

ASIAN DEVELOPMENT BANK

SST:OTH 2000-08

SPECIAL EVALUATION STUDY

ON THE

POLICY IMPACT

OF

INVOLUNTARY RESETTLEMENT

September 2000

CURRENCY EQUIVALENTS

(as of October 1999)

Bangladesh	People's Republic of China	Indonesia	Philippines
Taka (Tk)	Yuan (Y)	Rupiah (Rp)	Peso (₱)
Tk1.00 = \$0.020202	Y1.00 = \$0.1208079	Rp1.00 = \$0.0001446	₱1.00 = \$0.0249
\$1.00 = Tk49.50	\$1.00 = Y8.2776	\$1.00 = Rp6,915	\$1.00 = ₱40.135

ABBREVIATIONS

ADB	–	Asian Development Bank
BAN	–	Bangladesh
CBO	–	community-based organization
CCDB	–	Christian Commission for Development of Bangladesh
DCHO	–	Davao City Housing Office
DMC	–	developing member country
DGWRD	–	Directorate General of Water Resources Development
EA	–	executing agency
EMAP	–	environmental management action plan
EFAPP	–	erosion and flood affected person program
ERS	–	east resettlement site
ICAO	–	International Civil Aviation Organization
INO	–	Indonesia
IRP	–	involuntary resettlement policy
MARV	–	maximum allowable replacement value
MOS	–	Municipality of Shanghai
NGO	–	nongovernment organization
NHA	–	National Housing Authority
OEO	–	Operations Evaluation Office
OESD	–	Office of Environment and Social Development
PHI	–	Philippines
PIU	–	project implementation unit
PMU	–	project management unit
PPTA	–	project preparatory technical assistance
PRC	–	People's Republic of China
PSP	–	private sector project
RHD	–	Roads and Highways Department
RP	–	resettlement plan
RRP	–	report and recommendation of the President
RRAP	–	revised resettlement action plan
SOCD	–	Social Development Division
TA	–	technical assistance
YCEC	–	Yunnan Chuda Expressway Company
WRS	–	west resettlement site

NOTE

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

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EXECUTIVE SUMMARY

The Asian Development Bank (ADB) adopted an involuntary resettlement policy (IRP) in February 1994 and formally endorsed it in November 1995. The IRP requires that people who lose assets or livelihood because of a project, irrespective of tenure status, receive assistance from the project for relocation and resettlement and be paid market or replacement value for assets acquired by the project. A major IRP objective is to ensure that those affected receive rehabilitation assistance to achieve at least the same level of well-being with the project as without it. The IRP requires that all projects, including cofinanced and private sector projects with identified resettlement effects, have a satisfactory resettlement plan (RP), with time-bound actions and appropriate budget.

This study evaluates the relevance, adequacy, and effectiveness of the IRP and its implementation. The objectives are to enhance ADB's future portfolio development and management, and to provide feedback to enhance IRP implementation in future projects. Eight sample projects in four countries—(Bangladesh, People's Republic of China [PRC], Indonesia, and Philippines) were selected for field investigation based on sector and regional criteria. The sample includes projects approved before and after implementation of the IRP. All have substantially completed the resettlement component. The eight sample projects, approved between 1994 and 1996, represent a good mix of countries and sectors with large resettlement portfolios. In addition, eight projects, approved between 1997 and 1999, were randomly selected for a desk study to assess the current pattern and practices in managing ADB's resettlement portfolio. The study used a multimethod approach including a review of relevant project documents, field surveys, interviews of executing agency (EA) officials and those affected, and community meetings for investigation and data collection. Guidelines were established for conducting the surveys.

The IRP contained detailed policy elements which address adequately the major concerns of ADB, i.e., avoid involuntary resettlement if possible, minimize involuntary resettlement where population displacement is unavoidable, and ensure that the displaced people receive adequate assistance to restore their living conditions to at least the preproject level. The policy elements are adequate to minimize or eliminate impoverishment risks. The IRP framework is found to be comprehensive and relevant in the context of providing fair treatment to people affected by a project.

Since the adoption of the IRP in 1994, ADB has financed 80 projects involving resettlement in 12 developing member countries (DMCs). On average, close to 120,000 people are affected annually by ADB-funded projects, of these about 40,000 require relocation and resettlement. In terms of number of people relocated, the PRC has the highest percentage (60 percent) of the total number affected, followed by Viet Nam (14 percent), Bangladesh (12 percent), Indonesia (7 percent), and Cambodia (2 percent). The Philippines and Sri Lanka both have 1 percent of the total number of affected people. Sectorwise, transport projects recorded the highest number of people relocated (78 percent of the total number of affected people). The energy and water supply and irrigation projects together recorded 18 percent (9 percent each) of the people relocated.

In general, projects approved during the early years of IRP implementation were not as detailed in reporting resettlement activities. The desk study indicates that projects approved between 1997 and 1999 dealt with land acquisition and resettlement issues more

comprehensively during project preparation. As a result, RPs were relatively more detailed in terms of entitlements of displaced persons, specific time-bound resettlement actions, mitigating measures, and provisions for monitoring the status of resettled people. Analysis of the field data on resettlement impacts from eight sample projects in four countries indicates that the IRP has made progress in achieving its development objectives, contributing in many instances to enhanced payments of compensation for lost assets, providing improved housing and infrastructure, and restoring livelihoods for many resettled families. The projects in the PRC showed better performance in terms of restoring incomes of those resettled. Most of the affected people maintained their preproject income level in the postresettlement period and many reported they were better off compared with their preproject situation. In other countries, about one third of the affected households reported their status as poorer than before. Several implementation problems affected land acquisition and resettlement activities in Indonesia and the Philippines; these ranged from unsatisfactory implementation to significant cases of noncompliance with the IRP.

Field investigations indicate concerns about the practical aspects of implementing the IRP framework, and the capacity of EAs to implement and adhere to the IRP guidelines. The IRP demands fundamental structural changes in national land acquisition laws and payments of compensation for development-induced displacement. Experience from sample project analysis indicated that the IRP is mostly project-driven and DMCs' compliance is largely to gain loan approval. Improvements in compensation and other benefits are ad hoc and project-specific. The project case studies show that IRP effectiveness depends on local conditions and needs. To be effective, a national resettlement policy must be formulated in line with the policy elements of IRP with appropriate modifications to suit local conditions and needs. A national resettlement policy must also emphasize the results of program implementation and supervision, rather than just meet IRP requirements at the loan approval stage.

Ineffective implementation and limited impact of the IRP in terms of the overall resettlement process of the DMCs is a major concern. Major problems are (i) lack of appropriate and compatible national resettlement policy in most DMCs, (ii) inadequate social investigations at the project preparatory level, (iii) improperly identified impoverishment risks resulting in inadequate restoration of income and livelihood and serious implications for the sustainability of resettlement programs, (iv) weak EA institutional capabilities and lack of or inadequate funding for resettlement activities, (v) weak supervision and monitoring of resettlement implementation, (vi) lack of consistency in capacity-building and in the role of nongovernment organizations (NGOs) in project implementation and sustainability, and (vii) inadequate aid coordination among donor agencies.

ADB currently is aware of many of the policy and implementation issues. Several initiatives have been taken recently to resolve these issues, particularly the technical assistance to review national resettlement policies and experience with involuntary resettlement projects in some DMCs. Recently, the Social Development Division undertook another review of the IRP issues from the perspective of ADB's new poverty focus strategy and increased demands for public disclosure. In the future, ADB will need to coordinate all efforts to develop and adopt policies to improve resettlement performance during implementation.

The study concluded that the IRP is adequate and relevant but refinements should be made to clarify specific policy elements, such as compensations, people directly affected by projects, and those of the vulnerable groups. Implementation practices should be improved with a focus on income restoration in the postresettlement period.

The study provided lessons for future project preparation and management. Six factors are crucial for an integrated approach to resettlement planning and implementation:

- (i) **Appropriate Policy Framework.** An appropriate country policy and legal framework provides clear guidelines, specifies inclusive definitions of affected people, assures market or replacement value for all kinds of assets acquired, and establishes mechanisms for grievance resolution;
- (ii) **Comprehensive Planning.** Early attention is needed to resolve land acquisition and resettlement issues; establish a database for comprehensive development planning and a resettlement site with civic amenities, including options for resettlement; develop a gender-based income restoration plan, training for alternative income programs, and other programs as appropriate (e.g., vulnerable groups); and provide for mitigating unanticipated project consequences;
- (iii) **Disclosure and Consultation with Stakeholders.** This includes disclosing information and consulting with stakeholders, and forming task-oriented special committees (consisting of project staff, local government officials, experts, affected people, etc.) to collect specialized information, consult with local communities to assess the extent of impact, and determine compensation rates;
- (iv) **Strong Implementing Agency.** The agency should be strong; be present in the field; involve local government officials, displaced people, the host community, NGOs, and community-based organizations (CBOs) in RP implementation; and be willing to learn from experience, adapt, and improve implementation strategies;
- (v) **Resettlement Costs and Funding.** Costs must be properly budgeted and based on market or replacement value; funding should be available on schedule and paid to displaced people prior to relocation; and
- (vi) **Supervision and Monitoring.** A system of supervision and internal monitoring must be established, and monitoring data then be used as feedback to improve performance. NGOs, CBOs, and affected people should be involved in the monitoring process.

An important lesson learned is to make concerted efforts with the DMCs to establish effective implementation practices. The focus must be on income restoration during the postresettlement period. Specific recommendations include the need to (i) streamline IRP implementation; (ii) adopt an appropriate and improved national resettlement policy in individual DMCs; (iii) provide adequate funding for resettlement activities to prevent impoverishment of the affected people; (iv) strengthen supervision and monitor project resettlement activities by both ADB and EAs; (v) strengthen and improve initial social assessment through comprehensive surveys of those affected, and improve disclosure and public consultation; (vi) strengthen ADB capacity for project resettlement activities by providing additional staff and consulting resources; (vii) strengthen the institutional capacity of the DMCs by providing technical assistance; and (viii) improve cooperation among multilateral and bilateral agencies within each DMC. ADB should take a proactive approach to cooperate with other agencies and NGOs to make the best use of critical resources to improve the DMCs' capacity. A common approach and policy requirements should be adopted by all funding agencies concerned.

I. INTRODUCTION

A. Background

1. The material benefits of development projects are sometimes counterbalanced by their adverse social impacts. Involuntary resettlement, for example, is largely a consequence of planned change generated by major development projects such as dams for irrigation and hydropower, urban renewal, and highway construction.¹ Involuntary resettlement usually consists of two distinct, yet related, social processes: first, displacement of people from their homes and communities due to land acquisition through expropriation and use of eminent domain or other regulatory measures to obtain land; and secondly, reconstruction or restoration of communities through resettlement and economic rehabilitation of those affected.² The types of loss usually include (i) loss of productive assets, including land, income, and livelihood; (ii) loss of housing, possibly entire community structures, systems, and services; (iii) loss of other civic amenities and community assets; and (iv) loss of community resources, habitat, and cultural sites. The impact of these losses is especially critical when those adversely affected are poor and vulnerable, and have little capacity to absorb the impacts and regain their livelihoods.

2. While most of the developing member countries (DMCs) of the Asian Development Bank (ADB) have legal frameworks for land acquisition, the payment of compensation for such losses is generally inadequate.³ Furthermore, many of these legal frameworks do not explicitly consider the social and economic consequences of displacement and loss of livelihood. Indeed, in countries like Bangladesh, India, Pakistan, and Sri Lanka, the land laws were historically developed for the purpose of colonizing unsettled land and collecting revenue by the British colonial administration. The changes in the postcolonial period have been geared to strengthen the scope of eminent domain for development purposes.

