminated to the affected people, logistics of transportation of people and belongings to the site, and arrangements for temporary shelter and services (food, water, emergency medical care, and waste management) en route to and on arrival at the site. Any moving allowances to be paid in lieu of relocation assistance must be documented and justified. Provisions may have to be made for members of vulnerable groups (such as pregnant women, the aged, or handicapped) who require special assistance with physical relocation.

*The influx of both newcomers and resettled populations is often closely related and has similar impacts on host communities.*



*The sponsor must make every effort to ensure the continuity of social services provided by government agencies to the resettlement sites.*

*IFC encourages project sponsors to undertake resettlement as an initiative that leads to an improved standard of living for people affected by the project.*

**Replacement of Services and Enterprises**—The RAP should provide details on how the sponsor plans to replace social services such as health clinics and schools as well as shops, service providers, and other community services. For example, the sponsor may consider establishing a sheltered and serviced marketplace central to the relocation site(s) to encourage merchants and other enterprises to relocate with the affected population. The sponsor must make every effort to ensure the continuity of social services provided by government agencies to the resettlement sites. In other words, the government must make a commitment to staff, operate, and maintain facilities. A health center without nurses or a school building without teachers serves little purpose. In the absence of government commitments, the sponsor will need to identify and finance appropriate NGOs or community organizations to support these services until the government can assume control of them.

**Livelihood Restoration**—In cases where resettlement affects the income-earning capacity of the displaced families, compensation alone does not guarantee the restoration or improvement of their living standards. As noted in the introduction, IFC encourages project sponsors to undertake resettlement as a sustainable development initiative, that is, an initiative that leads to an improved standard of living for project affected people. The following are recommendations for the design of rehabilitation measures for improved and sustainable livelihoods.

- **Land-based livelihoods**—Resettlement sites may require dependable access to grazing land, forest, and water resources; physical preparation of farm land (clearing, leveling, creating access routes, and soil stabilization); fencing for pasture or cropland; agricultural inputs (seeds, seedlings, fertilizer, irrigation); veterinary care; small-scale credit including rice banks, cattle banks, and cash loans; and access to markets.
- **Wage-based livelihoods**—Wage earners in the community may benefit from skills training and job placement, provisions made in contracts with project sub-contractors for employment of qualified local workers, unemployment insurance, and small-scale credit to finance startup enterprises. Sponsors should provide sufficient lead time for training of affected people to enable them to compete for jobs related to the project.
- **Enterprise-based livelihoods**—Established and nascent entrepreneurs and artisans may benefit from credit or training (business planning, marketing, inventory, and quality control) to expand their business and generate local employment. Sponsors can promote local enterprise by procuring goods and services for their projects from local suppliers.

Resettlement allowances are occasionally offered in cash to those people who do not wish to continue their land-based livelihoods and for whom jobs cannot be provided. When payment of a cash resettlement subsidy is considered, **the sponsor should assess the abilities of the affected population to use cash to restore their standard of living.** It is common for households in subsistence-based economies as well as poorer households in cash-based economies to divert cash compensation from longer-term invest-

ment to short-term consumption. Under these circumstances, compensation in kind (for example, livestock or other moveable/transferable property) may be more appropriate.

**Treatment of Cultural Property**—The RAP should document all necessary efforts to protect, move, and restore the cultural property of all affected people. Depending on the complexity of its impact, the project may require a separate cultural property management plan. In this case, the RAP may not have to address the issue. Nonetheless, the movement of cultural artifacts must be carried out in consultation with communities and in collaboration with the designated government agencies. The relocation of artifacts and structures associated with religious worship can occur only after consultation with ritual practitioners (priests and spirit mediums) and must include compensation for associated rituals. Families must be compensated for both the logistical and the ritual costs of exhuming family graves and transferring remains to a new site. Sponsors whose projects affect cultural property will be expected to comply with IFC's safeguard policy OPN 11.03 on *Cultural Property*.

**Special Assistance for Women and Vulnerable Groups**—Women comprise a disproportionately large number of the poor in most countries. Gender discrimination limits women's access to resources, opportunities, and public services necessary to improve the standard of living for themselves and their families. As a result, women are often the first to suffer when resettlement is planned or executed badly. Women tend to rely more heavily than men do on informal support networks, such as the help of friends, neighbors, or relatives for child care. Women with children also have less physical mobility to travel to find ways of earning a livelihood. For these reasons, the sponsors' efforts to maintain the social continuity of communities affected by a project—whether through the physical design of new sites, measures to prevent the disintegration of the community, or the provision of specialized social services at those sites—are important. Some of the immediate and practical initiatives that can be considered to improve women's adaptation to the resettlement site include:

- ensuring that land titles and compensation entitlements are issued in the name of both spouses;
- reducing women's workloads by providing, for example, standpipes, hand pumps, grinding mills, woodlots, fuel efficient stoves, ox carts, and plows;
- improving health services by providing training for village midwives, primary health care centers, child spacing/family planning counseling, clean water supply, and sanitation training;
- improving family services by providing immunizations, child care for wage-earning women, primary schools, inputs for food-crop production, and housing; and
- increasing incomes by setting up credit groups, skills training, and access to markets.



***Women are often the first to suffer when resettlement is badly planned or executed.***

However, the social or legal status of women is likely to remain circumscribed and, thus, their ability to improve their own and their family's livelihoods will be compromised without longer-term "strategic" efforts to change gender discrimination. Some strategic initiatives that can improve women's livelihoods in their new settings include:

- improving educational opportunities (providing literacy and numeracy training, promoting girls' education);
- improving access to productive assets (credit, legal reform);
- improving participation in decisionmaking (support for women's interest groups); and
- promoting equal opportunity for women's employment.

These initiatives may help women adapt to the resettlement site. However, the social or legal status of women is likely to remain circumscribed and, thus, their ability to improve their own and their family's livelihoods will be compromised without longer-term strategic efforts to change gender discrimination.

Vulnerable groups can include households headed by women, households victimized by HIV/AIDS that are headed by children, households made up of the aged or handicapped, households whose members are impoverished, or households whose members are socially stigmatized (as a result of traditional or cultural bias) and economically marginalized. Special assistance to vulnerable groups may consist of the following:

- provision for separate and confidential consultation;
- priority in site selection in the host area;
- relocation near to kin and former neighbors;
- provision of a contractor, if necessary, to construct their new house;
- assistance with dismantling salvageable materials from their original home;
- priority access to all other mitigation and development assistance; and
- monitoring of nutritional and health status to ensure successful integration into the resettled community.

The RAP should document the rehabilitation measures that the sponsor will put into effect for all vulnerable groups during the physical relocation and rehabilitation of affected communities.

## Budget and Implementation Schedule

Project sponsors commonly underestimate the actual costs of resettlement planning and implementation. It is essential that all costs be estimated carefully and included in a detailed RAP budget. Without an accurate assessment of the costs of land acquisition, compensation for lost assets, and physical displacement, project planners cannot determine the real cost of project design alternatives such as alternative routes for power transmission lines or alternative sites for greenfield projects. The sponsor should itemize resettlement costs by categories of impact, entitlement, and other resettlement expenditures including training, project management, and monitoring. The results should be presented in a tabular form that illustrates expenditures over the life of the project. To ensure that all adverse impacts have been taken into account, budget line items should be checked against categories of adverse impact and entitlements. A sample budget is provided in annex C.



The RAP budget must include a justification of all assumptions made in calculating compensation rates and other cost estimates and must take into account both physical and cost contingencies. As noted above, the cash value of compensation packages should be indexed to U.S. dollars or another stable currency to protect those eligible for cash compensation from local currency devaluation or inflation. Alternatively, the sponsor can budget allowances to offset currency fluctuations as a contingency. This practice is particularly important when resettlement will be carried out in the relatively distant future or in phases over a long period.

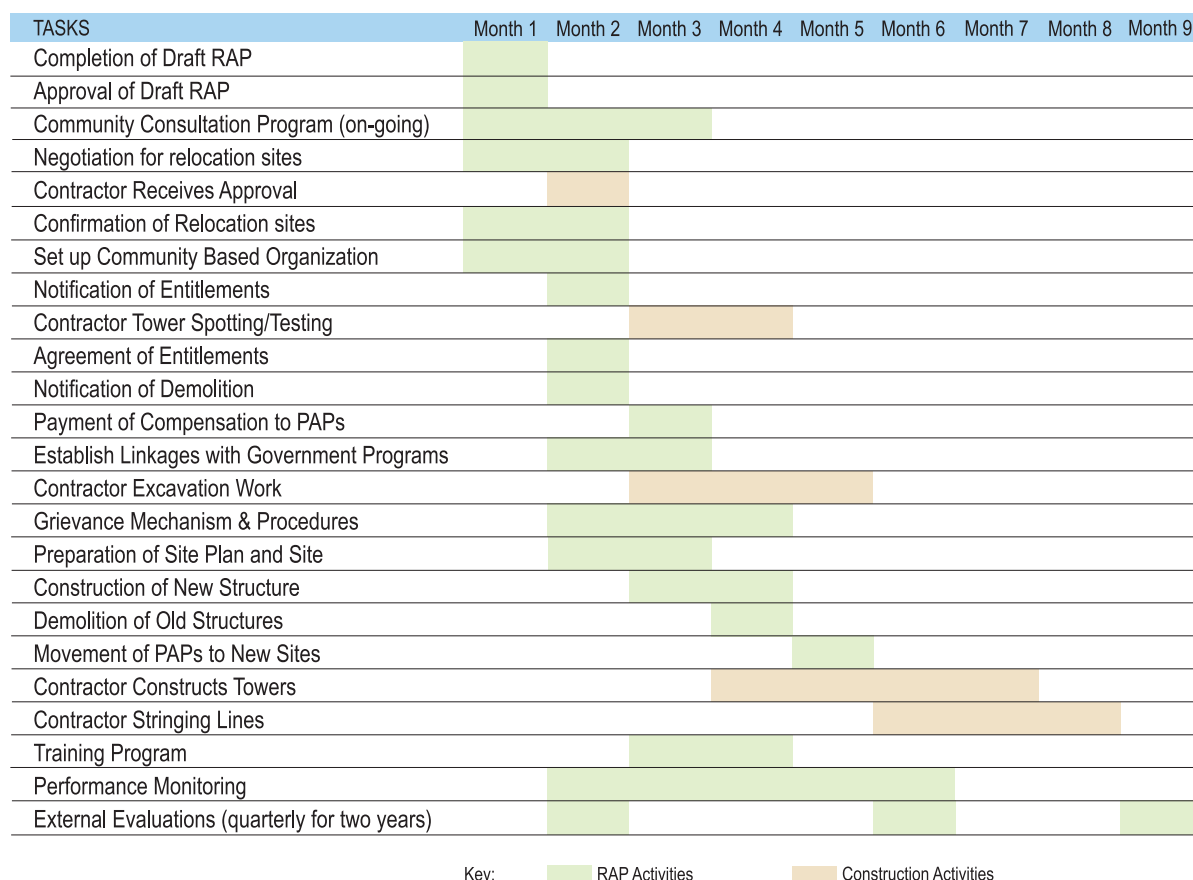
The sponsor should be explicit about the source of funding for the RAP budget. In situations where the host government assumes responsibility for the payment of compensation and resettlement assistance allowances, the sponsor should collaborate with the responsible government agency to ensure that payments are made on schedule. If the sponsor is financing government resettlement efforts, it should do so in installments and link disbursement of funds to performance-based milestones. In situations where the sponsor assumes sole responsibility for resettlement funding, it must describe its arrangements for the timely disbursement of funds.