3. Prior to 1994, the social impacts of displacement caused by ADB-funded projects were largely addressed by using the *Guidelines for Social Analysis of Development Projects*.⁴ In February 1994, as a temporary measure, the President instructed ADB staff to apply the World Bank Operational Directive 4.30⁵ for all aspects of involuntary resettlement in ADB-funded projects. Finally, in November 1995, ADB formalized its own approach to development-induced resettlement by adopting the involuntary resettlement policy (IRP).⁶

4. During the period from February 1994 to December 1999, ADB approved 80 project loans in 12 DMCs requiring involuntary resettlement of about 713,230 people or an average of about 118,872 annually. This necessitated the displacement or relocation of about 114,298

¹ Cernea, Michael. 1988. *Involuntary Resettlement in Development Projects*. World Bank Technical Paper 80. Washington, D.C.

² World Bank. 1994. *Resettlement and Development*. Washington, D.C.

³ TA 5781-REG: *Review of National Resettlement Policies and Experience with Involuntary Resettlement Projects*, for \$831,000, approved on 10 March 1998. The technical assistance covered seven countries (Bangladesh, People's Republic of China, Indonesia, Nepal, Pakistan, Philippines, and Viet Nam) and the findings highlight inadequacies of compensation under the existing legal framework in individual countries.

⁴ ADB. 1991. *Guidelines for Social Analysis of Development Projects*. This was replaced by *Guidelines for Incorporation of Social Dimensions in Bank Operations* in October 1993.

⁵ World Bank. 1990. Operational Directive 4.30: Involuntary Resettlement. Washington, D.C. The directive is similar to those adopted by ADB (para. 17).

⁶ ADB. 1998. The Bank's Policy on Involuntary Resettlement. In *Handbook on Resettlement*, Appendix 1. Manila.

during the period (about 41 percent of all those affected) or about 38,099 annually.⁷ Appendix 1 provides a country and sector summary of approved ADB loans with involuntary resettlement.

5. The People's Republic of China (PRC) recorded the highest number of affected projects (34 projects or about 42 percent of the total affected projects), followed by Viet Nam (10 projects or 18 percent of the total), and Indonesia (9 projects or 11 percent of the total). In terms of number of affected people, the PRC also recorded the highest number (with about 425,433 or about 60 percent of the reported total number during the period). Consistently, Viet Nam has the second highest number of affected people (with about 98,483 or about 14 percent of the total). However, Bangladesh, which has only five affected projects, registered the third highest number (88,653 people or about 12 percent of the total) due to the Jamuna projects.⁸

6. Indonesia, which has nine affected projects, ranked fourth in terms of number of affected people (with about 50,790 or about 7 percent of the total). Other countries with a significantly large number are Cambodia (with 2 projects and about 17,400 affected people), Sri Lanka (with 2 projects and about 12,100), Philippines (with 6 projects and about 8,260), Malaysia (with only one project but about 3,840), and Nepal (with two projects and about 3,700).

7. Of the sectors, transport recorded the highest number of affected projects (33 projects or about 41 percent of the total number of affected projects approved during the period; the majority were approved during the early years of IRP implementation). The energy and the water supply and irrigation sectors both recorded second with 14 affected projects each (or 18 percent of the total), followed by the urban development sector with 9 affected projects (or 11 percent of the total).

8. The scope of resettlement impact is also highest in the transport sector with about 556,500 affected people or about 78 percent of the total number during the period. About 26 percent needed to be relocated. Second highest is the energy sector with about 64,850 affected people, followed by the water supply and irrigation sector with about 63,800. However, a greater proportion of those affected in the water supply and irrigation sector needed to be relocated, i.e., 96 percent, compared with only 26 percent in the energy sector.

B. Study Rationale, Objectives, and Scope

9. In implementing projects with significant resettlement activities, ADB's operational departments have little empirical evidence to assess the effectiveness and impact of projects with resettlement activities. ADB has concern over the implementation performance and the impact of the IRP on those being resettled. The second report to the ADB Board on the IRP identified several weaknesses in IRP implementation, especially in identifying, supervising, and monitoring resettlement projects.⁹ To take stock of ADB-funded projects involving resettlement activities and to improve the IRP guidelines relevant to the conditions of the DMCs, ADB's Operations Evaluation Office (OEO) conducted a special evaluation study on IRP impacts on involuntary resettlement in the DMCs.

⁷ Data on number of persons relocated is not available for projects approved during the early years of policy implementation, i.e., from February 1994 to November 1996.

⁸ These include the Jamuna Bridge Project, the Jamuna Bridge Access Roads Project, and the Jamuna Bridge Railway Link Project.

⁹ IN.105-99. *Policy on Involuntary Resettlement: Second Report to the Board of Directors*, 30 March.

10. The study's goals are to evaluate the appropriateness, effectiveness, and impact of the IRP on involuntary resettlement to enhance ADB's future portfolio development and management, and to provide real time feedback to enhance IRP implementation in future projects in the DMCs.¹⁰ Specifically, the study's objectives are to (i) determine the adequacy and appropriateness of the IRP, (ii) assess and evaluate implementation performance of involuntary resettlement activities in ADB-financed projects, and (iii) evaluate the IRP's effectiveness and extent of impact on those affected by projects.

11. The study (i) assessed the status of implementation of project resettlement plans (RPs) in the DMCs; (ii) completed a comparative assessment of pre- and post-IRP project conditions for involuntary resettlement to gain an understanding of the qualitative difference brought about by the IRP; (iii) determined the appropriateness and adequacy of RPs in meeting IRP requirements, the extent to which the project RPs were being implemented, and how this relates to the DMC's legal framework for involuntary resettlement; (iv) assessed the present status of resettled people and the adequacy of mitigating and compensating measures (i.e., income replacement, reestablishment of livelihood, relocation assistance) for resettlement losses; (v) examined the extent of participation of those affected in preparing and implementing the project RPs, and how this could enhance the quality of the RP designs in the sector; (vi) assessed the adequacy of monitoring and evaluation measures in implementing the project RPs; and (vii) evaluated ADB's efforts to strengthen institutional capacity in RP implementation and identified institutional weaknesses relating to effective RP implementation.

C. Approach and Methodology

12. Most of ADB-financed projects with land acquisition and involuntary resettlement components were concentrated in three major sectors: transport, energy, and water resources. In view of the large number of ADB-financed projects involved in involuntary resettlement and the current work of OEO on the environmental and social impacts of hydropower projects,¹¹ the study only covers ADB-assisted projects in the transport and water resources sectors. In developing the study design, both completed and ongoing projects approved prior to the adoption of the IRP (February 1994) and post-IRP (para. 3) were included in the selection process. Projects approved since 1994 were divided into two groups: one group with substantial progress in implementation for detailed field investigation (approved during 1994-1996), and another group, which includes recently approved projects (1997-1999) for comprehensive desk review to assess ADB's internal business practices and management procedure. The list of projects was segregated into country groupings. The four countries represented have the greatest number of ADB projects involving involuntary resettlement; sample projects were randomly selected in each country.

13. The eight projects selected for detailed field investigation are located in Bangladesh, PRC, Indonesia, and Philippines (Appendix 2). The projects represent a good mix and are located in countries with large resettlement portfolios. Two projects represent the pre-IRP control group in order to identify resettlement activities without IRP and to compare the project preparation and implementation outcomes with the six post-IRP projects. The pre-IRP projects are the (i) Shanghai-Nanpu Bridge Project,¹² and (ii) Inland Waterways Project.¹³ The post-IRP

¹⁰ The study was financed under TA 5832-REG: *Evaluation Studies in the Bank's Developing Member Countries*, for \$1 million, approved on 12 February 1999.

¹¹ OEO, ADB. December 1999. *Special Evaluation Study on the Social and Environmental Impacts of Selected Hydropower Projects*. Manila.

¹² Loan 1082-PRC: *Shanghai-Nanpu Bridge Project*, for \$70 million, approved on 28 May 1991.

projects are (i) Dalian Water Supply Project,¹⁴ (ii) Yunnan Expressway Project,¹⁵ (iii) North Java Flood Control Sector Project,¹⁶ (iv) Jamuna Bridge Project,¹⁷ (v) Jamuna Bridge Access Roads Project,¹⁸ and (vi) Airport Development Project.¹⁹

14. Eight projects approved between 1997 and 1999 were randomly selected for a desk review to assess the current ADB business practices in managing the resettlement portfolio (Appendix 3). These projects are Third Airports Development (Southern Philippines) Project,²⁰ Jamuna Bridge Railway Link Project,²¹ Eastern Islands Air Transport Development Project,²² Road Network Improvement Project,²³ Third Road Improvement Project,²⁴ GMS: Phnom Penh to Ho Chi Minh City Highway Project,²⁵ Southern Yunnan Road Development Project,²⁶ and Zhejiang-Shanxi Water Supply Project (Phase I).²⁷ The desk study provided useful data regarding the management of involuntary resettlement and its compliance with ADB's project processing cycle. The key focus, however, was to (i) examine how resettlement was planned and implemented, and determine the effects on the livelihoods of those affected; and (ii) compare the resettlement experience within and between different countries and draw lessons from the findings to improve the IRP and its implementation.

15. In total, the study investigated 16 projects in the transport and water resources sectors in seven countries. Details of study projects by country and sector are given in Table 1.

Table 1: Distribution of Study Projects by Country and Sector

Country	Transport	Water Resources	Total
Bangladesh	3	0	3
Cambodia	1	0	1
People's Republic of China	3	2	5
Indonesia	2	1	3
Philippines	2	0	2
Sri Lanka	1	0	1
Viet Nam	1	0	1
Total	13	3	16

¹³ Loan 1089-INO: *Inland Waterways Project*, for \$45 million, approved on 18 July 1991.

¹⁴ Loan 1313-PRC: *Dalian Water Supply Project*, for \$160 million, approved on 20 September 1994.

¹⁵ Loan 1325-PRC: *Yunnan Expressway Project*, for \$150 million, approved on 29 September 1994.

¹⁶ Loan 1425-INO/1426-INO(SF): *North Java Flood Control Sector Project*, for \$90 million, approved on 18 January 1996.

¹⁷ Loan 1298-BAN(SF): *Jamuna Bridge Project*, for \$200 million, approved on 8 March 1994, and completed in June 1999.

¹⁸ Loan 1478-BAN(SF): *Jamuna Bridge Access Roads Project*, for \$72 million, approved on 5 November 1996, and is still ongoing.

¹⁹ Loan 1333-PHI: *Airport Development Project*, for \$41 million, approved on 24 November 1994.

²⁰ Loan 1536-PHI: *Third Airports Development (Southern Philippines) Project*, for \$93 million, approved on 16 September 1997.

²¹ Loan 1561-BAN(SF): *Jamuna Bridge Railway Link Project*, for \$110 million, approved on 2 October 1997.

²² Loan 1586-INO: *Eastern Islands Air Transport Development Project*, for \$124 million, approved on 8 December 1997.

²³ Loan 1649-SRI(SF): *Road Network Improvement Project*, for \$80 million, approved on 8 December 1998.

²⁴ Loan 1653-VIE(SF): *Third Road Improvement Project*, for \$130 million, approved on 10 December 1998.

²⁵ Loan 1659-CAM(SF): *GMS: Phnom Penh to Ho Chi Minh City Highway Project*, for \$40 million, approved on 15 December 1998.

²⁶ Loan 1691-PRC: *Southern Yunnan Road Development Project*, for \$250 million, approved on 24 June 1999.

²⁷ Loan 1544-PRC: *Zhejiang-Shanxi Water Supply Project (Phase I)*, for \$100 million, approved on 24 September 1997.

16. The study team comprised an OEO evaluation specialist, resettlement specialist, and domestic consultants from each of the case study countries. The team used a multimethod approach comprising a literature review of relevant project documents, field visits, survey questionnaires, discussions with project executing agencies (EAs) and meetings with resettled families, community leaders, and nongovernment organizations (NGOs). Fieldwork in four countries was carried out in 1999, from mid-September to mid-November. The domestic consultants prepared project case studies and country reports, which formed the basis for this study report.

17. Project-level investigations combined both quantitative and qualitative data derived from surveys of randomly selected resettled households. These surveys used a systematic cluster approach, with in-depth case studies of resettled families and host populations, and meetings with affected communities and stakeholders at project sites. Project-specific sample surveys were conducted using a questionnaire dealing with all aspects of losses, compensation benefits, and resettlement.²⁸ The survey questionnaire contained both open-ended and closed questions (with fixed alternative answers) to make comparison and generalization possible.

II. RELEVANCE AND EFFECTIVENESS OF IRP IMPLEMENTATION

A. Relevance of IRP

18. ADB's concern on people affected by its project activities centered on avoiding or minimizing resettlement when population displacement is unavoidable, as well as restoring the livelihood of affected people. To accommodate these concerns, the IRP which was formulated in 1995 contained the following principles for resettlement:

- (i) Involuntary resettlement should be avoided where feasible.
- (ii) Where population displacement is unavoidable, it should be minimized by exploring all viable project options.
- (iii) People unavoidably displaced should be compensated and assisted, so that their economic and social future will be generally as favorable as it would have been without the project.
- (iv) Affected people should be informed fully and consulted on resettlement and compensation options.
- (v) Existing social and cultural institutions of resettlers and their hosts should be supported and used to the greatest extent possible, and resettlers should be integrated economically and socially in host communities.
- (vi) The absence of a formal title to land by some affected groups should not be a barrier to compensation, particular attention should be paid to households headed by women and other vulnerable groups, such as indigenous peoples and

²⁸ The sample size varies from one project to another, depending on the duration of the field survey and availability of respondents. No specific number was required, however, the cluster approach assured both the distribution and representativeness of the sample population. On average, 47 affected households were interviewed in each project.

ethnic minorities, and appropriate assistance provided to help them improve their status.

- (vii) As far as possible, involuntary resettlement should be conceived and executed as part of the project.
- (viii) The full cost of resettlement should be included in the presentation of project costs and benefits.
- (ix) Costs of resettlement and compensation may be considered for inclusion in ADB loan financing for the project.

19. The IRP specifies that ADB's role is to assist the EAs adopt the IRP principles within their own legal, policy, and administrative framework. ADB will also help strengthen the EAs' institutional capacity and macro framework for resettlement. The operational departments are responsible for policy implementation. The review and advisory function is carried out by the Social Development Division (SOCD) under the overall supervision of the Office of Environment and Social Development (OESD). SOCD is the ADB focal point for social development concerns, offering advice on poverty reduction, gender and development, vulnerable groups, involuntary resettlement, and indigenous and ethnic peoples.²⁹

20. The responsibility for planning and implementing the RP rests with the borrowers or project sponsors. In the case of public sector projects, it rests with the government through the EA. In the case of private sector projects (PSPs), the private developer prepares the RP, with the approval of the government agency exercising eminent domain.

21. ADB's internal business process recognizes that all projects with identified resettlement effects should have a satisfactory RP, with time-bound actions and budget, before project appraisal. A full RP is required when resettlement effects are significant, i.e., (i) 200 people or more will experience resettlement effects, or (ii) 100 or more of the people who will experience resettlement effects are members of indigenous peoples or vulnerable groups, or (iii) more than 50 of the people who experience resettlement effects are particularly vulnerable, for example, hunter-gatherers.³⁰ A summary RP is required for projects with smaller scale involuntary resettlement. This process works smoothly within the current ADB's business process of project processing and implementation.

22. The content and level of detail in RPs vary with circumstances, especially the magnitude of resettlement involved. In general, RPs are comprehensive and include (i) statement of objectives; (ii) review and analysis of census and socioeconomic data; (iii) policy framework, which includes valuation of and compensation for lost assets, and the entitlement matrix for compensation and resettlement benefits; (iv) level of disclosure and community participation; (v) relocation and RP, which includes site selection, development of services and civic amenities, integration with host population, income restoration and livelihood programs, and resettlement budget; (vi) resettlement organization and implementation schedule; and (vii) monitoring and evaluation plans.

23. The policy elements of IRP given above are comprehensive and in line with the central thrust of ADB's long term-strategic objective of poverty reduction. To achieve the objectives, the IRP required ADB to strengthen its institutional capability to facilitate effective implementation of

²⁹ ADB. 1999. *Social Development*. Manila.

³⁰ ADB. 1998. *Handbook on Resettlement*. Manila.

the policy, and to orient and train its staff to address issues in involuntary resettlement. The IRP also required project staff to review involuntary components of the project in a comprehensive manner, and recommended semi-annual reviews of large-scale project operations and in-depth reviews of midterm progress in project implementation.

24. Over the last five years, the policy has led to significant improvements in the preparation and planning of resettlement operations in ADB-financed projects. The IRP provided measures to avoid or minimize displacement, or in cases where resettlement is unavoidable, mitigative measures to restore incomes, livelihoods, and quality of life. The IRP also provided measures to improve the status of the poor and vulnerable groups who may be displaced. Thus, it helps to minimize or eliminate impoverishment risks such as landlessness, joblessness, homelessness, marginalization, food insecurity, increased morbidity, loss of access to common property resources, and sociocultural breakdown. The thrust of IRP is consistent with the ADB's poverty reduction strategy. The IRP framework is thus adequate and appropriate because it is comprehensive and largely relevant in the context of providing fair treatment to people affected by projects.

B. Early Experience with Resettlement Implementation

25. A review of the resettlement portfolio indicates progressive improvement in resettlement activities of ADB-funded projects. There was an improved understanding of the effects of land acquisition (from 37 percent in 1994 to 53 percent of appraisal reports in 1996) as ADB project staff and especially SOCD staff gained experience with the IRP implementation. Second, several innovative practices were introduced to deal with resettlement during loan processing. These include development of (i) an entitlement matrix for those affected, (ii) consultative processes using public meetings, (iii) grievance committees, (iv) special measures to restore livelihood, (v) separate resettlement budgets, and (vi) a contingency budget in case of unanticipated displacement impacts. Third, all but four of the 35 loans (1994-1996) documenting significant numbers of affected people presented RP data as part of the report and recommendation of the President (RRP). Of the four, three had RP data in preparation and one was an emergency project loan designed to undertake involuntary resettlement during implementation.

26. The review of approved projects during 1996-1998 indicates that better compliance with IRP requirements had been achieved. Identified resettlement effects associated with land acquisition improved during 1996-1998. In 1997, 29 percent of RRPs involving land acquisition had RPs, and in 1998 this increased to 50 percent. In absolute terms, the number of affected people decreased over time from 433,599 in 1994-1996 to 128,911 in 1996-1998, partly due to efforts to minimize displacement during project preparation and implementation. Further, RPs were better prepared and included provisions for civic amenities and services.

27. Between 1994-1996 and 1996-1998, the number of RRPs with assurances on involuntary resettlement increased from 50 to 57 percent of the loans with land acquisition. In 1998, 64 percent of the loans with land acquisition had an assurance on involuntary resettlement in the RRP. The average expenditure on land acquisition and resettlement per loan was 24 percent higher during 1996-1998 than during 1994-1996. During 1996-1998, 14 RRPs (58 percent of the loans with identified resettlement effects) provided resettlement costs as a separate item from land acquisition. Several of the 1996-1998 RRPs contained examples of good practice such as minimizing resettlement effects during implementation, participatory planning, income restoration, resettlement safety nets, and monitoring and evaluation (footnote

9). The improvements in resettlement project preparation between the two time periods show progressive understanding of issues and good implementation practices in the early years.

28. The extent of compliance with the IRP in the case of PSPs is not clear. ADB guidelines for PSPs do not provide any information on social policy requirements, although appraisal of PSPs requires the submission of an environmental impact assessment report.³¹ However, the IRP clearly states that all projects involving significant resettlement should have an RP. Between 1994 and 1998, 58 PSPs were approved, mostly without RPs. Most PSPs had either limited or incomplete information on the extent of land acquisition and its impact. In many instances, SOCD was asked to review the RPs when resettlement activities in the project were reportedly complete. It appears that ADB has so far applied the IRP leniently for PSPs.

C. Recent Resettlement Performance

29. A summary of resettlement performance for the selected desk review projects is given in Appendix 4. A summary matrix on compliance with IRP requirements is presented in Appendix 5, and a more detailed presentation of compliance at various stages of the project cycle can be found in Appendix 6. Salient features of the desk review follow.

30. **Compliance with the IRP.** The study found that projects approved between 1997 and 1999 dealt with land acquisition and resettlement issues in a more comprehensive manner during project preparation than those funded earlier. The ADB project preparatory missions (e.g., project preparatory technical assistance [PPTA], reconnaissance, fact-finding, post-fact-finding, and appraisal missions) provided detailed accounts of discussions and agreements reached in tripartite meetings with DMC governments, EAs, and project consultants. These are reflected in back-to-office reports and the minutes of management review and staff review committee meetings.

31. At the project preparatory stage, all projects recognized the DMCs' existing land acquisition and resettlement regulations, and analyzed their compatibility with the IRP. During tripartite discussions with the Government, ADB staff informed the Government and other project sponsors of the IRP requirements. To fully complement the IRP, comprehensive compensation/resettlement packages were usually formulated. For example, in the Southern Yunnan Road Development Project (footnote 26), where the project affected a number of minority people, a minority peoples development plan was developed by the EA to complement the project RP and mitigate the adverse social impact of the required land acquisition and resettlement on minorities.

32. In most cases, the ADB project preparatory missions underscored the need to develop RPs for projects in accordance with the IRP. Compliance with the requirements was covenanted as a prerequisite for loan effectivity, and for contract awards and loan disbursement for civil works in all other cases.

33. **RP and Resettlement Assurances.** All projects studied conducted initial social assessments to determine the scope and impact of land acquisition and resettlement (Appendix 5). With the exception of the Philippines' Third Airports Development (Southern Philippines) Project (footnote 20) and Sri Lanka's Road Network Improvement Project (footnote 23), draft RPs were prepared for the other six case projects during the PPTA feasibility

³¹ ADB. 1999. *Private Sector Development—Strategy, Policies, Modalities, and Procedures*. Manila.

study stage. At loan approval, only the Philippines' Airport Development Project did not provide a summary of project RP. All eight projects, nonetheless, obtained land acquisition and resettlement assurances from the government of the DMC concerned, and included outstanding resettlement issues as conditions of the loan agreement.

34. In the recently approved projects (1997-1999), more extensive consultations with people affected by a project and tripartite discussions with EAs, government agencies, and NGOs were conducted during preparation and implementation stages (Appendix 6). The RPs were also relatively more detailed in terms of people's entitlements, specific time-bound resettlement actions, mitigating measures, and provisions for monitoring the status of people resettled.