The RAP budget should be linked with a detailed implementation schedule for all key resettlement and rehabilitation activities. This schedule should, in turn, be synchronized with the project's schedule of civil works construction (see Table 9). Timing of the RAP field activities (consultation, census, and survey implementation) is crucial: commencement of field activities too soon before the project begins may raise local expectations and attract newcomers; commencement of activities too late after the project starts may interfere with project implementation. Planners should be attentive to the agricultural and employment cycles of affected people and avoid scheduling key resettlement activities at times that may disrupt these cycles. Linking resettlement and construction schedules ensures that project managers place key resettlement activities on the same critical path as key project construction activities. Linking schedules in this way creates an imperative for coordinating resettlement with other project activities throughout the chain of project management.

***Accurate costing of resettlement is crucial to the design of capital development projects.***

***The RAP implementation schedule should be synchronized with the overall project implementation schedule.***

**Table 9: Sample RAP Implementation Schedule**



**IFC expects the project sponsor to play an active role during the preparation, implementation, and monitoring of the RAP even if it is carried out by the host government.**

## Organizational Responsibilities

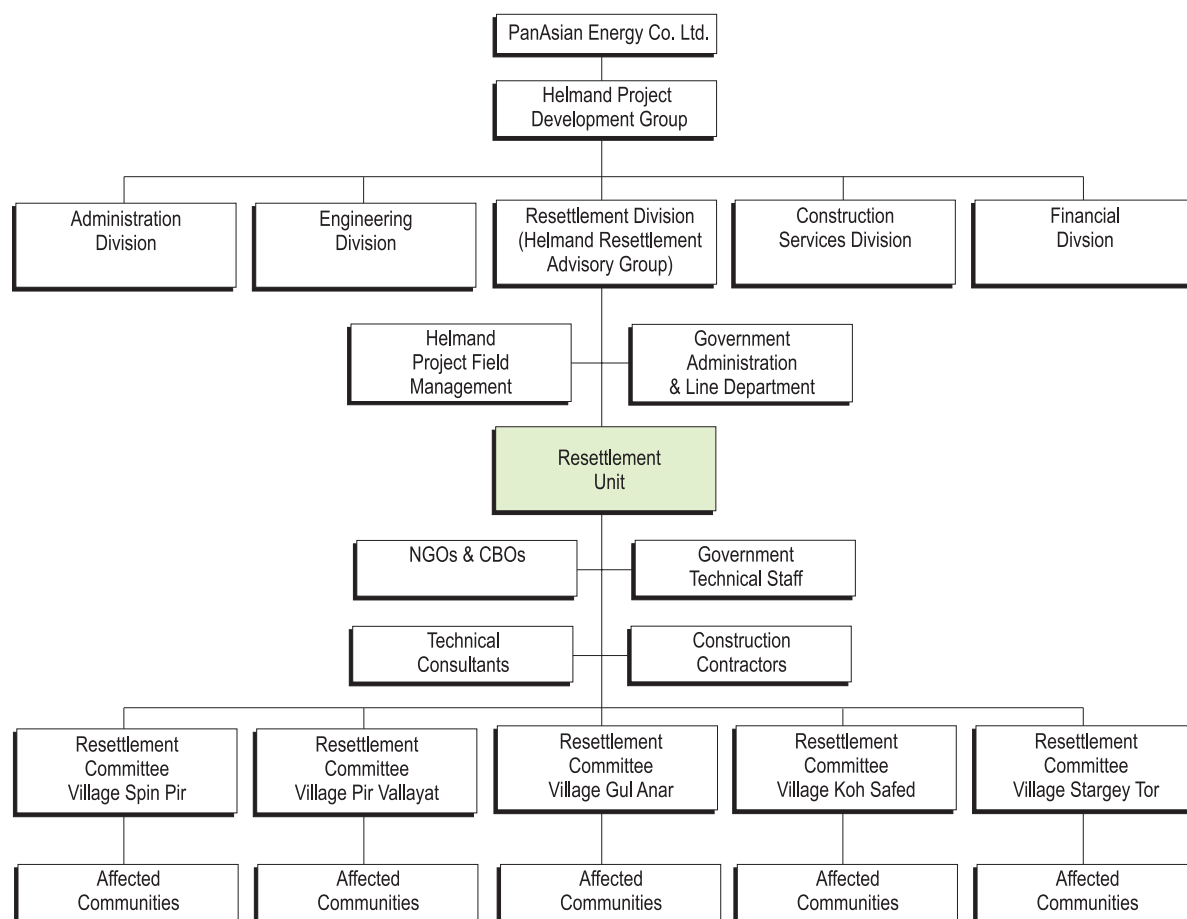
The RAP must identify and provide details on the roles and responsibilities of all organizations—public or private, governmental or nongovernmental—that will be responsible for resettlement activities (see Figure 5). IFC expects the sponsor to assess the capacity of these organizations to carry out their responsibilities.

Host governments may reserve the right to manage land acquisition, compensation payments, and resettlement associated with a project. Nevertheless, IFC requires that the outcome of a RAP conform to the objectives of the involuntary resettlement policy. IFC expects the project sponsor to obtain a formal agreement from the government to implement resettlement in accordance with the RAP.

Where IFC's review of the resettlement plan proposed by the relevant government agency reveals deficiencies, it may delay processing of the project while it and all concerned parties agree on the manner in which the relevant governmental agency's efforts can be supported or supplemented. In such cases, IFC expects the project sponsor to



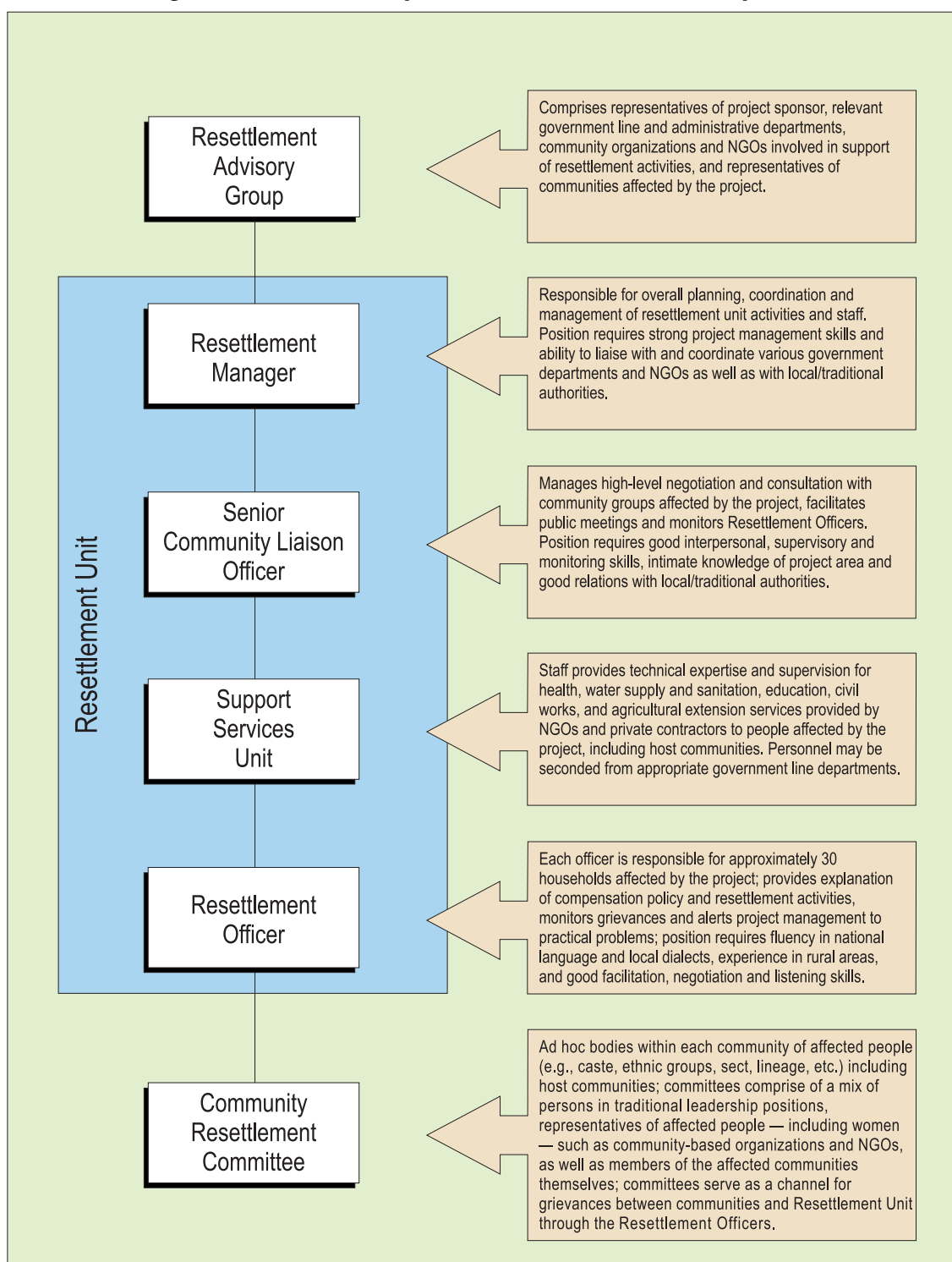
**Figure 5: Organizational Framework for Resettlement Management (sample)**



play an active role during the preparation, implementation, and monitoring of the RAP and to coordinate with the relevant government agency those aspects of resettlement that can be facilitated more efficiently by the sponsor and other entities such as NGOs.

Depending on the scale of resettlement associated with a project, it may be appropriate for the sponsor to create a **resettlement advisory group** (or steering committee, or task force) to coordinate the implementation of a RAP. This advisory group should comprise representatives of the project sponsor, relevant government line and administrative departments, community organizations, NGOs involved in support of resettlement as well as representatives of the communities affected by the project, including host communities. The advisory group should convene at regular intervals during the design and implementation phases of the RAP to ensure the regular exchange of information among all parties and the coordination of all resettlement activities. Membership of the advisory group should include government representatives with the requisite authority over both line and administrative departments. This level of authority is required to ensure timely implementation of resettlement activities and redress of grievances.

**Figure 6: Roles and Scope of a Resettlement Unit (sample)**



Under circumstances in which it assumes direct responsibility for the resettlement of affected people, the sponsor typically establishes a **resettlement unit** within the overall management structure of the project to coordinate, manage, and monitor the practical day-to-day implementation of all resettlement activities. The head of this unit—who reports directly to senior project management—supervises all project staff members responsible for activities related to resettlement as well as any contractors or NGOs responsible for resettlement services such as the implementation of socioeconomic surveys, construction of resettlement housing, promotion of development initiatives, or the monitoring of RAP implementation. Figure 6 illustrates the organization of a resettlement unit and the roles and responsibilities of the unit's components.



Regardless of the extent to which it is directly responsible for the implementation of the RAP, the sponsor should designate an individual within the project management structure to coordinate the construction and resettlement activities of the project. Preferably, this individual's responsibilities should be dedicated to RAP implementation.

Early in the resettlement process, the sponsor should encourage the formation of **resettlement committees** within the affected population. These committees should comprise the formal leadership of the affected population as well as representatives of interest groups within the community that may have no formal leadership role (such as artisans, landless householders, and women). The resettlement committees can play an important role in negotiating resettlement compensation with project management, designing strategies for restoration and development of livelihood strategies, and monitoring overall implementation of the RAP.