35. Unlike projects approved in 1994-1996, those approved later included the cost of land acquisition and resettlement with the total project cost. On average, about \$24 million, or about 8 percent of the total project cost, was allocated for project-related land acquisition and resettlement requirements. Resettlement costs were borne by the Government, except for some technical advisory assistance provided for preparing, monitoring, and supervising RP implementation.

36. **RP Implementation, Monitoring, and Evaluation.** Compared with earlier projects, institutional arrangements for monitoring and evaluating RP implementation are more clearly defined in recent projects. The involvement of ADB resettlement experts in RP preparation and implementation likewise increased. In most cases, ADB staff provided the bulk of the advisory input in finalizing the project RPs and provided technical inputs in resolving resettlement and other social issues.

37. ADB's involvement in assisting with RP implementation was more visible in two of the eight selected projects. In the case of the Zhejiang-Shanxi Water Supply Project (Phase 1) (footnote 27), the Resettlement and Environment Coordination Office was directed to provide on-site monitoring and reporting of RP implementation. It has submitted a number of resettlement monitoring and evaluation reports to ADB providing updates on RP implementation as well as on problems and suggestions. ADB review missions for the project also closely monitored RP implementation, and provided evaluation notes on the quality of life and compensation benefits received by those resettled. In another case—the Jamuna Bridge Railway Link Project (footnote 21), the EA commissioned the services of an experienced NGO for RP implementation. The project's monthly report provides updates on the major work components of the RP, including (i) selection, training, and deployment of personnel; (ii) information campaigns; (iii) issuance of identity cards to affected people; (iv) participation in grievance redress committees; (v) preparation of files and entitlement cards for people displaced; (vi) technical assistance (TA) (e.g., computerization of the resettlement database); (vii) assistance with relocating and resettling; (viii) assistance to obtain entitlements; (ix) need-based surveys; and (x) supervision and management.

38. Of the eight projects selected for the desk review, only the Third Road Improvement Project of Viet Nam (footnote 24) has a loan covenant requiring ADB and the Government to carry out a comprehensive midterm review of the Project and its implementation status, including land acquisition and resettlement issues, and to identify any problems with project implementation so that corrective and additional mitigation actions may be undertaken. The other projects did not include midterm review of resettlement as a covenant. This suggests that ADB has placed little emphasis on the implementation of most RPs. The study results indicate that a midterm review of resettlement could improve implementation practices.

D. Constraints in IRP Compliance and Resettlement Project Implementation

39. **IRP Compliance.** Field investigations and discussions with government officials and EAs indicate concerns about the practical aspects of implementing the RP framework and the capacity of EAs to implement and adhere to the IRP guidelines. A major concern is that the IRP appears to mainly satisfy the aid community, but has little regard for the inability of the DMCs to comply with the IRP requirements. One such inability arises from incompatibility between the IRP and the municipal laws of many DMCs regarding land acquisition and compensation for loss. To bring the latter in line with the IRP would require a fundamental structural change in land laws and concepts of compensation for development-induced displacement. For instance, the concept of replacement or market value of properties, like land and other productive assets acquired for project implementation, is subject to different interpretations in different DMCs.³² In addition, existing land policies in many DMCs recognize only people directly affected (i.e., those with titled ownership). Indirectly affected people (i.e., sharecroppers, tenant farmers, wage laborers, businesses) and those without rights (i.e., the landless, squatters and encroachers) are not eligible for compensation. The IRP covers all affected people, regardless of ownership. As a result, ADB staff have to constantly negotiate with the EAs for inclusive definitions of those affected by the project.

40. In Bangladesh, aid agencies (ADB included) initially faced considerable resistance to resettlement measures in all externally-funded projects. Many government officials feel that cash compensation paid under existing laws are sufficient and RPs are unnecessary. This issue is still under debate in many DMCs. Furthermore, the IRP seems too comprehensive for compliance by many DMCs that have a wide range of political regimes, in addition to varied legal systems and age-old administrative structures. Some DMCs are thus institutionally not ready to comply with the IRP elements.

41. In adopting the IRP, there was little or no consultation with concerned DMCs. This is a weakness in ADB's early stage of IRP formulation and has created major difficulties for some DMCs to satisfy the IRP requirements. In view of the above, there is a need to undertake refinement of the IRP to provide accurate and specific definition of IRP elements such as the affected people, land and asset compensations, etc., and to ensure transparency and better compliance by the DMCs. At the same time, strengthening of national regulations/laws on resettlement is needed to ensure compatibility with ADB's IRP.

42. The IRP requires that an RP should be conceived and implemented as a development project, and that all steps to prevent the affected families from impoverishment must be taken. Thus, resettlement activities are not limited to cash compensation for lost assets. Resettlement includes integrating economic, cultural, and social organization factors so that resettlers can rebuild a sustainable production base to improve or at least to regain their former standard of living. Many DMCs find these provisions hard to fulfill because they lack a national RP or lack the appropriate institutional framework for resettlement planning and implementation. Finally,

³² The term replacement cost or market value of the property acquired refers to the current market price of the property (with its accessories) plus whatever transaction costs incurred.

many DMCs do not have adequate financial resources to meet the IRP's demands for enhanced compensation.

43. So far, the approach to resettlement adopted by ADB has been ad hoc and project-specific, largely in accordance with borrowers' land acquisition laws. Improvements in project-specific RPs and entitlements depend on how successfully the project officer pursues the resettlement issues during project preparation and negotiations. Therefore, it is not uncommon to find ADB-funded projects in Bangladesh, Indonesia, Philippines, and Sri Lanka with many variations in entitlements and resettlement benefits. In effect, such findings indicate that ADB has been unable to consistently implement its policies and guidelines on all resettlement projects. Therefore, there is a need for an extensive program of dialogue between ADB and its DMCs to ensure that the DMC governments understand the IRP and undertake the necessary reforms to ensure compliance with the IRP. Regional technical assistance could be provided by SOCD to strengthen the institutional capacity of the DMCs (para. 96).

44. **RP Implementation.** SOCD provides advice and reviews all activities related to involuntary resettlement—from IRP review to guidelines for staff training, and review of approval of resettlement projects submitted by the borrowers. Over the past six years (1994-1999), ADB approved 80 project loans with involuntary resettlement in 12 countries (Appendix 1). For a portfolio of this size, project preparation advisory inputs and review of RPs alone requires significant staff time. In addition, there are other important tasks such as training, capacity building in the DMCs, and IRP research and development initiatives that SOCD must take to establish its leadership role in the field of resettlement.

45. ADB's staff resources and budgetary allocations for improving resettlement work have increased gradually over the last five years but remain inadequate to achieve the level of supervision envisaged in the 1995 policy statement (para. 19). Currently, SOCD has only two resettlement specialists who are largely involved with project preparation to ensure IRP compliance, TA processing and implementation, etc. and have only limited time for resettlement project supervision. Over the last three years, the two resettlement specialists had only time to participate in 20 supervision missions (averaging 3 to 4 missions/specialist/year). This is inadequate for effective supervision and monitoring of approved projects with significant involuntary resettlement activities. Another constraint factor is that none of the ADB resident missions have staff who are specialized in resettlement. Discussions with project officers in ADB also indicated that the majority of them have little knowledge about the basic goals of IRP and issues involving involuntary resettlement. Most of the operational staff are more concerned about disbursement and achievement of the physical targets of the core project, and little attention was given to the involuntary resettlement aspects of the project. The operational department was also not given sufficient resources to recruit consultants specializing in resettlement for supervising projects with significant resettlement activities. Inadequate resources for resettlement project supervision and monitoring has been the major constraint for effective implementation.

III. RESETTLEMENT IMPACT: EMPIRICAL FINDINGS OF CASE STUDIES

A. Bangladesh

46. In Bangladesh, two projects were selected for field investigations (footnotes 17 and 18). Details of the two project resettlement activities are given in cases A and B of Appendix 7.

47. The RPs for the two projects were originally prepared on the basis of the country's 1982 and 1989 land acquisition laws. These laws recognize titled owners only for any compensation payment; other categories of affected people such as squatters and encroachers are not eligible. Moreover, compensation is limited to cash and no assistance is offered to rehabilitate and restore livelihood. The RPs were revised prior to implementation and significant improvements were made in terms of new entitlements for sharecroppers, farm and nonfarm workers, landless laborers, squatters, and encroachers. The preparation of the revised RPs in these two cases highlights the need to improve the current legal framework of the country for project-induced displacement. The RPs identified procedures for land acquisition, type of losses, levels of compensation, resettlement, and rehabilitation but also set out guidelines for appeals, grievances, and consultation with the affected people. Community consultation was carried out during the preparation of the revised RPs.

48. The RPs outlined compensation standards covering all kinds of losses, including means of livelihood and income restoration, so that people could improve, or at least regain, their preproject standard of living. Compensation and resettlement policies were based on consultation with the primary stakeholders and local experts. The market price was the yardstick in deciding the rate of compensation. In addition to cash compensation for lost assets, those affected were entitled to house construction grants, house plots in resettlement sites, shifting allowance, compensation for loss of employment/work days, and additional grants for replacement land. In the case of the Jamuna Bridge Project (footnote 17), multiple income restoration programs (e.g., replacement agricultural land, training, microcredit) are in place to assist those resettled. Vulnerable groups such as the poor and households headed by women received additional assistance, including special preference for training for income generation and microcredit management.

49. One significant feature of the Bangladesh projects is the involvement of NGOs in the implementation of various programs, including health and hygiene, fisheries mitigation and fish culture, wildlife protection, tree plantation/social afforestation,³³ training, microcredit, and income generation. The performance of NGOs in the Jamuna Bridge Project has been satisfactory. However, the performance of NGOs in the Jamuna Bridge Access Roads Project is poor. In this case, the criteria adopted to select experienced and capable NGOs was inadequate. The NGO responsible for resettlement implementation helped develop management information systems for both projects, to monitor and verify progress in the field. The funding agencies periodically reviewed progress in resettlement implementation through the milestone meetings. Midterm reviews conducted by the funding agencies made appropriate assessments of ongoing resettlement progress.

50. More than 50 percent of those resettled have reported changes in occupation from agriculture to service, small business, and work in the informal service sector, such as rickshaw or van peddlers with positive impacts in terms of increased income. About 25 percent are reportedly worse off, they are mostly shopowners and business people who lost location advantage due to dislocation resulting in lower business turnover. In both cases, field survey data demonstrates that about two thirds of the affected households have either maintained or increased their preproject standards due to generous compensation for loss of assets, additional cash grants for replacement land, house plots, and other income restoration programs of the project. Those interviewed expressed their positive attitudes to the overall performance of resettlement activities by the project management.

³³ Social afforestation is the conversion of open land into a forest by planting trees.

51. The Bangladesh projects indicates that about two thirds of those resettled are generally satisfied with the resettlement management. Many have improved their standard of living, and the quality of housing has improved in the resettlement sites. Many basic amenities are now provided both in the resettlement sites and host villages. As a result, the quality of life has improved for a large section of the affected population. Despite this good performance, the study identified some issues related to the IRP and its implementation.

52. First, the national laws and legal framework used for project-induced displacement are inadequate to deal with displacement consequences, particularly when it comes to assisting vulnerable groups. The land laws and legal framework do not recognize encroachers or squatters as eligible for compensation. Encroachment and resquatting on the acquired land/right-of-way have become a major development problem in Bangladesh, particularly for road and urban development projects. The survey findings provide strong evidence that a good national policy is key to satisfactory implementation of the resettlement program.

53. Second, income restoration activities have not performed well for some of the resettlers. Training for alternative employment and microcredit programs are running behind schedule. Income restoration is the source of dissatisfaction for some resettlers; 30 percent now receive less income than before the project. Income restoration activities must be strengthened.

54. Third, many NGOs have been contracted to implement various mitigation measures concerning resettlement and other social development programs. Although NGO performance has been satisfactory, the NGOs are funded by the project budget and are working in a manner similar to contractors providing a service and will cease their involvement once funding is terminated. This could affect the sustainability of the resettlement programs as the government agencies have no capacity to continue the NGOs' work.

B. People's Republic of China

55. In the PRC, three projects were field investigated. The Shanghai-Nanpu Bridge Project (footnote 12) was approved by ADB prior to the adoption of the IRP. The two others, the Dalian Water Supply Project (footnote 14) and Yunnan Expressway Project (footnote 15), were approved after the IRP. Details of these three studies are presented in cases C, D, and E of Appendix 7.

56. In all three projects, resettlement was given high priority during project preparation. The EAs took steps to compensate for losses and relocation of the affected households and business enterprises. In all cases, the provincial governments established task-oriented teams for information disclosure, consultation, and assessment of losses and selection of resettlement sites. The central and provincial governments had legal frameworks for compensation payments and resettlement. Compensation was based on market rates and consultation with those affected. The regulations identify procedures for the RP, organization, relocation, resettlement, land acquisition, and house removal; and set out guidelines for appeals, grievances, and consultation with those displaced. As a consequence, resettlement activities were satisfactorily carried out and the majority of those affected expressed appreciation for, and satisfaction with, the resettlement process. The socioeconomic surveys conducted under this study indicated, in all these cases, that most of the people resettled regained and significantly improved their standard of living. Affected businesses and commercial entities were able to reestablish their enterprises. In the pre-IRP Shanghai-Nanpu Bridge Project, resettlement was effectively dealt with by the country's legal and local municipal laws and institutional framework. The PRC

projects show that the country's land acquisition and resettlement policy and procedures provided standard practices (e.g., social impact assessment, consultation with affected people, and communities; compensation at market/replacement cost; income restoration; etc.). These standard practices were the key to successful resettlement management. The satisfactory performance of resettlement activities in the PRC was attributed to (i) careful and adequate initial planning and consultation with those affected, (ii) appropriate compensation policy based on fair assessment of lost assets at market value, (iii) continuous and intense consultations with all stakeholders, (iv) development of a suitable income generation program, (v) government commitment and establishment of strong resettlement organizations in the project area, and (vi) effective supervision and monitoring of resettlement progress so that quick action could be taken by the EAs to resolve issues.

C. Indonesia

57. In Indonesia, two projects were selected for field studies. The Inland Waterways Project (footnote 13), a pre-IRP project, and the North Java Flood Control Sector Project (footnote 16). Details of the two studies are presented in cases F and G of Appendix 7.

58. The resettlement activities for both projects were poorly carried out. There was no strong commitment by the Government and EAs to adequately compensate those displaced. As a result, the resettlement process was less than satisfactory. The policy governing land acquisition in Indonesia was Regulation of Minister for Home Affairs, 15, 1975 (*Permen*); it was later replaced by Presidential Decree/*Keppres* 55, 1993. In accordance with the regulation, subcommittees for land acquisition were to negotiate an agreement on the form and amount of compensation. In both cases, compensation was paid in the form of cash, replacement housing, and other amenities. The value of land and other assets was assessed using existing laws—not market price or replacement costs. The compensation paid, based on land and building tax assessment, was far less than the market value of replacement. The RPs did not contain any provisions for relocation assistance (e.g., shift allowance) and income restoration activities. Civic amenities (e.g., access roads, water, power, and sanitation) were provided in some locations, but not in all as promised. ADB supervision missions did little to ensure effective RP implementation and RP monitoring. There were no monitoring and evaluation reports available in ADB and EA to assess implementation progress of the RP in terms of delivery of entitlements, consultation, and other issues. The EA also did not provide timely progress reports to ADB on resettlement progress.

59. In terms of income in the postresettlement period, the study found mixed results. In both cases, about 25 percent of affected households reported a substantial decrease in income and were economically worse off in the postresettlement period. Most respondents cited lack of income-earning opportunities in the project area and said the project did not generate any sustained employment opportunities. They also expressed dissatisfaction with the projects' resettlement operations.

60. In summary, resettlement implementation in the projects has been unsatisfactory and issues have not been given appropriate attention by both the EA and ADB. The results from field surveys show that compensation for lost assets, consultation with those affected, relocation assistance, and monitoring and evaluation were given poor attention. In other words, RP preparation was very weak. Also, there was budgetary constraints for compensation payments. The study shows that the Government's laws and legal framework concerning land acquisition and resettlement are inadequate to assist displaced persons and restore their livelihood. Also,

both the EAs lacked institutional experience and capacity in dealing with resettlement activities. Key policy and implementation issues include (i) absence of a national policy on resettlement, (ii) inadequate guidelines on land acquisition and resettlement, (iii) inadequate institutional capacity for resettlement planning and implementation, (iv) lack of adequate and effective consultation with those affected, (v) lack of trained staff for resettlement activities, (vi) lack of an income restoration program, (vii) lack of sufficient funding for land acquisition and resettlement, and (viii) weak monitoring and evaluation.

D. The Philippines

61. In the Philippines, the Airport Development Project (footnote 19) was selected for field investigation. Details of the project study are given in case H of Appendix 7. This Project was designed to improve the airport's civil aviation infrastructure, and support reliable and safe all-weather operations based on International Civil Aviation Organization standards. The airport facility improvements are expected to help Davao City become a key growth center in the south. RP preparation was based on the provisions of the city government's Executive Order 19, which sets forth guidelines for developing steps and procedures for land acquisition, relocation, and resettlement for the project. Compensation and resettlement benefits were provided essentially to (i) payment of compensation for lost assets, (ii) a lump-sum grant of ₱10,000 for informal and ₱100,000 for formal settlers,³⁴ (iii) house plots for informal settlers at the resettlement site, and (iv) assistance in the form of transport (e.g., dump trucks for moving salvageable items). In many respects, the RP falls short of the IRP's requirements. Although those displaced indicated that assistance received was inadequate, they were generally satisfied with the plots awarded to them at the resettlement site. However, at the time of relocation, not a single amenity had been installed, only the subdivision of plots had been completed. The basic amenities were installed about eight months after relocation. The formal settlers are dissatisfied with the valuation process and the compensation scheme applied to their lost assets. There was no monitoring of RP implementation. Lack of resources, expertise, and institutional capability were reasons for not carrying out adequate monitoring of resettlement implementation.

62. The survey indicated that none of the informal settlers have received title to the plots awarded to them. Among the formal settlers, only about 43 percent have acquired replacement lots and houses, and are titled owners of their current residences. Most of the informal settlers are currently engaged in various part-time or occasional blue-collar jobs such as construction workers, tricycle or taxi drivers, carpenters, and security guards (65 percent); 15 percent are engaged in small-scale businesses. About 5 percent have regular employment in an office or factory, and about 15 percent are unemployed. Most of the informal resettlers experienced a decline in income in the postresettlement period due to the (i) loss of income-generating opportunities after the move, especially for those engaged in personal services who already had an established clientele in areas near their former residences; (ii) increase in transport costs due to the increase in distance from the city proper, which prevents them from looking for alternative sources of income in the city; and (iii) absence of income-generating or livelihood programs in the resettlement site.

63. The RP for the Airport Development Project did not give due emphasis and attention to planning and implementing the project's land acquisition and resettlement program. The compensation policy was not based on market or replacement cost. Costs for relocation and

³⁴ Formal settlers are owners of residential structures in a subdivision within the project area. Informal settlers are families who own illegally-constructed housing structures within the project area and are commonly known as squatters.

transfer were not covered. All the resettlers were dissatisfied. The formal resettlers have been significantly affected by the relocation process; many lost their homes due to the mechanisms used in the payment procedures.

64. Land acquisition and resettlement should be treated as a necessary development process that requires the full commitment and political will of the government. Any attempt to formulate a national resettlement policy for the Philippines should carefully consider the issues identified in this study. The Airport Development Project provides an important lesson: ADB's supervision should not be limited to preparation of the RP. This experience shows that an RP prepared during project processing (this one was reviewed and approved by ADB) is no assurance that land acquisition and resettlement requirements of the project will be implemented according to the approved RP. Indeed, a subsequent RP was prepared and implemented without the concurrence of ADB and without reference to ADB's prevailing IRP. This suggested poor supervision on the part of ADB in the implementation of the project. Close supervision of RP implementation should be an integral part of project management. Moreover, the advisory assistance from ADB's resettlement specialists should not be limited to project preparation, their assistance during implementation and postevaluation should be increased.

IV. COMPARATIVE IMPACT EVALUATIONS OF CASE STUDIES

65. The evaluation of resettlement performance is difficult given the multiple IRP objectives and the complexities associated with project implementation. The IRP focuses on several key processes involving planning, implementation, supervision, and monitoring. This section examines some of the key IRP elements and processes as they relate to ADB's internal business practices concerning resettlement portfolio management. The intent is to draw attention to the strengths and weaknesses of each example to improve implementation practices.

A. Project Performance

66. **Pre-IRP Projects.** In the two projects approved before adoption of the IRP, resettlement concerns received attention during project preparation. While resettlement performance was unsatisfactory in the case of Indonesia's Inland Waterways Project because there were no policies to deal with development-induced displacement, the Shanghai-Nanpu Bridge Project successfully completed nearly all land acquisition and resettlement activities prior to loan approval. Resettlement planning and implementation for the Shanghai-Nanpu and the two selected post-IRP projects in the PRC, Dalian Water Supply and Yunnan Expressway projects, indicate that the PRC, with its own legal framework for land acquisition, and provincial and local municipal laws, is capable of satisfactorily implementing project RPs as required under the IRP. The adoption of IRP in February 1994 provided guidance to the implementation of pre-IRP projects and contributed positively to the resettlement processes by drawing additional attention to consultative and participatory approaches in RP preparation and implementation. Overall, the IRP has resulted in (i) improved preparation of RPs for land acquisition and management, (ii) improved compensation policy based on market price, (iii) greater initial consultations with people affected by the projects and participation in the project planning process, and (iv) greater emphasis given to income restoration and provision of civic and social amenities.

67. **Post-IRP Projects.** In general, projects approved during the initial years of the IRP implementation (1994-96) did not provide detailed reporting of resettlement activities during project preparation. Project preparation for the Jamuna Bridge and Airport Development

projects, for example, was carried out prior to IRP implementation. Therefore, policy considerations were primarily based on the prevailing land acquisition laws of the borrowing countries. Except for the PRC, which already has an existing overall legal framework for resettlement that approximates the IRP's requirements, the three other DMCs under review (i.e., Bangladesh, Indonesia, and Philippines) do not have a national legal framework for development-induced resettlement.

68. All the post-IRP projects completed initial social assessments and defined the scope of resettlement. However, in many cases (i.e., the Airport Development Project, and several subprojects under the North Java Flood Control Sector Project), preproject social analysis and formulation of RPs were based on inadequate and poor data. As a result, there was inadequate analysis of project impact on the income and livelihoods of displaced persons. Restoration of income and livelihood programs has proven to be an extremely difficult task in most projects even with good performance (e.g., Jamuna Bridge Project). In many cases, impoverishment risks were not properly identified and mitigation measures were not put in place. These factors have serious implications for the sustainability of resettlement programs.