## Consultation and Participation

Projects resulting in physical or economic displacement have special consultation responsibilities in addition to IFC's regular public disclosure and consultation requirements. Effective resettlement planning requires regular consultation with a wide range of project stakeholders. Broadly defined, stakeholders include any individual or group affected by, or that believes it is affected by, the project; and any individual or group that can play a significant role in shaping or affecting the project, either positively or negatively, including the host community. Early consultation helps to manage public expectations concerning the impact of a project and its expected benefits. Subsequent consultations provide opportunities for the sponsor and representatives of people affected by the project to negotiate compensation packages and eligibility requirements, resettlement assistance, and the timing of resettlement activities. Project consultation with people affected by resettlement is mandatory.

**Information Exchange**—The free flow of information between project sponsors and stakeholders is essential to promoting effective public consultation and participation and to achieving the objectives of resettlement planning. Early in the project development process, the sponsor should:

*Early consultation helps to manage public expectations concerning the impact and benefits of a project.*

***Project information should be translated into local dialects and indigenous languages and broadcast through media that are accessible to literate and nonliterate alike.***

***Women and members of other vulnerable groups may find it difficult to defend their interests in a public forum.***

- Identify all stakeholders;
- Inform local government, village leaders, and local community organizations of the plan for the project as soon as feasible and ask them to inform their constituents;
- Brief all project line managers and personnel who will interact on a regular basis with people affected by the project regarding the anticipated effects of the project and measures to mitigate its impact;
- After completion of census and the public notice of the eligibility cut-off date, arrange for the government to issue formal notice banning the construction or approval of construction of new buildings or capital improvements in areas to be affected by the project;
- Prepare an illustrated resettlement information booklet providing details on eligibility, rates of compensation and other entitlements, a timetable for implementation, and all applicable grievance procedures; and
- Prepare and issue regular resettlement information updates.

Keeping affected people fully informed of their rights and responsibilities is crucial to the success of resettlement planning. To achieve this objective, information must be made accessible and understandable. Information should be translated into local dialects and indigenous languages and broadcast through media that are accessible to literate and nonliterate individuals alike (radio, television, mobile video broadcasting, public notice board, newspapers, leaflets and flyers, town crier, and door-to-door canvassing). Special efforts should be made to reach vulnerable groups lacking access to public media and information exchange.

**Promoting Participation**—The sponsor must initiate and facilitate a series of consultations with project stakeholders throughout the planning and implementation of a RAP. The purpose of these consultations is to inform stakeholders about the project and its effects and to provide opportunities for people to voice their concerns and propose alternatives.

Formal consultations convened by the sponsor should include sponsor representatives, project managers, relevant government authorities, representatives of concerned NGOs, and members of both displaced and host communities. Discussions should center on the effects of the project and measures to mitigate those effects. Because of discrimination within their societies, women and members of other vulnerable groups may find it difficult to defend their interests in a public forum. For this reason, it is important for project management or the agencies responsible for RAP planning and implementation to employ women and members of other vulnerable groups. These staff members can undertake outreach efforts, such as focus group consultation, to learn the concerns of vulnerable groups and convey them to resettlement planners and project managers.

**Table 10: Consultation Log (sample)**

Date	Location	Host Organization	Type of Settlement/ Enterprise	Issues Discussed	Action Taken
27 April	Borough XIV, Ward 132	CMC Borough Conservancy Office	Bustee No. 10	Sanitation, sewerage, solid waste management, community organization, self-financed public services	Project to develop progressive schedule for service fee charges
6 May	Borough XII, Wards 104 & 105	A Better Calcutta (NGO)	Panchanagram Canal-bank dwellers	Canal-encroachment; health and sanitation livelihoods; alternative settlement	Explore tenure security with Municipality
6 May	Borough XII, Wards 108 & 109	A Better Calcutta (NGO)	Jadavpur refugee colonies	Sewerage, sanitation and solid waste management services	Project will pilot test service fees
6 August	Borough VIII, Ward 78	Forum for Street and Working Children (NGO)	Evicted canal-bank dwellers at Hastings	CMC eviction practices; alternative settlement	Project will work with CMC to improve consultation
6 August	Borough III, Ward 13	UNNAYAN (NGO)	Circular Canal-bank dwellers	Eviction threats and alternative settlement; livelihoods; health and sanitation	Explore tenure security with Municipality
6 September	Borough II, Wards 1 & 6	CMC Borough Executive Health Officer	Borough community health facilities	Incidence of environmental health diseases; vector control program; health and hygiene awareness; electric crematorium	Project to support public health system in target areas
7 September	Borough XIV, Ward 132-135	Garden Reach Women's Welfare Society (CBO)	High density/low- income settlements	Access to employment and social services	Project support SME training and credit program
9 April	Borough III Tangra	CMC Slaughterhouse management & staff	Slaughterhouse	Implications of slaughterhouse relocation on local employment and dependent small-scale industries	Project will provide compensation to affected workers

The objective of these consultations should be to secure the participation of all people affected by the project in their own resettlement planning and implementation, particularly in the following areas:

- alternative project design;
- assessment of project impacts;
- resettlement strategy;
- compensation rates and eligibility for entitlements;
- choice of resettlement site and timing of relocation;
- development opportunities and initiatives;
- development of procedures for redressing grievances and resolving disputes; and
- mechanisms for monitoring and evaluation and for implementing corrective actions.

Regular consultation with affected people allows project management to monitor the adequacy and effectiveness of the RAP's compensation packages, livelihood restoration efforts, and development initiatives.

Depending on the size and scope of the project, the sponsor may employ a community liaison representative with a budget specifically for the facilitation and management of public consultation. Alternatively, the sponsor may contract a reputable and experienced NGO to provide the same services. However it chooses to manage information disclosure and public consultation, the sponsor must ensure that affected people have access to information about the project and opportunities to seek redress of grievances relating to the project.



Project management must document its information disclosure and public consultation efforts. This documentation should identify who was consulted, what was discussed, and what follow-up was required. A simple format for a public consultation log from an urban drainage project is illustrated in table 10.

For a more detailed discussion of the rationale and objectives of public consultation, see the IFC publication *Doing Better Business through Effective Public Consultation and Disclosure: A Good Practice Manual*. Public consultation undertaken during RAP planning and implementation should be cited and summarized in the sponsor's public consultation and disclosure plan. See IFC's *Guidance for Preparation of a Public Consultation and Disclosure Plan* (December 1998) for more information.

## Grievance Redress

Regardless of its scale, involuntary resettlement inevitably gives rise to grievances among the affected population over issues ranging from rates of compensation and eligibility criteria to the location of resettlement sites and the quality of services at those sites. **Timely redress of such grievances is vital to the satisfactory implementation of resettlement and to completion of the project on schedule.** The project sponsor must ensure that procedures are in place to allow affected people to lodge a complaint or a claim (including claims that derive from customary law and usage) without cost and with the assurance of a timely and satisfactory resolution of that complaint or claim. In addition, the project may have to make special accommodations for women and members of vulnerable groups to ensure that they have equal access to grievance redress procedures. Such accommodation may include employment of women or members of vulnerable groups to facilitate the grievance redress process or to ensure that groups representing the interests of women and other vulnerable groups take part in the process.

Grievances are best redressed through project management, local civil administration, or other channels of mediation acceptable to all parties. Such channels of mediation may involve customary and traditional institutions of dispute resolution. The project management should make every effort to resolve grievances at the community level. Recourse to the legal system should be avoided except as a last resort.

Under circumstances where the host government assumes responsibility for resettlement, the project sponsor may be unable to guarantee fair and timely redress of grievances. However, IFC expects project sponsors to ensure that grievance redress procedures are in place and to monitor those procedures to ensure that grievances are being handled properly.

The RAP should describe the grievance redress framework that will be put in place by the host government or project sponsor. This description should include:

***IFC expects the project sponsor to ensure that grievance redress procedures are in place and to monitor those procedures to ensure that grievances are handled properly.***

**Table 11: Grievance Redress Framework (sample)**

Grievance related to any aspect of the project will be handled through negotiations, which will be aimed at achieving consensus following the procedures outlined below:

1. Grievances will be filed by the person affected by the project with the Municipal Resettlement Implementation Committee (MRIC), which will act within 15 days on receipt thereof, except complaints and grievances that specifically pertain to the valuation of affected assets, since such will be determined by the courts.
2. If no understanding or amicable solution can be reached, or if the affected person does not receive a response from the MRIC within 15 days of the registry of the complaint, he/she can appeal to the Office of the Department of Public Works and Highways (ODPWH) Regional Director, which should act on the complaint/grievance within 15 days of the day of its filing.
3. If the affected person is not satisfied with the decision of the ODPWH Regional Director, he/she, as a last resort, may submit the complaint to a court of law.

Affected persons will be exempt from all administrative and legal fees incurred pursuant to the grievance redress procedures. All complaints received in writing (or written when received verbally) will be documented.

- institutional arrangements;
- the procedures for recording and processing grievances;
- the mechanisms for adjudicating grievances and appealing judgments; and
- a schedule, with deadlines, for all steps in the grievance redress process.

Table 11 provides a sample of a grievance redress framework taken from a highway project in the Philippines.

## Monitoring and Evaluation

IFC requires project sponsors to monitor and report on the effectiveness of RAP implementation, including the physical progress of resettlement and rehabilitation activities, the disbursement of compensation, the effectiveness of public consultation and participation activities, and the sustainability of income restoration and development efforts among affected communities. The objective of monitoring is to provide the sponsor with feedback on RAP implementation and to identify problems and successes as early as possible to allow timely adjustment of implementation arrangements. For these reasons, RAP monitoring and evaluation activities should be adequately funded, implemented by qualified specialists, and integrated into the overall project management process.

The RAP must provide a coherent monitoring plan that identifies the organizational responsibilities, the methodology, and the schedule for monitoring and reporting. *The three components of a monitoring plan should be performance monitoring, impact monitoring,*





**Table 12: RAP Monitoring Plan (sample)**

Component Activity	Type of Information/ Data Collected	Source of Information/ Data Collection Methods	Responsibility for Data Collection, Analysis and Reporting	Frequency/ Audience of Reporting
Performance Monitoring	Measurement of input indicators against proposed timetable and budget including procurement and physical delivery of goods, structures and services	Monthly or quarterly narrative status and financial reports	Project sponsor, project resettlement unit or organization responsible for RAP implementation	Semi-annual/annual as required by sponsor management and lenders
Impact Monitoring	Tracking effectiveness of inputs against baseline indicators  Assessment of PAP satisfaction with inputs	Quarterly or semi-annual quantitative and qualitative surveys  Regular public meetings and other consultation with people affected by the project; review of grievance mechanism outputs	Project resettlement unit or contracted external monitoring agency	Annual or more frequently as required by sponsor management and lenders
Completion Audit	Measurement of output indicators such as productivity gains, livelihood restoration, and developmental impact against baseline	External assessment/sign-off report based on performance and impact monitoring reports, independent surveys and consultation with affected persons	Contracted external auditing and evaluation agency	On completion of RAP timetable as agreed between sponsor and lenders

***RAP monitoring and evaluation activities should be adequately funded, implemented by qualified specialists, and integrated into the overall project management system.***

and completion audit (see Table 12). The scope of the monitoring plan should be commensurate with the scale and complexity of the RAP.

**Performance Monitoring**—Performance monitoring is an internal management function allowing the sponsor or the organizations responsible for resettlement to measure physical progress against milestones established in the RAP. Progress is usually reported against a schedule of required actions (typically displayed through such devices as bar charts, Gantt charts, or MSPProject tables). Examples of performance milestones could include:

- Public meetings held;
- Census, assets inventories, assessments, and socioeconomic studies completed;
- Grievance redress procedures in place and functioning;
- Compensation payments disbursed;
- Housing lots allocated;
- Housing and related infrastructure completed;
- Relocation of people completed;
- Income restoration and development activities initiated;
- Monitoring and evaluation reports submitted.