69. The IRP has been in place for about five years. The question now is whether the IRP is implementable or practical in all DMCs. Findings so far indicate that many of the DMCs included in the study have a poor record of compliance with the IRP requirements, due to (i) lack of a national resettlement policy, (ii) inadequate social impact analysis, (iii) weak institutional capacity for RP implementation, (iv) lack of sufficient funding for resettlement activities, and (v) inadequate supervision and monitoring. In several instances, the EAs have been more focused on implementing the main project rather than dealing with the resettlement management aspects. In the projects with resettlement problems, there is definitely a lack of commitment and resources (both technical and financial) from EA to implement the RP. These findings are consistent with the results and recommendations of the ADB-funded regional TA covering Bangladesh, PRC, Indonesia, Nepal, Pakistan, Philippines, and Viet Nam.³⁵

B. Minimizing Displacement

70. The case studies highlight appropriate actions taken during RP implementation to minimize or reduce project-related displacement (Appendix 7). They indicate that ADB and DMC officials are increasingly more aware of the need to minimize displacement. Except for two projects (Yunnan Expressway and Airport Development), there was concerted effort to minimize displacement even during implementation. For instance, in the case of the Dalian Water Supply Project, population displacement was reduced by almost half during implementation. Much of the land acquired for the Jamuna Bridge Project was unused, and was returned to the original owners during project implementation. The increase in the number of displacements in the cases of the Yunnan Expressway and the Airport Development projects was primarily due to changes in the project scope coupled with poor impact assessment. In general, the study found that the project proponents now make greater efforts to find viable alternatives to reduce project-related displacement.

³⁵ ADB. 1999. *Review of National Resettlement Policies and Experience with Involuntary Resettlement Projects*. Interim Report of Regional Workshop. Manila (footnote 3).

C. Initial Social Assessment and Project Preparation

71. The IRP requires an initial social assessment at an early stage of project preparation to identify overall social impacts of the project and establish an agenda for action during the PPTA. Although this is done routinely, the quality of social analysis and identification of impacts proved inadequate in the implementation phase of many study projects, such as in the Airport Development Project, and several subprojects of the North Java Flood Control Sector Project. The impact assessment for the Airport Development Project was poorly done. Also, identification of project impact in terms of loss of income and livelihood was not adequately addressed by the RPs. Such inadequacies resulted mainly from limited or unreliable data, lack of consultation with primary stakeholders, and weak social analysis. In this study, data concerning gender and minority issues are limited. This was because in many initial social assessments, there was much reliance on the head of household for data collection and this appears to constrain the collection of gender-related information. Moreover, in many muslim countries, male investigators are not allowed to talk to women in the household. As a result, baseline data, particularly occupation and income data, often does not provide complete profiles of those affected, particularly of women.

D. Disclosure and Consultation with Stakeholders

72. Disclosure of information is a precondition of consultation, providing scope for stakeholder input into project preparation and enhancing participatory decision making at the project level. In the eight projects studied, the record for disclosure and consultation is at best mixed. In some projects (e.g., the Jamuna Bridge, Jamuna Bridge Access Roads, and North Java Flood Control Sector projects), initial consultation for project preparation was largely limited to input on impact assessment provided by government functionaries, local experts' advisory services, and potential EA officials. In most instances, local populations came to know of the project scope and specifics (whatever was available) during the socioeconomic survey. The result of limited disclosure of information is that the displaced persons are often not aware of compensation and resettlement policies and entitlements until the project's implementation stage. At that stage, the process of consultation with affected communities and host populations takes many different forms, from having inputs into grievance resolution to providing assistance to implementation agencies for resettlement activities. For example, the implementing NGO for the Jamuna Bridge Project hired resettlement workers from the affected villages to ensure local participation in project implementation.

73. One good example of disclosure of information on project impact and resettlement activities comes from the Dalian Water Supply Project in the PRC. The disclosure of information was intended primarily to collect information on the scope of impact and to obtain community input on mitigation measures. The EA established special investigation teams to contact concerned departments/units and to discuss the compensation issues with those to be resettled, hosts, and township and village governments. Many consultative meetings with those affected and local government officials were conducted, and a variety of information sources and local experts were consulted on the value of crop losses caused by the project. One result was that those resettled viewed the policies adopted for compensation as fair. Compensation standards were indexed over the implementation period to support increased costs, and benefit people affected by the project. It was clear that township/local leaders saw resettlement as an opportunity to improve the socioeconomic conditions of the affected communities.

E. Compensation and Resettlement

74. In all four countries studied, compensation rates and standards were determined on the basis of appropriate national and local/municipal laws and IRP requirements (except the pre-IRP projects). Compensation packages consisted of cash compensation for loss of assets and resettlement in project-sponsored sites with all the basic civic amenities. Table 2 shows a comparison of resettlement packages in the six post-IRP projects. Cash compensation for lost assets was not valued at market price in all cases. In the Airport Development Project, while the city of Davao claimed the rate of compensation for loss of assets was at the prevailing market value, the formal settlers said the compensation rate was 50 percent lower than the market value. The Jamuna Bridge Project paid an additional cash grant for the purchase of replacement agricultural land and house plots by the affected households. The grant, which was based on market surveys of land value in the project area, was paid to the affected people on top of compensation received from the deputy commissioner's office. The value of the grant was indexed three times. The Jamuna Bridge Project also developed a matrix of new entitlements to cover requirements of the funding agency policy. On the other hand, the Yunnan Expressway Project created a special compensation scheme so that individuals and groups affected by the project could buy stocks or become investors in the expressway company in lieu of direct and cash compensation for lost assets. It is clear that project management used various mechanisms to provide adequate compensation to displaced people.

75. In nearly all instances, resettlement sites developed provided better housing and civic and social amenities than preproject standards. Most sites in the study cases are close to the original settlements. The Jamuna Bridge Project provided options for self-relocation and for relocation to developed sites. Nearly two thirds of the resettlers moved to existing host villages. The host villages benefited from new civic and social infrastructure provided by the project, which also helped integration with the host community. Based on above, it appears that the RPs that provide options to resettlers, including restoration of income and livelihood, are likely to experience better results.

Table 2: A Comparison of Resettlement Packages in Selected Projects

Compensation Package	Dalian ^a	Yunnan ^b	North Java ^c	Jamuna Bridge ^d	Jamuna Access ^e	Davao Airport ^f
1. Compensation for agricultural land, house plots, crops, and trees	Replacement land by village/township government with household use rights; cash compensation for crops and trees	Replacement land by village/township with household use rights; cash compensation for crops and trees	Cash compensation for land, crops, and trees as per laws; compensation not always at market value	Cash compensation by deputy commissioner (DC); maximum allowable replacement value (MARV)-additional cash grant by the project to buy replacement agricultural land; stamp duty refund in case of land purchase	Cash compensation by DC; MARV-additional cash grant by the project to buy replacement agricultural land; stamp duty refund	Cash compensation to formal owners based on local laws; less than market value
2. Compensation for residential/commercial structures	Cash for loss of residential/commercial structures at replacement cost; new house plot by village/township government; those affected allowed to	Cash for loss of residential/commercial structures at replacement cost; new house plot by village/township government; those affected allowed to	Cash for loss of residential/commercial structures based on local laws; less than market value; those affected allowed to take	Cash for residential/commercial units by DC office; additional construction grant; displaced people allowed to take salvageable items	Cash for residential/commercial units by DC office; additional construction grant; displaced people allowed to take salvageable items	Cash for residential/commercial structures based on local laws; additional grant for rebuilding at new sites

Compensation Package	Dalian ^a	Yunnan ^b	North Java ^c	Jamuna Bridge ^d	Jamuna Access ^e	Davao Airport ^f
	take salvageable items	take salvageable items	salvageable items			
3. Resettlement to developed sites	Resettled in newly built apartment units/houses with modern facilities; shifting allowance	Resettled in newly built apartment units/houses with modern facilities; shifting allowance	Resettled in the existing village; no additional assistance provided	Resettled in newly built resettlement sites with modern amenities; self-relocation to existing village; shifting allowance; civic amenities in host villages	Relocation to existing market area/villages; transfer or shifting allowance	Formal owners resettled on their own; informal settlers/squatters relocated to resettlement site with modern amenities

^a Loan 1313-PRC: *Dalian Water Supply Project*, for \$160 million, approved on 20 September 1994.

^b Loan 1325-PRC: *Yunnan Expressway Project*, for \$150 million, approved on 29 September 1994.

^c Loan 1425-INO/1426-INO(SF): *North Java Flood Control Sector Project*, for \$90 million, approved on 18 January 1996.

^d Loan 1298-BAN(SF): *Jamuna Bridge Project*, for \$200 million, approved on 8 March 1994, and completed in June 1999.

^e Loan 1478-BAN(SF): *Jamuna Bridge Access Roads Project*, for \$72 million, approved on 5 November 1996, and is still ongoing.

^f Loan 1333-PHI: *Airport Development Project*, for \$41 million, approved on 24 November 1994.

4. Compensation to nontitled persons/squatters	Not a recognized category in the People's Republic of China; state-owned land; housing provided by township/village government	Not a recognized category in the People's Republic of China; state-owned land; housing provided by township/village government	Compensation paid as per Presidential Decree 55/93 regardless of tenurial status for lost assets and livelihood	Free house plots at resettlement site or cash equivalent; shifting allowance and construction grant; MARV for purchase plots	Compensation for house/commercial structures; transfer allowance; allowed to take salvageable items to rebuild	House plot with ownership rights in resettlement site; cash grant for rebuilding; limited shifting assistance
5. Compensation for loss of wages or income	No provision for compensation for loss of wages or income	No provision for compensation for loss of wages or income	Not provided for in the resettlement plan (RP)	Cash grant equivalent to 90 days wages at local rates; employment with project contractors; training for alternative employment	Compensation for wages for 120 days for unskilled and 80 days for skilled workers; employment preference in project construction	No compensation for loss of wages or income
6. Special plan/provision for vulnerable groups	No special plan	Minority people's development plan	No provision in the RP	Special cash grant to households headed by women; women to receive preference for training and microcredit	No special provision in the RP	No policy or plan
7. Restoration of income	Replacement agricultural land; restoration of fruit garden and assistance for replanting	Replacement agricultural land; employment in village enterprises	No provision for income restoration	Replacement agricultural land; employment/training; microcredit for alternative income	Compensation for lost income	No income restoration plan
8. Postconstruction impact mitigations	Land reclamation and rehabilitation for cultivation	Assistance to people affected by blasting during construction	No provision in the RP	Erosion and flood-affected families to be assisted due to incremental flooding and erosion	No provision in the RP	No provision in the RP

^a Loan 1313-PRC: *Dalian Water Supply Project*, for \$160 million, approved on 20 September 1994.

^b Loan 1325-PRC: *Yunnan Expressway Project*, for \$150 million, approved on 29 September 1994.

^c Loan 1425-INO/1426-INO(SF): *North Java Flood Control Sector Project*, for \$90 million, approved on 18 January 1996.

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- ^e Loan 1478-BAN(SF): *Jamuna Bridge Access Roads Project*, for \$72 million, approved on 5 November 1996, and is still ongoing.
- ^f Loan 1333-PHI: *Airport Development Project*, for \$41 million, approved on 24 November 1994.