**Table 13: RAP Monitoring Framework**

1. Verify internal RAP implementation reports by a field check of the following:
  - Payment of compensation including its levels and timing
  - Settlement of land/resource access claims
  - Preparation and adequacy of resettlement sites
  - Housing construction
  - Provision of employment, its adequacy and income levels
  - Adequacy of training and other developmental inputs
  - Rehabilitation of vulnerable groups
  - Infrastructure repair, relocation or replacement
  - Enterprise relocation, compensation and its adequacy
  - Transition allowances
2. Interview a random sample of affected people in open-ended discussion to assess their knowledge and concerns regarding the resettlement process, their entitlements and rehabilitation measures.
3. Observe public consultations with affected people at the village or town level.
4. Observe the function of the resettlement operation at all levels to assess its effectiveness and compliance with the RAP.
5. Check the type of grievance issues and the functioning of grievance redress mechanisms by reviewing the processing of appeals at all levels and interviewing aggrieved affected people.
6. Survey the standards of living of the affected people (and of an unaffected control group where feasible) before and after implementation of resettlement to assess whether the standards of living of the affected people have improved or been maintained.
7. Advise project management regarding necessary improvements in the implementation of the RAP, if any.

Adapted from: The World Bank Resettlement Source Book.

As noted above, performance monitoring of the RAP should be integrated into the overall project management to ensure that RAP activities are synchronized with all project implementation activities. Performance monitoring reports should be prepared at regular intervals (monthly, quarterly, semiannually, and annually) beginning with the commencement of any activities related to resettlement.

**Impact Monitoring**—Impact monitoring gauges the effectiveness of the RAP and its implementation in meeting the needs of the affected population. Depending on the scale of resettlement, impact monitoring is conducted by the project's management (such as an internal Project Resettlement Unit) or an independent external agency (for example, through a consultant, an NGO, or an academic institution) as determined by IFC. The purpose of impact monitoring is to provide the sponsor and/or the agency responsible for RAP implementation with an assessment of the effects of resettlement, to verify internal performance monitoring, and to identify adjustments in the implementation of the RAP as required. Where feasible, affected people should be included in all phases of impact monitoring, including the identification and measurement of baseline indicators. Table 13 outlines a framework for RAP monitoring.

*Where feasible, affected people should be included in all phases of impact monitoring, including the identification and measurement of baseline indicators.*

*Monitoring extends beyond the completion of a RAP's physical inputs to ensure that income restoration and development initiatives have been successful.*

The effects of a RAP are tracked against the baseline conditions of the population before resettlement. This baseline is established through the census, assets inventories, land-use assessments, and socioeconomic studies of the population and the area affected by the project, as described in the *Identification of Project Impacts and Affected Populations* section above. The sponsor or the organization responsible for RAP implementation should establish objectively verifiable indicators for measuring the impact of physical relocation on the health and welfare of affected population and the effectiveness of impact mitigation measures, including livelihood restoration and development initiatives (see Table 14).

The RAP should budget sufficient resources to finance independent monitoring of these indicators by qualified professionals on a regular basis during RAP implementation. This monitoring should continue for a number of years beyond the completion of the RAP to ensure that the project's income restoration efforts and development initiatives have succeeded and that the affected population has successfully reestablished itself at its new site. Table 14 illustrates an impact-monitoring schedule based on a set of generic indicators that measure social integration, public health, and economic well-being. Regular monitoring alerts the sponsor to any problems arising among the affected population (such as decline in crop yields, increased incidence of disease, and decline in household incomes) that should trigger remedial action on the part of the sponsor.

In addition to the quantitative indicators described above, impact monitoring should be supplemented by the use of qualitative indicators to assess the satisfaction of affected people with resettlement initiatives and, thus, the adequacy of those initiatives. The most effective qualitative monitoring methodology is direct consultation with the affected populations through regular meetings, focus group discussions, or similar forums established by the project sponsor for public participation as part of the consultation framework. Where feasible, it is advisable for the sponsor should allow for the participation of affected people in all phases of impact monitoring, including the identification and measurement of baseline indicators.

**Completion Audit**—Depending on the scale of displacement, IFC may require the sponsor to undertake an evaluation by an independent third party to assess whether the outcome of the RAP complies with the involuntary resettlement policy. The key objective of this external evaluation, or **completion audit**, is to determine whether the sponsor's efforts to restore the living standards of the affected population have been properly conceived and executed. The audit should verify that all physical inputs committed in the RAP have been delivered and all services provided. In addition, the audit should evaluate whether the mitigation actions prescribed in the RAP have had the desired effect. The socioeconomic status of the affected population, including the host population, should be measured against the baseline conditions of the population before displacement, (as established through the census and socioeconomic studies.

The completion audit should be undertaken after all RAP inputs—including development initiatives—have been completed, but well before IFC's financial commitments to the sponsor have been met. The timing of the audit thus enables the sponsor to undertake corrective action, if any, as recommended by the auditors before the project is complete. In the majority of cases, the completion audit should bring to closure the sponsor's liability for resettlement, compensation, livelihood restoration, and development support.

**Table 14: Matrix of Selected Impact Indicators (sample)**

Category of Indicator	Baseline (6 month period)	Actual/Target					
		Month 6	Month 12	Month 18	Month 24	Month 36	Month 48
Social							
Registered crimes/disputes (per 1,000 pop.)	10	n/10	n/10	n/10	n/10	n/10	n/10
Crimes/disputes involving women (per 1,000 pop.)	3	n/3	n/3	n/3	n/3	n/3	n/3
Crimes/disputes involving vulnerable groups (per 1,000 pop.)	2	n/2	n/2	n/2	n/2	n/2	n/2
Primary school attendance							
Male	300	n/300	n/300	n/300	n/300	n/300	n/300
Female	175	n/175	n/175	n/175	n/175	n/175	n/175
Number of households	500	n/500	n/500	n/500	n/500	n/500	n/500
Number of female-headed households	65	n/65	n/65	n/65	n/65	n/65	n/65
Number of community-based organizations	2	n/2	n/2	n/2	n/2	n/2	n/2
Economic							
Average land holding per household (hectares)	1.4	n/1.4	n/1.4	n/1.4	n/1.4	n/1.4	n/1.4
Percentage households owning land	65%	n/65%	n/65%	n/65%	n/65%	n/65%	n/65%
Percentage households owning domicile	70%	n/70%	n/70%	n/70%	n/70%	n/70%	n/70%
Percentage households renting land	25%	n/25%	n/25%	n/25%	n/25%	n/25%	n/25%
Percentage households renting domicile	35%	n/35%	n/35%	n/35%	n/35%	n/35%	n/35%
Agricultural Production							
Maize (tons per ha/per annum)	1.5	n/1.5	n/1.5	n/1.5	n/1.5	n/1.5	n/1.5
Rice (tons per ha/per annum)	2.2	n/2.2	n/2.2	n/2.2	n/2.2	n/2.2	n/2.2
Millet (tons per ha/per annum)	0.75	n/0.75	n/0.75	n/0.75	n/0.75	n/0.75	n/0.75
Cassava (tons per ha/per annum)	1.2	n/1.2	n/1.2	n/1.2	n/1.2	n/1.2	n/1.2
Fish catch (tons per household/per annum)	0.2	n/0.2	n/0.2	n/0.2	n/0.2	n/0.2	n/0.2
Employment							
No. Male wage earners	250	n/250	n/250	n/250	n/250	n/250	n/250
No. Female wage earners	65	n/65	n/65	n/65	n/65	n/65	n/65
Average household incomes (\$ per annum)	1500	n/1500	n/1500	n/1500	n/1500	n/1500	n/1500
Average household expenditure (\$ per annum)	1750	n/1750	n/1750	n/1750	n/1750	n/1750	n/1750
Energy consumption (average per household)							
Fuelwood (tons per annum)	1.25	n/1.25	n/1.25	n/1.25	n/1.25	n/1.25	n/1.25
Kerosene (litres per annum)	65	n/65	n/65	n/65	n/65	n/65	n/65
Electricity (kWh per annum)	1500	n/1500	n/1500	n/1500	n/1500	n/1500	n/1500
Health							
Birth rate	3.75	n/3.75	n/3.75	n/3.75	n/3.75	n/3.75	n/3.75
Death rate	1.25	n/1.25	n/1.25	n/1.25	n/1.25	n/1.25	n/1.25
Infant mortality rate (per 1,000 live births)	12.7	n/12.7	n/12.7	n/12.7	n/12.7	n/12.7	n/12.7
Average weight of children 5-12 (kg)	32	n/32	n/32	n/32	n/32	n/32	n/32
Incidence of disease (per 1,000 pop/per month)							
Diarrhea	75	n/75	n/75	n/75	n/75	n/75	n/75
Upper Respiratory Infection	34	n/34	n/34	n/34	n/34	n/34	n/34
Tuberculosis	7	n/7	n/7	n/7	n/7	n/7	n/7
Hepatitis	12	n/12.7	n/12.7	n/12.7	n/12.7	n/12.7	n/12.7
Malaria or other endemic diseases	110	n/110	n/110	n/110	n/110	n/110	n/110
No. Health Post cases registered (average per month)	875	n/875	n/875	n/875	n/875	n/875	n/875

# III

## Implementation Checklist



### III Implementation Checklist

IFC's environmental and social project assessment procedures are closely linked and follow a parallel sequence. They involve a team of IFC technical specialists who consult with the sponsor to determine the scale of a project's environmental and social impacts and the scale of effort required to mitigate them. IFC specialists continue to monitor and supervise projects approved for financing through the life of those projects.

When a project entails physical or economic displacement of people, the RAP becomes an essential component of that project's environmental and social impact assessment and action plan. IFC specialists will require the sponsor to follow and complete a sequence of actions to satisfy applicable environmental and social safeguard policies before they approve the submission of the project to the IFC board for consideration. Table 15 summarizes that sequence of actions for a project that requires a formal RAP within the framework of a project development schedule: prefeasibility, feasibility, technical design, implementation, and evaluation. The table can be used as a checklist for project sponsors and specialist consultants in preparing a project for IFC financing. The checklist applies specifically to situations in which the sponsor is fully responsible for RAP implementation. When the RAP is implemented by the host government or another entity, the sponsor may share this checklist with the RAP managers as a guide to the sequence of steps recommended by IFC.





**Table 15: Stages in Resettlement Action Planning and Implementation**

SPONSOR RESPONSIBILITIES	IFC RESPONSIBILITIES
<b>Stage I Pre-Feasibility — Scoping/Pre-EIA</b>	
<p>Provide information to IFC Environment Department on the following:</p> <ul style="list-style-type: none"> <li>■ The scope and impact of land acquisition required by project.</li> <li>■ Other likely impacts on affected populations (e.g., noise, disruptions in communication, safety hazard, etc.).</li> <li>■ Probable impacts related to associated facilities (e.g., work camps, lay-down areas, pipelines, transmission lines, etc.) that may or may not be part of the project but which are necessary for its construction or operation.</li> <li>■ Probable induced impacts, including likelihood of in-migration to the project area.</li> </ul>	<ul style="list-style-type: none"> <li>■ Review relevant information provided by Sponsor.</li> <li>■ Assess project with respect to applicable IFC environmental and social safeguard policies (e.g., Involuntary Resettlement, Cultural Property, Indigenous People, etc.)</li> <li>■ Advise IFC Investment Department of applicable IFC environmental and social safeguard policies, including need for an EIA, Social Assessment, RAP, Public Disclosure and Consultation Plan (PDCP), etc.</li> </ul>
<b>Stage II Feasibility — Preliminary EIA &amp; RAP Preparation</b>	
<ul style="list-style-type: none"> <li>■ Prepare and circulate Terms of Reference for EIA and RAP specialist services.</li> <li>■ Identify alternatives for project and associated facilities as initial step in the EIA process.</li> <li>■ Select and justify land acquisition and economic displacement alternatives that minimize adverse environmental impact and resettlement <i>in the context of applicable IFC policies</i>.</li> <li>■ Identify other social impacts (non-resettlement-related) and identify mitigation measures.</li> <li>■ Identify impacts of associated facilities, including those that may not be under the control of the project Sponsor but that are essential for the project's construction or operation</li> <li>■ Identify potential collaborators including NGOs, community groups and Government agencies to assist with public consultation and implementation of environmental and social impact mitigation measures.</li> </ul>	<ul style="list-style-type: none"> <li>■ IFC specialists review TORs and advise Sponsor accordingly.</li> <li>■ Based on additional information provided by Sponsor (and IFC site visit), IFC specialists provide additional guidance to Sponsor on compliance with IFC policies and procedures.</li> </ul>
<b>Stage III Preliminary Technical Design/Technical Design — EIA &amp; RAP Preparation</b>	
<ul style="list-style-type: none"> <li>■ Engage services of EIA and resettlement expert(s).</li> <li>■ Submit outlines and draft EIA, RAP and PDCP to IFC for review.</li> <li>■ Carry out initial public consultations (for both EIA and RAP purposes).</li> <li>■ Map affected area, including host communities (if applicable).</li> <li>■ Identify, organize and coordinate local support for RAP implementation (e.g., village committees, RAP implementation unit, RAP advisory group, etc.)</li> <li>■ Identify resettlement sites and consult with affected people.</li> <li>■ Census and registration of affected populations (including hosts).</li> <li>■ Carry out social assessment and impact studies as part of EIA.</li> <li>■ Review and consult PAPs on project alternatives.</li> <li>■ Prepare EIA.</li> </ul>	<ul style="list-style-type: none"> <li>■ IFC specialists review draft EIA, RAP and PDCP outlines and reports and recommend revisions as required.</li> <li>■ IFC specialists provide guidance to Sponsor's EIA and resettlement specialists as required.</li> </ul>



SPONSOR RESPONSIBILITIES	IFC RESPONSIBILITIES
<b>Stage III Preliminary Technical Design/Technical Design — EIA &amp; RAP Preparation (continued)</b>	
<ul style="list-style-type: none"> <li>■ <b>Prepare Resettlement Action Plan</b> <ul style="list-style-type: none"> <li>■ Define project area of influence and all potential socio-economic impacts within that area.</li> <li>■ Select resettlement sites as appropriate.</li> <li>■ Carry out socio-economic and other related surveys as required.</li> <li>■ Establish legal framework for RAP; identify gaps between IFC policy and local requirements; propose means for bridging gaps if any.</li> <li>■ Develop and consult with PAPs regarding entitlements.</li> <li>■ Design income stream restoration/appropriate development interventions in consultation/participation with PAPs.</li> <li>■ Establish and verify monitoring and evaluation indicators.</li> <li>■ Consult and establish grievance/dispute resolution arrangements.</li> <li>■ Assign implementation and monitoring responsibilities.</li> <li>■ Complete arrangements for participation of affected populations/communities in RAP implementation and monitoring.</li> <li>■ Finalize budget.</li> </ul> </li> <li>■ Submit EIA &amp; RAP to IFC for review.</li> <li>■ Disclose EIA and RAP for public consultation.</li> <li>■ Revise and finalize EIA and RAP based on public disclosure and consultation.</li> <li>■ IFC Board approval.</li> <li>■ Project loan agreement signed.</li> </ul>	<ul style="list-style-type: none"> <li>■ IFC specialists review final Environmental Assessment for clearance and submit EIA, RAP and related documentation to InfoShop 30-60 days prior to IFC Board approval of project.</li> <li>■ IFC specialists advise project lawyer on key EIA and RAP components for inclusion in loan agreement as conditions or covenants.</li> </ul>
<b>Stage IV Implementation</b>	
<ul style="list-style-type: none"> <li>■ Implement Environmental and Social Management Plan, RAP and associated development initiatives in sequence with project implementation.</li> <li>■ Initiate monitoring and reporting during implementation.</li> <li>■ Ensure regular consultation with PAPs.</li> <li>■ Ensure mechanisms to promote PAP participation in RAP implementation and to resolve grievances, are functioning and effective.</li> </ul>	<ul style="list-style-type: none"> <li>■ IFC specialists review Annual Monitoring Reports and undertake annual field supervision missions to confirm Sponsor compliance with commitments.</li> </ul>
<b>Stage V Evaluation</b>	
<ul style="list-style-type: none"> <li>■ Independent financial and completion audit (as required) of RAP to determine effectiveness of livelihood restoration and developmental initiatives.</li> <li>■ Corrective actions, if any, identified and implemented by Sponsor</li> </ul>	<ul style="list-style-type: none"> <li>■ IFC specialists review evaluation/audit, monitor any corrective actions and confirm RAP completion.</li> </ul>

# IV

## Outline of a Resettlement Action Plan



## IV Outline of a Resettlement Action Plan

This section provides an annotated outline for a Resettlement Action Plan. The outline is adapted from the World Bank *Resettlement and Rehabilitation Guidebook*, which is available on CD-ROM from the World Bank InfoShop. Excerpts from the *Guidebook*, as well as other information related to resettlement, can be found on the World Bank Internet web site, <http://www.wbi0018.worldbank.org/essd/essd.nsf>, and selecting “Involuntary Resettlement” from the “All Topics” drop down menu.



### Introduction

- Briefly describe the project.
- List project components including associated facilities (if any).
- Describe project components requiring land acquisition and resettlement; give overall estimates of land acquisition and resettlement.

### Minimizing Resettlement

- Describe efforts made to minimize displacement.
- Describe the results of these efforts.
- Describe mechanisms used to minimize displacement during implementation.

### Census and Socioeconomic Surveys

- Provide the results of the census, assets inventories, natural resource assessments, and socioeconomic surveys.
- Identify all categories of impacts and people affected.
- Summarize consultations on the results of the various surveys with affected people.
- Describe need for updates to census, assets inventories, resource assessments, and socioeconomic surveys, if necessary, as part of RAP monitoring and evaluation.

### Legal Framework

- Describe all relevant local laws and customs that apply to resettlement.
- Identify gaps between local laws and World Bank Group policies, and describe project-specific mechanisms to address conflicts.
- Describe entitlement policies for each category of impact and specify that resettlement implementation will be based on specific provisions of agreed RAP.
- Describe method of valuation used for affected structures, land, trees, and other assets.
- Prepare entitlement matrix.

## Resettlement Sites

- Does the project require community relocation sites? Have affected people been involved in a participatory process to identify sites, assess advantages and disadvantages of each site, and select preferred sites?
- Have the affected people been involved in developing an acceptable strategy for housing replacement? Will new housing be constructed/allocated?
- Does the project involve allocation of agricultural land or pasture/rangeland? Have the individual households that will be allocated lands been involved in identifying potential new sites, and have they explicitly accepted the selected sites?
- Describe the specific process of involving affected populations in identifying potential housing sites, assessing advantages and disadvantages, and selecting sites.
- Describe the feasibility studies conducted to determine the suitability of the proposed sites, including natural resource assessments (soils and land use capability, vegetation and livestock carrying capacity, water resource surveys) and environmental and social impact assessments of the sites.
- Demonstrate that the land quality and area are adequate for allocation to all of the people eligible for allocation of agricultural land. Provide data on land quality and capability, productive potential, and quantity.
- Give calculations relating to site requirements and availability.
- Describe mechanisms for: 1) procuring, 2) developing and 3) allotting resettlement sites, including the awarding of title or use rights to allotted lands.
- Provide detailed description of the arrangements for site development for agriculture, including funding of development costs.
- Have the host communities been consulted about the RAP? Have they participated in the identification of likely impacts on their communities, appropriate mitigation measures, and preparation of the RAP? Do the host communities have a share of the resettlement benefits?

## Income Restoration

- Are the compensation entitlements sufficient to restore income streams for each category of impact? What additional economic rehabilitation measures are necessary?
- Briefly spell out the restoration strategies for each category of impact and describe their institutional, financial, and technical aspects.
- Describe the process of consultation with affected populations and their participation in finalizing strategies for income restoration.
- How do these strategies vary with the area of impact?

- Does income restoration require change in livelihoods, development of alternative farmlands or some other activities that require a substantial amount of training, time for preparation, and implementation.
- How are the risks of impoverishment to be addressed?
- What are the main institutional and other risks for the smooth implementation of the resettlement programs?
- Describe the process for monitoring the effectiveness of the income restoration measures.
- Describe any social or community development programs currently operating in or around the project area. If programs exist, do they meet the development priorities of their target communities? Are there opportunities for the project proponent to support new programs or expand existing programs to meet the development priorities of communities in the project area?

## **Institutional Arrangements**

- Describe the institution(s) responsible for delivery of each item/activity in the entitlement policy; implementation of income restoration programs; and coordination of the activities associated with and described in the resettlement action plan.
- State how coordination issues will be addressed in cases where resettlement is spread over a number of jurisdictions or where resettlement will be implemented in stages over a long period of time.
- Identify the agency that will coordinate all implementing agencies. Does it have the necessary mandate and resources?
- Describe the external (nonproject) institutions involved in the process of income restoration (land development, land allocation, credit, training) and the mechanisms to ensure adequate performance of these institutions.
- Discuss institutional capacity for and commitment to resettlement.
- Describe mechanisms for ensuring independent monitoring, evaluation, and financial audit of the RAP and for ensuring that corrective measures are carried out in a timely fashion.

## **Implementation Schedule**

- List the chronological steps in implementation of the RAP, including identification of agencies responsible for each activity and with a brief explanation of each activity.
- Prepare a month-by-month implementation schedule (using a Gantt chart, for example) of activities to be undertaken as part of resettlement implementation.
- Describe the linkage between resettlement implementation and initiation of civil works for each of the project components.

## **Participation and Consultation**

- Describe the various stakeholders.
- Describe the process of promoting consultation/participation of affected populations and stakeholders in resettlement preparation and planning.
- Describe the process of involving affected populations and other stakeholders in implementation and monitoring.
- Describe the plan for disseminating RAP information to affected populations and stakeholders, including information about compensation for lost assets, eligibility for compensation, resettlement assistance, and grievance redress.

## **Grievance Redress**

- Describe the step-by-step process for registering and addressing grievances and provide specific details regarding a cost-free process for registering complaints, response time, and communication modes.
- Describe the mechanism for appeal.
- Describe the provisions for approaching civil courts if other options fail.

## **Monitoring and Evaluation**

- Describe the internal/performance monitoring process.
- Define key monitoring indicators derived from baseline survey. Provide a list of monitoring indicators that will be used for internal monitoring.
- Describe institutional (including financial) arrangements.
- Describe frequency of reporting and content for internal monitoring.
- Describe process for integrating feedback from internal monitoring into implementation.
- Define methodology for external monitoring.
- Define key indicators for external monitoring.
- Describe frequency of reporting and content for external monitoring.
- Describe process for integrating feedback from external monitoring into implementation.
- Describe arrangements for final external evaluation.