F. Income and Livelihood Restoration

76. A persistent weakness in RP preparation and a source of dissatisfaction among resettlers (except for the PRC cases) is the lack or decline of income sources in the postresettlement period (Table 3).³⁶ Projects with overall good performance have also experienced difficulty restoring income for all affected households. For example, the Jamuna Bridge Project provided multiple income-generating and livelihood restoration programs, such as the purchase of replacement agricultural land through tree planting and afforestation, fish culture, training, and microcredit.³⁷ Project management identified these programs through beneficiary consultation and feasibility studies conducted by the NGOs. The project budgeted for income restoration programs and established a framework for implementation and supervision. In the Airport Development Project, the informal settlers reported a significant decrease in income in the postresettlement period due to lack of income-generating programs. The three projects in the PRC provided replacement land and jobs. These strategies helped restore income, and in most cases, increased income in the postresettlement period. Resettlers with good access to productive assets and sustained income sources are better equipped to recreate and improve their living standards far more effectively in the postresettlement period.

Table 3: Better or Worse Off in the Postresettlement Period

Degree of Satisfactions (%)	Dalian ^a	Yunnan ^b	North Java ^c	Jamuna Bridge ^d	Jamuna Access ^e	Davao Airport ^f
Definitely better off	55	20	8	4	17	5
Slightly better than before	39	76	4	35	21	28
Same as before	6	4	84	33	30	11
Poorer than before	0	0	4	28	32	56
Total	100	100	100	100	100	100

Sources: Case study projects (Two hundred and thirty one resettlers were interviewed: Dalian-31, Yunnan-45, North Java-24, Jamuna Bridge-106, Jamuna Access-53, and Davao Airport-62).

^a Loan 1313-PRC: *Dalian Water Supply Project*, for \$160 million, approved on 20 September 1994.

^b Loan 1325-PRC: *Yunnan Expressway Project*, for \$150 million, approved on 29 September 1994.

^c Loan 1425-INO/1426-INO(SF): *North Java Flood Control Sector Project*, for \$90 million, approved on 18 January 1996.

^d Loan 1298-BAN(SF): *Jamuna Bridge Project*, for \$200 million, approved on 8 March 1994, and completed in June 1999.

^e Loan 1478-BAN(SF): *Jamuna Bridge Access Roads Project*, for \$72 million, approved on 5 November 1996, and is still ongoing.

^f Loan 1333-PHI: *Airport Development Project*, for \$41 million, approved on 24 November 1994.

77. Despite ADB guidelines on income restoration, including methodology for identification of income restoration programs, many RPs approved by ADB contained limited information on income restoration. Findings from the case studies indicate that relocation of the affected households is often viewed as the end of resettlement activity. On the contrary, it is the starting point for evaluating the success of resettlement in the longer term.

³⁶ Most of the TA 5781 (footnote 3) countries identified weaknesses in income restoration strategies.

³⁷ The income restoration programs are ongoing. It is too early to assess their impact.

G. Impact on Women and Other Vulnerable Groups

78. The IRP requires special attention for indigenous and ethnic minorities, women, and other vulnerable groups such as the elderly, the landless, squatters, encroachers, and the very poor. All six post-IRP projects have not addressed women's and minority issues effectively. The Yunnan Expressway Project involved relocation of national minorities. The EA made special provisions for minority populations, but did not prepare an ethnic minority development plan as required by the IRP.³⁸ While the Jamuna Bridge Project paid additional grants to households headed by women and have designed microcredit programs for women, there are no gender-based resettlement assistance or income restoration programs in the North Java Flood Control Sector or Airport Development projects. The IRP's specific attention to squatters and encroachers has helped many poor and marginal people establish a home for the first time. For example, squatters in the Jamuna Bridge Project received free house plots in the resettlement site, plus house construction grants. In the Jamuna Bridge Access Roads Project, the right-of-way encroachers were given cash compensation for the relocation and restoration of their businesses. In the Airport Development Project, all informal settlers received house plots and a cash grant for resettlement. The IRP has had a very positive impact on these projects.

H. Institution-Building, NGO Participation, and Sustainability

79. Resettlement institutions are critical for clarity of processes and leadership in the planning and implementation of RPs. Institutional capacity for project implementation in the four case studies is not uniform. The PRC projects had strong resettlement organizations, from the EA, to project management, to the field level, and involved township/village governments in the implementation phase. The Dalian Water Supply Project established a special resettlement office to (i) work in close coordination with township and village governments, and (ii) supervise resettlement work and disburse compensation payments. In the PRC, local institutions provide strong leadership in project implementation. On the other hand, the North Java Flood Control Sector Project did not establish a separate resettlement unit. The project officials had no clear responsibility for resettlement activities. In the Airport Development Project, the EA delegated the resettlement to the city of Davao, which in turn asked the National Housing Authority to plan and carry out relocation and resettlement for the project. This created problems with coordination among agencies, and resulted in shifting responsibility for resettlement management to others. There is lack of attention or concern on the part of ADB supervision missions in dealing with this issue.

80. The Jamuna Bridge Project provides the best example of institution building for resettlement management. The project was the first major and comprehensive resettlement program in Bangladesh. The organization and institutional mechanisms for resettlement were defined by the revised Resettlement Action Plan as a separate project, but were built up gradually during implementation. The approach established was based on collaboration between the EA and a host of NGOs that implemented specific project components. The organizational structures at the EA and implementing NGOs in this project have proven effective in ensuring program implementation and addressing the needs of those resettled, including issues of coordination between the EA and other agencies.

³⁸ In the ensuing Yunnan expressway project: Loan 1691-PRC: *Southern Yunnan Road Development Project*, for \$250 million, approved on 24 June 1999, a minority peoples development plan was prepared.

I. Resettlement Costs and Funding

81. For all projects studied, the costs for land acquisition and resettlement were integrated into the total project costs. The estimated costs, however, were not always based on replacement value (at market price) of the properties acquired. On average, about 11 percent of the total project cost were allocated to project-related land acquisition and resettlement requirements. Resettlement costs for all projects are being funded by the Government. With the recent economic crises generally experienced in the region, most DMCs, particularly Indonesia and the Philippines, are finding it difficult to provide local budgets for resettlement activities.³⁹ This has caused implementation delays for many recently approved project loans, such as the North Java Flood Control Sector Project and the Airport Development Project.

J. Supervision and Monitoring

82. Project supervision and monitoring have been the weakest aspects of resettlement implementation (para. 38). Due to inadequate staff resources allocated to supervise resettlement activities, ADB staff have been mainly involved in the initial preparation and finalization of project RPs, and participated in few project supervision missions during the review period (1994-99). To date, ADB staff have conducted midterm reviews of resettlement activities in only three projects—one each in Bangladesh, the PRC, and Viet Nam (footnote 9).⁴⁰ Inadequate staff resources allocated is the main handicap for the weak implementation supervision and monitoring input.

83. The IRP requires the EA to report progress of land acquisition and resettlement activities to ADB periodically. All RPs reviewed clearly spelled out the responsibility of the EA in terms of internal monitoring and reporting requirements. Although a set of resettlement monitoring and evaluation indicators was provided to assist the EAs in monitoring activities, the EAs in many cases, were not able to provide monitoring reports on resettlement activities in a timely manner. Resettlement monitoring in the Airport Development Project was limited to a financial status report concerning land acquisition and resettlement expenses. The North Java Flood Control Sector Project also has weak monitoring and reporting. However, it is in the process of hiring local NGOs to provide an information campaign and monitor resettlement activities.

V. ISSUES IDENTIFIED

A. Lack of Compatible National Policy on Involuntary Resettlement

84. ADB's IRP has had limited impact on the resettlement process in most DMCs because their land acquisition laws are not in line with IRP requirements. Project RPs were mostly prepared on the basis of the land acquisition laws of the borrowing countries, albeit with some improved but ad hoc provisions for compensation to satisfy ADB's requirements. Many DMCs lacked an appropriate national policy to deal with development-induced displacement and resettlement. Their national legal framework and land acquisition laws are not compatible with IRP requirements. This creates a situation with dual standards or categories of affected people, whereby the people displaced by aid-funded projects (such as those of ADB or the World Bank)

³⁹ Two of the participating countries under TA 5781 (Bangladesh and Indonesia) have requested ADB financial support in meeting part of the resettlement costs, especially for income restoration in ADB-funded projects (footnote 3).

⁴⁰ Midterm review of the Jamuna Bridge Resettlement Implementation, March 1997.

enjoy appropriate compensation and better resettlement treatments than nationally funded projects. In most cases, the nationally funded projects give little or no compensation to people displaced and for most urban squatters; they are driven off their land without any compensation. This was one of the findings of the TA 5781 workshop (footnote 36). Other DMCs such as Bangladesh also face related problems with this dual standard. For example, to benefit from aid-funded projects, many instant squatter houses appeared on the Jamuna Bridge Project right-of-way. Encroachment and resquatting on the acquired lands also took place for the Jamuna Bridge Access Roads Project. These situations are particularly common for road and urban renewal projects involving future project expansion. The case studies undertaken for this study clearly show that even though the effectiveness of the IRP depends significantly on local conditions, it advocates uniformity in application of the IRP for all DMCs—a characteristic funding agency approach to development. Rather, the emphasis should be on the results of program implementation. That is, to be effective, a national resettlement policy must be appropriate to the context and build on local experience, objectives, and constraints.

B. Poor Compliance with ADB Policy

85. ADB's IRP has now been implemented for about five years. The question is whether the IRP is implementable/practical in all DMCs? To date, most DMCs have a poor record of compliance with IRP requirements (with the exception of the PRC). It was clear that most DMCs are not ready to implement the IRP because they (i) lack sufficient local government funding, (ii) have weak institutional capability, (iii) lack national policy on involuntary resettlement, and (iv) the EAs place little emphasis on involuntary resettlement as part of project implementation. Most EAs focus more on core project implementation rather than spend significant time and resources compensating and resettling the displaced people. This could be due to lack of adequate consultation and assistance rendered to the DMCs prior to the adoption of the IRP. While it is important for ADB to adopt a comprehensive policy for involuntary resettlement, it is equally important to undertake serious policy dialogue and to prepare the country, prior to the adoption of its policy, to ensure that the DMC has the legal framework, capacity and resources, and the institutional capability to implement various policy requirements in all its developmental projects. This will be a futile exercise for ADB if the government complies with its policy requirements (but with poor implementation) just to obtain the project loan, and makes no serious attempt to strengthen its institutional capability to implement such a policy nationwide. In view of poor policy compliance in many DMCs during the implementation stage, TA should be provided by ADB to help the DMCs formulate and adopt an appropriate national policy which is compatible to IRP for project RP implementation.

C. Inadequate Social Investigation at the Project Preparatory Stage

86. The study found that many preproject social analyses were based on inadequate and poor data collection. All relevant social issues such as resettlement, gender, indigenous people, and poverty are currently identified during the initial social assessment stage for further in-depth surveys and documentation. It was clear that some RPs were prepared without adequate investigation in order to meet the deadline for loan approval. As a result, the RPs were poorly prepared and many had to be revised soon after loan approval, e.g., Third Road Improvement Project (footnote 24); and GMS: Phnom Penh to Ho Chi Minh City Highway Project (footnote 25). This caused significant delays in project implementation. There is also little emphasis on initiating income and livelihood restoration programs for displaced people. Identification of project impact, particularly on vulnerable groups (indigenous peoples, women,

squatters, and the very poor) is critical in determining appropriate mitigation. Due to inadequate social investigations, impoverishment risks were not properly identified in many projects. As a result, restoration of income and livelihood programs has proven to be extremely difficult, posing serious implications for the sustainability of the resettlement programs. To adequately prepare an RP for effective implementation, effective initial social assessment at the PPTA stage must be ensured.