## **Costs and Budgets**

- Provide a clear statement of financial responsibility and authority.
- List the sources of funds for resettlement and describe the flow of funds.
- Ensure that the budget for resettlement is sufficient and included in the overall project budget.
- Identify resettlement costs, if any, to be funded by the government and the mechanisms that will be established to ensure coordination of disbursements with the RAP and the project schedule.
- Prepare an estimated budget, by cost and by item, for all resettlement costs including planning and implementation, management and administration, monitoring and evaluation, and contingencies.
- Describe the specific mechanisms to adjust cost estimates and compensation payments for inflation and currency fluctuations.
- Describe the provisions to account for physical and price contingencies.
- Describe the financial arrangements for external monitoring and evaluation including the process for awarding and maintenance of contracts for the entire duration of resettlement.

## **Annexes**

- Copies of census and survey instruments, interview formats, and any other research tools
- Information on all public consultation including announcements and schedules of public meetings, meeting minutes, and lists of attendees.
- Examples of formats to be used in monitoring and reporting on RAP implementation.

# Additional Resources



## Additional Resources

Blumer, M., and D. P. Warwick, eds. 1993. *Social Research in Developing Countries*. London: University College London Press Limited.

Cernea, M. 2000. "Risks, Safeguards, and Reconstruction: A Model for Population Displacement and Resettlement," in M. Cernea and C. McDowell, eds. *Risk and Reconstruction: Experience of Resettlers and Refugees*. Washington, D.C.: The World Bank.

Davidson, F., and others. 1993. *Relocation and Resettlement Manual: A Guide to Managing and Planning Relocation*. Rotterdam: Institute for Housing and Urban Development Studies.

Grosh, M. E., and P. Glewwe, eds. 2000. *Designing Household Survey Questionnaires for Developing Countries*. Washington, D.C.: The World Bank and Oxford University Press.

International Finance Corporation. 1998. *Doing Better Business through Effective Public Consultation and Disclosure: A Good Practice Manual*.

International Finance Corporation. 2000. *Investing in People: Sustaining Communities through Improved Business Practice—A Community Development Resource Guide for Companies*.

The World Bank. 2000. *Resettlement and Rehabilitation Guidebook* (CD ROM). Washington, DC: The World Bank.

World Commission on Dams. 2000. *Dams and Development: A New Framework for Decision-Making*. London: Earthscan Publications, Ltd.



## Annexes

### **Annex A—Operational Directive OD 4.30 on Involuntary Resettlement**

# Operational Directive

## Involuntary Resettlement

### Introduction

1. This directive describes Bank<sup>1</sup> policy and procedures on involuntary resettlement, as well as the conditions that borrowers are expected to meet in operations involving involuntary resettlement.<sup>2</sup> Planning and financing resettlement components or free-standing projects are an integral part of preparation for projects that cause involuntary displacement. Any operation that involves land acquisition or is screened as a Category A or B project for environmental assessment purposes<sup>3</sup> should be reviewed for potential resettlement requirements early in the project cycle (para. 20).

2. Development projects that displace people involuntarily<sup>4</sup> generally give rise to severe economic, social, and environmental problems: production systems are dismantled; productive assets and income sources are lost; people are relocated to environments where their productive skills may be less applicable and the competition for resources greater; community structures and social networks are weakened; kin groups are dispersed; and cultural identity, traditional

authority, and the potential for mutual help are diminished. Involuntary resettlement may cause severe long-term hardship, impoverishment, and environmental damage unless appropriate measures are carefully planned and carried out.<sup>5</sup>

### Policy Objectives

3. The objective of the Bank's resettlement policy is to ensure that the population displaced by a project receives benefits from it. Involuntary resettlement is an integral part of project design and should be dealt with from the earliest stages of project preparation (para. 28), taking into account the following policy considerations:

- (a) Involuntary resettlement should be avoided or minimized where feasible, exploring all viable alternative project designs. For example, realignment of roads or reductions in dam height may significantly reduce resettlement needs.
- (b) Where displacement is unavoidable, resettlement plans should be developed. All involuntary resettlement should be conceived and executed as development programs, with resettlers provided sufficient investment resources and opportunities to share in project benefits. Displaced persons should be (i) compensated for their losses at full replacement cost prior to the actual move; (ii) assisted with the move and supported during the transition period in the resettlement site; and (iii) assisted in their efforts to improve their former living standards, income earning capacity, and

<sup>1</sup>"Bank" includes IDA, and "loans" includes credits.

<sup>2</sup>See also Involuntary Resettlement in Development Projects, World Bank Technical Paper No. 80 (Washington, D.C.: The World Bank, 1988).

<sup>3</sup>OD 4.00, Annex A, Environmental Assessment, para. 18.

<sup>4</sup>Such projects may include construction or establishment of (a) dams, (b) new towns or ports, (c) housing and urban infrastructure, (d) mines, (e) large industrial plants, (f) railways or highways, (g) irrigation canals, and (h) national parks or protected areas. Refugees from natural disasters, war, or civil strife are also involuntary resettlers, but they are not discussed in this directive (see OD 8.50, Emergency Recovery Assistance).

<sup>5</sup>OD 4.00, Annex A, Environmental Assessment, para. 2, and Annex A3.

# Operational Directive

production levels, or at least to restore them. Particular attention should be paid to the needs of the poorest groups to be resettled.

- (c) Community participation in planning and implementing resettlement should be encouraged. Appropriate patterns of social organization should be established, and existing social and cultural institutions of resettlers and their hosts<sup>6</sup> should be supported and used to the greatest extent possible.
- (d) Resettlers should be integrated socially and economically into host communities so that adverse impacts on host communities are minimized. The best way of achieving this integration is for resettlement to be planned in areas benefiting from the project and through consultation with the future hosts.
- (e) Land, housing, infrastructure, and other compensation should be provided to the adversely affected population, indigenous groups,<sup>7</sup> ethnic minorities, and pastoralists who may have usufruct or customary rights to the land or other resources taken for the project. The absence of legal title to land by such groups should not be a bar to compensation.

## Resettlement Planning

4. Where large-scale<sup>8</sup> population displacement is

<sup>6</sup>Host communities are those receiving resettlers.

<sup>7</sup>See OMS 2.34, Tribal People in Bank-Financed Projects, to be reissued as OD 4.40, Tribal People.

<sup>8</sup>Where only a few people (e.g., less than 100-200 individuals) are to be relocated, appropriate compensation for assets, logistical support for

unavoidable, a detailed resettlement plan, timetable, and budget are required. Resettlement plans should be built around a development strategy and package aimed at improving or at least restoring the economic base for those relocated. Experience indicates that cash compensation alone is normally inadequate. Voluntary settlement may form part of a resettlement plan, provided measures to address the special circumstances of involuntary resettlers are included. Preference should be given to land-based resettlement strategies for people dislocated from agricultural settings. If suitable land is unavailable, nonland-based strategies built around opportunities for employment or self-employment may be used.

## Plan Content

5. The content and level of detail of resettlement plans, which will vary with circumstances, especially the magnitude of resettlement, it should normally include a statement of objectives and policies, an executive summary, and detailed provision for the following:

- (a) organizational responsibilities (para. 6);
- (b) community participation and integration with host populations (paras. 7-10);
- (c) socioeconomic survey (para. 11);
- (d) legal framework (para. 12);
- (e) alternative sites and selection (para. 13);
- (f) valuation of and compensation for lost assets (paras. 14-16);
- (g) land tenure, acquisition, and transfer (para. 17);

moving, and a relocation grant may be the only requirements. However, the principles on which compensation is to be based are the same as for larger groups.



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- (h) access to training, employment, and credit (para. 18);
- (i) shelter, infrastructure, and social services (para. 19);
- (j) environmental protection and management (para. 20); and
- (k) implementation schedule, monitoring, and evaluation (paras. 21-22).

Cost estimates should be prepared for these activities, and they should be budgeted and scheduled in coordination with the physical works of the main investment project.

## Organizational Responsibilities

6. The responsibility for resettlement rests with the borrower. The organizational framework for managing resettlement must be developed during preparation and adequate resources provided to the responsible institutions. The organization responsible for resettlement should be strengthened when entities executing infrastructure or other sector-specific projects lack the experience and outlook needed to design and implement resettlement. One alternative is to create a special resettlement unit within the project entity: this can facilitate the involvement of other line agencies. Another is to entrust resettlement to the regional or town administration that knows the population and area, can mobilize local expertise, speaks the resettlers' language, and will ultimately be responsible for the integration of resettlers into the host population and area. There also may be considerable scope for involving nongovernmental organizations (NGOs) in planning, implementing, and monitoring resettlement.<sup>9</sup>

## Community Participation and Integration with Host Population

<sup>9</sup>See OD 14.70, Involving Nongovernmental Organizations in Bank-Supported Activities.

7. Most displaced people prefer to move as part of a preexisting community, neighborhood, or kinship group. The acceptability of a resettlement plan can be increased and the disruption caused by resettlement can be cushioned by moving people in groups, reducing dispersion, sustaining existing patterns of group organization, and retaining access to cultural property<sup>10</sup> (temples, pilgrimage centers, etc.), if necessary, through the relocation of the property.

8. The involvement of involuntary resettlers and hosts in planning prior to the move is critical. Initial resistance to the idea of involuntary resettlement is to be expected. To obtain cooperation, participation, and feedback, the affected hosts and resettlers need to be systematically informed and consulted during preparation of the resettlement plan about their options and rights. They should also be able to choose from a number of acceptable resettlement alternatives. These steps can be taken directly or through formal and informal leaders and representatives. Experience has shown that local NGOs can often provide valuable assistance and ensure viable community participation. Moreover, institutionalized arrangements, such as regular meetings between project officials and communities, should be provided for resettlers and hosts to communicate their concerns about the resettlement program to project staff throughout planning and implementation.<sup>11</sup> Particular attention must be given

<sup>10</sup>See OPN 11.03, Management of Cultural Property in Bank-Financed Projects, to be reissued as OD 4.50, Cultural Property.

<sup>11</sup>Disputes of varying kinds may arise in the process of implementation of the agreed resettlement plan. These conflicts could take the form of appeals related to the compensation payable to affected persons, conflicts between the displaced persons and the host population, appeals to the agency charged with the implementation of the resettlement with regard to services promised, etc. It is therefore important to devise schemes for conflict resolution for all resettlement plans. Such

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to ensure that vulnerable groups such as indigenous people, ethnic minorities, the landless, and women are represented adequately in such arrangements.

9. The plan should address and mitigate resettlement's impact on host populations. Host communities and local governments should be informed and consulted. Any payment due the hosts for land or other assets provided to resettlers should be promptly rendered. Conflicts between hosts and resettlers may develop as increased demands are placed on land, water, forests, services, etc., or if the resettlers are provided services and housing superior to that of the hosts. Conditions and services in host communities should improve, or at least not deteriorate. Providing improved education, water, health, and production services to both groups fosters a better social climate for their integration. In the long run, the extra investment will help prevent conflicts and secure the project's aims.

10. Successful resettlement requires a timely transfer of responsibility from settlement agencies to the settlers themselves. Otherwise, a dependency relationship may arise, and agency resources may become tied up in a limited number of continually supervised schemes. Local leadership must be encouraged to assume responsibility for environmental management and infrastructure maintenance.

## Socioeconomic Survey

11. Resettlement plans should be based on recent information about the scale and impact of resettlement on the displaced population. In addition to describing standard household characteristics, socioeconomic surveys should describe (a) the magnitude of displacement; (b) information on the full resource base of the affected population, including income derived from informal sector and

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schemes should, as far as possible, take into account existing procedures for settling disputes in the country or area concerned.

nonfarm activities, and from common property; (c) the extent to which groups will experience total or partial loss of assets; (d) public infrastructure and social services that will be affected; (e) formal and informal institutions (such as community organizations, ritual groups, etc.) that can assist with designing and implementing the resettlement programs; and (f) attitudes on resettlement options. Socioeconomic surveys, recording the names of affected families, should be conducted as early as possible to prevent inflows of population ineligible for compensation.

## Legal Framework

12. A clear understanding of the legal issues involved in resettlement is needed to design a feasible resettlement plan. An analysis should be made to determine the nature of the legal framework for the resettlement envisaged, including (a) the scope of the power of eminent domain, the nature of compensation associated with it, both in terms of the valuation methodology and the timing of payment; (b) the legal and administrative procedures applicable, including the appeals process and the normal time frame for such procedures; (c) land titling and registration procedures; and (d) laws and regulations relating to the agencies responsible for implementing resettlement and those related to land compensation, consolidation, land use, environment, water use, and social welfare.

## Alternative Sites and Selection

13. The identification of several possible relocation sites and the demarcation of selected sites is a critical step for both rural and urban resettlement. For land-based resettlement, the new site's productive potential and locational advantages should be at least equivalent to those of the old site. The Bank encourages "land for land" approaches, providing replacement land at least equivalent to the lost land. For rural settlers, irrigation, land reclamation, tree crop development, intensification of production, and other innovations often can provide adequate

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production potential on limited amounts of land to resettle agriculturalists, even in countries with high population densities. In selecting sites, attention must be paid to the availability of sources of off-farm income (fishing, gathering forest products, seasonal wage employment) to complement farm income. For urban resettlers, the new site should ensure comparable access to employment, infrastructure, services, and production opportunities. For both rural and urban resettlement, the borrower needs to (a) develop institutional and technical arrangements for identifying and preparing relocation sites, e.g., pooling together small plots, wasteland reclamation, land leveling, and terracing; (b) draw up timetables and budgets for site preparation and transfer; (c) make legal arrangements for transferring titles to resettlers; and (d) consider, when necessary, a temporary freeze on land transactions within the relocation area to prevent land speculation. Though the Bank does not normally disburse against land acquisition, it can finance land improvement to accommodate resettlers.

## Valuation of and Compensation for Lost Assets

14. Valuation of lost assets should be made at their replacement cost. Compensation is facilitated by (a) paying special attention to the adequacy of the legal arrangements concerning land title, registration, and site occupation; (b) publicizing among people to be displaced the laws and regulations on valuation and compensation; (c) establishing criteria for determining the resettlement eligibility of affected households, e.g., households that have only partially lost their assets but are no longer economically viable should be entitled to full resettlement; and (d) developing mechanisms to prevent illegal encroachers and squatters, including an influx of nonresidents entering to take advantage of such benefits, from participating in the compensation arrangements, by an early recording of the numbers and names of affected populations entitled to compensation/rehabilitation.

15. Some types of loss, such as access to (a) public services; (b) customers and suppliers; and (c) fishing, grazing, or forest areas, cannot easily be evaluated or

compensated for in monetary terms. Attempts must therefore be made to establish access to equivalent and culturally acceptable resources and earning opportunities.

16. Vulnerable groups at particular risk are indigenous people, the landless and semi-landless, and households headed by females who, though displaced, may not be protected through national land compensation legislation. The resettlement plan must include land allocation or culturally acceptable alternative income-earning strategies to protect the livelihood of these people.

## Land Tenure, Acquisition, and Transfer

17. Resettlement plans should review the main land tenure and transfer systems, including common property and nontitle-based usufruct systems governed by locally recognized land allocation mechanisms. The objective is to treat customary and formal rights as equally as possible in devising compensation rules and procedures. The plan should address the issues raised by the different tenure systems found in a project area, including (a) the compensation eligibility of land-dependent populations; (b) the valuation procedures applicable to different tenure types; and (c) the grievance procedures available for disputes over land acquisition. Plans should contain provisions for conducting land surveys and regularizing land tenure in the earliest stages of project development. Planning should also anticipate the approximate time needed to acquire and transfer land.

## Access to Training, Employment, and Credit

18. Normally, general economic growth cannot be relied upon to protect the welfare of the project-affected population. Thus, alternative employment strategies are needed for nonagricultural displaced people, or where the land that can be made available is not sufficient to accommodate all the displaced farmers. The resettlement plan should, where feasible, exploit new economic activities made possible by the

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main investment requiring the displacement. Vocational training, employment counseling, transportation to jobs, employment in the main investment project or in resettlement activities, establishment of industries, incentives for firms to locate in the area, credit and extension for small businesses or reservoir aquaculture, and preference in public sector employment should all be considered where appropriate.

## Shelter, Infrastructure, and Social Services

19. To ensure the economic and social viability of the relocated communities, adequate resources should be allocated to provide shelter, infrastructure (e.g., water supply, feeder roads), and social services (e.g., schools, health care centers).<sup>12</sup> Site development, engineering, and architectural designs should be prepared for shelter, infrastructure, and social services. Since community or self-built houses are often better accepted and more tailored to the resettlers' needs than contractor-built housing, provision of a building site with suitable infrastructure, model plans, building materials, technical assistance, and "construction allowances" (for income foregone while resettlers build their houses) is an option communities should be offered. Planning for shelter, infrastructure, and services should take into account population growth.

## Environmental Protection and Management

20. The screening process for an environmental assessment (EA) normally classifies projects involving involuntary resettlement as Category A.<sup>13</sup> The EA of the main investment requiring the resettlement should thus cover the potential environmental impacts of the resettlement. The resettlement plan must be developed in coordination with the EA and define the boundaries of the

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<sup>12</sup>Health care services, particularly for pregnant women, infants, and the elderly, may be important during and after relocation to prevent increases in morbidity and mortality due to malnutrition, the stress of being uprooted, and the usually increased risk of water-borne diseases.

<sup>13</sup>See OD 4.00, Annex A, Environmental Assessment, and Annex B, Environmental Policy for Dam and Reservoir Projects. The environmental implications of involuntary resettlement will be further discussed under para 6.0, "Special Issues in Environmental Assessment," in Environmental Assessment Sourcebook, (Washington, D.C.: The World Bank, to be issued).

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relocation area, and calculate incremental population density per land unit. In agricultural projects (involving, for example, relocation to the catchment surrounding a reservoir, or to a downstream command area), if the incoming resettled population is large in relation to the host population, such environmental issues as deforestation, overgrazing, soil erosion, sanitation, and pollution are likely to become serious and plans should either include appropriate mitigating measures, including training of oustees, or else should allow for alternative sites to be selected. Urban resettlement raises other density-related issues (e.g., transportation capacity, access to potable water, sanitation systems, health facilities, etc.). Constructive environmental management, provided through the EA's mitigation plan,<sup>14</sup> may provide good opportunities and benefits to resettlers and host populations alike (e.g., project-financed compensatory afforestation not only replaces the forests submerged by reservoirs but also offers gainful employment). If the likely consequences on the environment are unacceptable, alternative and/or additional relocation sites must be found.

## Implementation Schedule, Monitoring, and Evaluation

21. The timing of resettlement should be coordinated with the implementation of the main investment component of the project requiring the resettlement. All resettlement plans should include an implementation schedule for each activity covering initial baseline and preparation, actual relocation, and post-relocation economic and social activities. The plan should include a target date when the expected benefits to resettlers and hosts would be achieved.

22. Arrangements for monitoring implementation of resettlement and evaluating its impact should be developed by the borrower during project preparation and used during supervision.<sup>15</sup> Monitoring provides

both a warning system for project managers and a channel for the resettlers to make known their needs and their reactions to resettlement execution. Monitoring and evaluation units should be adequately funded and staffed by specialists in resettlement. In-house monitoring by the implementing agency may need to be supplemented by independent monitors to ensure complete and objective information. Annual and midterm reviews are desirable for large-scale resettlement. The borrower should be required to continue impact evaluation for a reasonable period after all resettlement and related development activities have been completed. The borrower should also be required to inform the Bank about the findings.

## **Bank Role and Project Options**

23. The Bank supports borrowers' efforts through (a) assistance in designing and assessing resettlement policy, strategies, laws, regulations, and specific plans; (b) financing technical assistance to strengthen the capacity of agencies responsible for resettlement; and (c) direct financing of the investment costs of resettlement. The Bank may sometimes finance resettlement even though it has not financed the main investment that made displacement and resettlement necessary (para. 26).

24. The task manager (TM) should inform the borrower of the Bank's resettlement policy. Starting early in the project cycle, the TM with the support of Bank operational, research, and legal staff should assess government policies, experiences, institutions, and the legal framework covering resettlement. In particular, the TM needs to ensure that involuntary resettlement is avoided or minimized, that laws and regulations concerning displaced people provide compensation sufficient to replace all lost assets, and that displaced persons are assisted to improve, or at least restore, their former living standards, income earning capacity, and production levels.

25. The adequacy of the resettlement plan should be reviewed by appropriate social, technical, and legal experts. Resettlement specialists should visit the

<sup>14</sup>See Annex A1, para. 2, in OD 4.00, Annex A, Environmental Assessment.

<sup>15</sup>See OD 10.70, Project Monitoring and Evaluation.

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possible resettlement sites and review their suitability. In the case of large-scale relocation, such experts should be included in independent technical or environmental review boards.<sup>16</sup>

26. Bank financing of resettlement can be provided as follows: (a) As a component of the main investment project causing displacement and requiring resettlement. (b) If large enough, as a free-standing resettlement project with appropriate cross-conditionalities, processed and implemented in parallel with the investment project that causes the displacement. The latter may better focus country and Bank attention on the effective resolution of resettlement issues. (c) As a sector investment loan.<sup>17</sup>

Where the specific resettlement needs of each subproject are not known in advance, the borrower would need to agree to resettlement policies, planning principles, institutional arrangements, and design criteria that meet Bank policy and requirements as a condition of the loan. An estimate should be provided of total population to be displaced and overall resettlement costs, as well as an evaluation of proposed resettlement sites. Subprojects in sector investment loans should be screened by the implementing agency to ensure consistency with this directive, and approved individually by the Bank. For countries with a series of operations requiring resettlement, efforts to improve the policy, institutional, and legal framework for resettlement should form part of the Bank's ongoing country and sector dialogue with the government. These efforts should be appropriately reflected in economic and sector work and in country strategy papers and briefs.

## Processing and Documentation

27. The Regional Vice President (RVP) should be kept informed of major resettlement issues, and his

<sup>16</sup>See OD 4.00, Annex B, Environmental Policy for Dam and Reservoir Projects.

<sup>17</sup>See OD 1.00, Bank Goals and Instruments, and OD 8.20, Sector Investment and Maintenance Loans, both to be issued.

guidance sought where necessary. The Regional Environment Division (RED), the Legal Department (LEG), and settlement specialists in Sector Policy and Research (PRS) should be consulted or included as necessary in peer reviews on involuntary resettlement issues throughout the project cycle.

## Identification

28. The possibility of involuntary resettlement should be determined as early as possible and described in all project documents. The TM should (a) briefly summarize in the Initial Executive Project Summary (Initial EPS)<sup>18</sup> the magnitude, strategy, and timing of the resettlement; (b) inform borrowers of the Bank's resettlement policy; (c) review past borrower experience with similar operations; (d) invite agencies responsible for resettlement to discuss their policies, plans, and institutional, consultative, and legal arrangements for resettlement; and (e) where appropriate, ensure that technical assistance is provided early to borrowers. Such assistance should include the use of project preparation facility (PPF) resources<sup>19</sup> for planning resettlement and building institutional capacity.

## Preparation

29. During project preparation, the feasibility of resettlement must be established, a strategy agreed upon, the resettlement plan drafted, and budget estimates prepared.<sup>20</sup> The full costs of resettlement

<sup>18</sup>See Circular Op 87/03, Procedures for Processing Investment Loans and Credits, filed as OMS 2.00, to be reissued as OD 9.00, Processing and Documentation for Investment Lending.

<sup>19</sup>See OMS 2.15, Project Preparation Facility, to be reissued as OD 8.00, Project Preparation Facility and Special Project Preparation Facility.

<sup>20</sup>Detailed guidelines for preparing and appraising resettlement plans are provided in Involuntary Resettlement in Development Projects, World Bank Technical Paper No. 80, Annex 1 (Washington, D.C.: The World Bank, 1988). Pro



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should be identified and included in the total cost of the main investment project, regardless of financing source. The costs of resettlement should also be treated as a charge against the economic benefits of the investment project that causes the relocation. Any net benefits to resettlers (as compared to the "without project" circumstances) should be added to the benefit stream of the main investment. While the resettlement component or free-standing project need not be economically viable on its own, it should be the least cost approach consistent with the policies laid out above.

## Appraisal and Negotiation

30. Submission to the Bank of a time-bound resettlement plan and budget that conforms to Bank policy is a condition of initiating appraisal for projects involving resettlement, except for sector investment loans as discussed in para. 26. All final EPSs should confirm that this requirement has been met. The appraisal mission should ascertain (a) the extent that involuntary resettlement and human hardship will be minimized and whether borrowers can manage the process; (b) the adequacy of the plan, including the timetable and budget for resettlement and compensation; (c) the soundness of the economic and financial analysis; (d) the availability and adequacy of sites and funding for all resettlement activities; (e) the feasibility of the implementation arrangements; and (f) the extent of involvement of beneficiaries. At negotiations, the borrower and the Bank should agree on the resettlement plan. The resettlement plan and the borrower's obligation to carry it out should be reflected in the legal documents. Other necessary resettlement-related actions must be covenanted. The Staff Appraisal Report and the Memorandum and Recommendation of the President should summarize the plan and state that it meets Bank policy requirements.

## Implementation and Supervision

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forma cost tables and guidelines for economic and financial analysis are provided in Annex 2.

31. Resettlement components should be supervised throughout implementation.<sup>21</sup> Supervision that is sporadic or left until late in implementation invariably jeopardizes the success of resettlement. Bank supervision missions should be staffed with the requisite social, economic, and technical expertise. Annual reviews of large-scale resettlement and in-depth Bank reviews of midterm progress are highly desirable. These reviews should be planned from the outset to allow the Bank and the borrower to make necessary adjustments in project implementation. Complete recovery from resettlement can be protracted and can often make it necessary to continue Bank supervision until well after populations have been relocated, sometimes even after a project has been closed.

## Ex Post Evaluation

32. The project completion report<sup>22</sup> submitted to the Operations Evaluation Department should evaluate resettlement and its impact on the standards of living of the resettlers and the host population.

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<sup>21</sup>See OD 13.05, Project Supervision, particularly paras. 44-47.

<sup>22</sup>See the OPNSV memorandum, Guidelines for Preparing Project Completion Reports, June 7, 1989, and OMS 3.58, General Guidelines for Preparing Project Completion Reports, which are to be combined and reissued as OD 13.55, Project Completion Reports.

## **Annex B—Sample Terms of Reference (TOR) for a Resettlement Action Plan**

A good TOR should provide potential bidders with sufficient information to enable them to make a detailed proposal for planning and implementing resettlement associated with a given project. At the same time, the TOR should not be too proscriptive. Rather, it should allow potential bidders flexibility in the application of IFC policy to the local context, conditions and requirements—as identified through public consultation—of the people to be affected by the project. The following is a sample TOR for an infrastructure project involving both physical and economic displacement.

### **Terms of Reference**

1. Saharan Roads International Corporation (SRIC) has signed an agreement with the government of the Republic of the Sahel for the construction and operation of a toll bridge to span the Agades River at Ifrouane, the capital city situated, on the east bank. The bridge will reduce severe traffic congestion and contribute to economic development of this burgeoning city. Construction is planned to commence in July 2002. The project footprint will affect a regional marketplace, which includes about 300 vendors' stalls and a large livestock market on the west bank. A fishing community located on the west bank will be resettled, possibly to a new site in open land about 1,000 meters upstream. On the more urbanized east bank, an estimated 200–250 households and an unspecified number of small businesses will be resettled to make way for construction of abutments, widening of the approach road, and lay-down areas for construction equipment and materials.
2. The government of the Republic of the Sahel is responsible for resettlement of people in, "instances of land acquisition for reasons of public utility" (Decree 1999/034). The Office of Habitat and Cadastral Services (OHCS) of the Ministry of Land, Natural Resources, and Human Settlements is charged with monitoring and oversight of resettlement in the country.
3. Financing for this project is provided in part by the International Finance Corporation (IFC), a member of the World Bank Group. SRIC requires the expert services of a consultant resettlement team to prepare a resettlement action plan that fully meets IFC/World Bank Group policy criteria, (specifically OD 4.30 on Involuntary Resettlement).
4. The project will finance the resettlement and related community development sub-projects intended to improve the economy and well-being of affected people. The resettlement team will work in close collaboration with specialists from the OHCS. Resettlement and community development planning and implementation will be supervised by a resettlement task force (RTF) comprising representatives of the Municipality of Ifrouane, the Ministry of Land, Natural Resources, and Human Settlements, the Ministry of the Interior, and senior project personnel from SRIC.

The team will design the resettlement and development components in accordance with the procedures outlined in the "IFC Handbook for Preparing a Resettlement Action Plan" in consultation with local stakeholders and in close collaboration with the OHCS. The team will also assist OHCS with implementation and annual monitoring of the resettlement action plan and community development components. A final external evaluation of the RAP and community development components will be carried out by an independent third party to be engaged by the RTF.

6. The team will include experts with demonstrated expertise in the following areas:

- A socioeconomist with experience in World Bank Group resettlement projects and a background in design, implementation, and/or monitoring and evaluation of capital development projects in developing countries.
- A land-use planner/natural resources economist to assist the socioeconomist with design, implementation, and analysis of studies needed for socioeconomic development as well as logistical requirements for resettlement to new areas.
- A public consultation expert with skills in community facilitation, conflict resolution, and communications.

One team member, preferably the socioeconomist or land-use economist, will serve as team leader reporting to the SRIC project manager and the resettlement task force.

7. The team will identify local expertise needed to assist the planning, implementation, and monitoring and evaluation of the resettlement and community development components. This will include data acquisition tasks for baseline surveys, use of natural resources (fisheries, agriculture, and livestock), and other studies needed to design and monitor the components. The services of an established local NGO will be required to assist with implementation and monitoring of both components.

8. Interested parties should submit proposals by March 31, 2001. Proposals should include an overview of the technical approach and organizational arrangements as well as resumes of key expatriate personnel, local expertise requirements, a budget, and an estimated timetable. SRIC plans to establish construction camps in July 2002, with commencement of civil works (approach road and abutments on the west bank) in September 2002. The RAP component (physical relocation of people) is to be completed by June 2002. Community development activities are expected to reach completion with a final external evaluation in mid-2005.

## Annex C—Sample Budget for a Resettlement Action Plan

Item	Cost US\$	Comment	Timing	Source of Funds	Channel of Disbursement
<b>Operations</b>					
Salaries	100,000	Management seconded from project staff and support staff	1/97 - 11/99	Sponsor	Sponsor
Office/Administration	40,000	Equipment, supplies and communications	1/97 - 11/99	Sponsor	Sponsor
Transportation	70,000	Inclusive of vehicles, POL and maintenance	1/97 - 11/99	Sponsor	Sponsor
Consulting Services	90,000	RAP preparation including mapping, census and surveys, consultation, community development plans, monitoring & evaluation framework, etc.	3/97 - 12/97		Sponsor
Miscellaneous	20,000	Travel allowances, public meetings, etc.	1/97 - 11/99	Sponsor	Sponsor
<b>Compensation</b>					
Compensation to land owners for agricultural land	590,000	Based on average price of land per hectare as determined by market survey multiplied by number of hectares to be acquired from all affected households.	5/98	Sponsor	Govt Land Acquisition Office (LAO)
Compensation for lost crop production for landowners and tenants	32,200	Based on average monthly production value of crops for each land type multiplied by 8 months (i.e., time between last crop and commencement of project-related employment) per land-holding of all affected households.	3/98	Sponsor	Sponsor
Compensation for dwellings and structures	32,000	Based on estimated replacement value per m <sup>2</sup> multiplied by total area of dwellings and structures multiplied by number of all affected households.	5/98	Sponsor	LAO
Compensation for house plots	39,900	Based on average price of land per hectare multiplied by 2 hectares multiplied by number of all affected households.	5/98	Sponsor	LAO
Compensation for trees	17,000	Based on an inventory of trees per affected household and market value per variety.	5/98	Sponsor	LAO
Compensation for enterprises	24,000	Based on a flat-rate estimate of revenue loss during relocation of enterprise to new site established by resettlement committee.	5/98	Sponsor	Sponsor
Compensation for moving/disturbance	3,000	A moving/disturbance allowance of \$200 per family or enterprise (i.e., 15% of average house/enterprise value).	5/98	Sponsor	Sponsor
<b>Land Acquisition and Resettlement Site Planning</b>					
Land acquisition	80,000	200 hectares of comparable productive potential at @400 per hectare	9/97	LAO	LAO
Site Planning	5,790	Surveying, land use assessment, master plan, demarcation and registration of plots in consultation with resettlement committee	10/97	Sponsor	Engineering Services Contractor
Infrastructure	34,000	Drains, water points, pavement, community center, community lighting in consultation with resettlement committee	1 - 4/98	Sponsor	Building Contractor

Item	Cost US\$	Comment	Timing	Source of Funds	Channel of Disbursement
<b>Monitoring &amp; Evaluation</b>					
RAP Monitoring	15,000	Quarterly monitoring for six quarters @ \$2,500 per quarter.	6, 9, 12/98 3, 6, 9/99	Sponsor	National NGO Consulting
RAP Evaluation	4,000	Final quarter evaluation	10 - 11/99	Sponsor	Services Contractor
<b>Community Development</b>					
Agricultural extension services	40,000	Agricultural inputs, training, post-production and marketing services	6/98 - 12/99	Sponsor	Consulting Services Contractor
Small enterprise training	25,000	Small manufacturing and services	"	Sponsor	National NGO
Revolving credit	50,000	Enterprise development	"	Sponsor	National NGO
<b>Totals</b>					
Sub-total all items	1,021,890				
Contingency	102,189	10% of sub-total			
<b>Total</b>	<b>1,124,079</b>				





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Design: Henry Rosenbohm

Cover and Divider Painting: Susan T. Wood

Printing: Automated Graphic Systems

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2121 Pennsylvania Avenue, NW Washington, DC, 20433 USA

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First printing April 2002

This manual has been prepared by the staff of the International Finance Corporation (IFC). The judgements expressed do not necessarily reflect the views of IFC's Board of Directors or the governments they represent.

ISBN 0-8213-5153-2





INTERNATIONAL FINANCE CORPORATION  
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