D. Weak Institutional Capacity

87. DMC capacity building is a major issue for resettlement. Most of the EAs lack experience in resettlement and are institutionally weak to implement and manage involuntary resettlement. Many EA officials do not understand the scope of the IRP requirements and the importance of resettlement in project implementation. In most cases, monitoring and recording systems for resettlement activities have been weak or not in place. Institutional capacity for planning, designing action plans, and implementing and managing involuntary resettlement needs to be improved. From the project implementation perspective, orientation and training for project managers and officials of implementing agencies is needed. Bangladesh has responded to the lack of institutional EA capacity to deal with resettlement operations, by having NGOs provide the bulk of support as resettlement implementation agencies in aid-funded projects. Because NGOs rely on local staff and resettlement workers, they are more effective in program implementation. However, one weakness of using NGO was that they tend to terminate their services once project funding ceases, as do suppliers or contractors. This can affect the sustainability of resettlement work.

E. Funding for Resettlement Cost

88. Delay in the provision of adequate counterpart funds by DMC governments is a major attributing factor for poor resettlement performance. The study found that Indonesia and the Philippines face problems of funding for project-affected resettlement. Many DMCs experienced budget constraints in the financing of resettlement activities.⁴¹ Given the Asian financial crisis over the last two years, most countries have difficulty providing adequate local funding for foreign-assisted projects, aside from their own development programs. The IRP allows for such funding, particularly for resettlement-related infrastructure development, training, and income restoration activities. ADB should address the issue of resettlement costs funding to assist the DMCs in implementing RPs as well as complying with IRP requirements.

F. Inadequate Supervision and Monitoring

89. ADB's in-house capacity to supervise and monitor projects with significant resettlement activities has been inadequate (para. 45). One key problem area is the supervision and monitoring of resettlement implementation. Resettlement operations in projects such as the North Java Flood Control Sector and Airport Development projects have already become problematic—lack of supervision resulted in noncompliance with the IRP. To ensure better results, both monitoring and supervision of resettlement must continue throughout the project period. Many project EAs and staff have no experience with resettlement in terms of ADB standards, particularly with how compensation measures affect displaced people and, in

⁴¹ ADB. 1999. Involuntary Resettlement Policy Review. Working paper. Manila.

particular, vulnerable groups. Baseline data necessary for measuring, monitoring, and evaluation are not always available due to inadequate impact assessment. Currently, SOCD has only two full-time professional staff responsible for all aspects of resettlement management. They are unable to deal with all aspects of IRP compliance. The bulk of staff time is spent on project preparation, loan processing, and providing capacity-building assistance to the EAs. Lack of supervision of resettlement has resulted in noncompliance with the IRP in several projects under this study. In addition to weak SOCD capacity, the project staff at the resident missions and headquarters are also weak in RP program implementation and supervision skills. This is a primary reason for the past lack of emphasis given to RP implementation and supervision of ADB-financed projects.

G. Coordination of Aid Agencies for IRP Requirements

90. Poor coordination among aid agencies has resulted in different sets of IRPs being adopted by different agencies.⁴² All aid agencies within the same country must work out uniform resettlement requirements (instead of duplicating their work), based on the host country's capacity to comply with a policy and implement it in all projects. ADB has already taken a lead role in capacity building using TA and regional workshops. However, partnerships need to be developed with other bilateral and multilateral agencies, the World Bank in particular, in the area of resettlement policy formulation and institutional capacity building to improve implementation practices.

VI. CONCLUSIONS AND RECOMMENDATIONS

91. The IRP has made considerable gains in achieving ADB's development objectives, contributing in many instances to enhanced payment of compensation for lost assets, providing improved housing and infrastructure, and restoring livelihoods for many resettled families. In the process, executing and implementing agencies have, in some cases, improved their institutional capacity by implementing project RPs. The study also found new awareness in dealing with vulnerable groups, particularly the poor and nontitled persons.

92. Recently approved RPs are based on comprehensive social surveys of those to be displaced, and are relatively better prepared. The costs of land acquisition and resettlement are now integrated into total project costs. Compared with the initial years of implementation (i.e., 1994-1996), more consultation with those affected by the project, and tripartite discussions with EAs, government agencies, NGOs, and community-based organizations (CBOs), are being conducted during project preparation and implementation. Project RPs are also relatively more detailed in terms of entitlements for displaced people, specific time-bound action plans, and provisions for monitoring resettlement activities.

93. The sample project case studies highlighted ADB and DMC officials are increasingly more aware of the need to minimize project-related population displacement. The project proponents are now making greater efforts to find viable alternatives to reduce project-related displacement. Comprehensive initial social assessment during project preparatory stage is found to be crucial in formulating appropriate livelihood options for the people affected by projects. Although initial social assessment is done routinely, the quality of social analysis and identification of impacts was found to be inadequate in the sample projects. Identification of

⁴² Despite the fact that the World Bank Operational Directive 4.30 and the IRP have practically common requirements, both agencies are working with DMCs (notably Bangladesh, PRC, Indonesia, Viet Nam) separately with TA programs for capacity building and for preparation of national resettlement policies.

project impact in terms of loss of income and livelihood was not adequately addressed in most RPs. Performance of EA in disclosure of information and consultation with stakeholders was mixed. The Bangladesh and PRC sample projects provided good information to the affected people prior to project implementation and extensive consultations were conducted. However, the Indonesian and Philippine projects fared poorly in disclosure of information and conducted few consultations with the stakeholders.

94. Ineffective implementation and limited impact of the IRP in terms of the overall resettlement process of the DMCs are major concerns. Project implementation experience indicates that improvements in compensation and other benefits are ad hoc and project-specific. Major issues are (i) lack of appropriate and compatible national resettlement policy in most DMCs, (ii) failure of most PSPs to comply with the IRP and procedures concerning resettlement, (iii) inadequate social investigations at the project preparatory level, (iv) improperly identified impoverishment risks resulting in inadequate restoration of income and livelihood and serious implications for the sustainability of resettlement programs, (v) weak EA institutional capabilities and lack of or inadequate funding for resettlement activities, (vi) weak supervision and monitoring of resettlement implementation, (vii) lack of consistency in capacity-building and in the role of NGOs in project implementation and sustainability, and (viii) inadequate aid coordination.

95. The study concluded that the IRP is adequate and comprehensive but refinements should be made to clarify specific policy elements, such as compensations, people directly affected by projects, and those of the vulnerable groups. Implementation practices should be improved with a focus on income restoration in the postresettlement period. Lesson learned indicates that six major factors are crucial for an integrated approach to resettlement planning and implementation:

- (i) **Appropriate Policy Framework.** An appropriate country policy and legal framework provides clear guidelines, specifies inclusive definitions of affected people, assures market or replacement value for all kinds of assets acquired, and establishes mechanisms for grievance resolution;
- (ii) **Comprehensive Planning.** Early attention is needed to resolve land acquisition and resettlement issues; establish a database for comprehensive development planning and a resettlement site with civic amenities, including options for resettlement; develop a gender-based income restoration plan, training for alternative income programs, and other programs as appropriate (e.g., vulnerable groups); and provide for mitigating unanticipated project consequences;
- (iii) **Disclosure and Consultation with Stakeholders.** This includes disclosing information and consulting with stakeholders, and forming task-oriented special committees (consisting of project staff, local government officials, experts, affected people, etc.) to collect specialized information, consult with local communities to assess the extent of impact, and determine compensation rates;
- (iv) **Strong Implementing Agency.** The agency should be strong; be present in the field; involve local government officials, displaced people, the host community, NGOs, CBOs in RP implementation; and be willing to learn from experience, adapt, and improve implementation strategies;
- (v) **Resettlement Costs and Funding.** Costs must be properly budgeted and based on market or replacement value; funding should be available on schedule and paid to displaced people prior to relocation; and

- (vi) **Supervision and Monitoring.** A system of supervision and internal monitoring must be established, and monitoring data then be used as feedback to improve performance. NGOs, CBOs, and affected people should be involved in the monitoring process.

96. The study's specific recommendations for implementation are derived from project implementation experience and lessons:

- (i) **Streamline IRP Implementation.** The IRP purpose and scope are relevant and adequate, and are in line with ADB's new strategic objective of poverty reduction. No policy revision is necessary. However, measures are needed to streamline implementation measures. These include clarification of key resettlement concepts, such as nature and type of entitlements, eligibility, nontitled and illegal settlers, and significant and nonsignificant resettlement effects. Clarifications are also needed on policy applications to sector projects with subprojects, projects implemented through a public or private financial intermediaries, and the appropriate timing for each policy application step or milestone within the project cycle. OESD should immediately review and revise the *Handbook on Resettlement* (footnote 6) to alert the operational staff of the appropriate definitions of various resettlement concepts and terminologies used in the IRP.
- (ii) **Adopt an Appropriate National Policy.** Adoption of appropriate national resettlement policies by the DMCs can solve many of the problems associated with resettlement implementation. In particular, the national policy should address the needs of the disadvantaged, vulnerable, and indigenous groups, and find ways of protecting their rights. ADB's efforts have made slow progress. There is now an immediate need for ADB to increase its resources to expedite TA to the concerned DMC agencies to strengthen their national resettlement policies and make them compatible with the IRP guidelines. The policy must be appropriate to the context and build on local experience, objectives, and constraints.⁴³ To this end, OESD should include an advisory regional TA in its annual work program for the next few years to provide assistance to all DMCs that have no appropriate and compatible national policy.
- (iii) **Provide Adequate ADB Financing for Resettlement.** The IRP provides for ADB financing of eligible costs for resettlement (i.e., development of the resettlement site and services, training for alternative income, income generation programs, etc.) and compensation in loan financing. The study shows that many DMCs are unable to provide adequate funding for resettlement activities, particularly income restoration and livelihood programs. To date, ADB has not considered any financing of resettlement and compensation costs. The ADB loan should provide financing for certain specific compensations (such as costs related to income restoration, relocation site development, and social preparation) to meet resettlement costs, and to clarify issues related to ineligible costs with the EA (such as cash and land compensation) during RP preparation. The operational project departments should immediately ensure that such facilities are extended to the EAs, if needed, during the project preparatory stage.

⁴³ World Bank took a similar approach when developing resettlement policy at the national and sectoral levels (e.g., National Thermal Power Corporation, Coal India Limited) and state levels (e.g., Bihar, Gujrat, Madhya Pradesh, Maharashtra, and Orissa) in India. See Michael Cernea. 1996. Public Policy Responses to Development-Induced Population Displacements. *Economic and Political Weekly*, 15 June.

- (iv) **Strengthen Supervision and Monitoring.** The current resources invested in RP preparation will not yield satisfactory returns if the supervision and monitoring aspects remain weak. For ADB to enhance its role in resettlement supervision and monitoring as envisaged in the 1995 policy statement, OESD should immediately incorporate increased participation in supervision missions fielded by project divisions in its annual program. This is to ensure that semiannual reviews of all projects with a large-scale resettlement component, annual reviews in all other resettlement operations, and in-depth midterm project reviews are undertaken. ADB project and resident mission staff and resettlement specialists must be involved in the midterm review of projects with full RPs and annual supervision of projects with significant resettlement. This will provide an opportunity to assess progress and evaluate the need for additional assistance. Further, OESD should, as soon as possible, provide technical support and training (e.g., improve data quality and collection methods, monitoring and evaluation indicators, and quality control in implementation) to project staff undertaking supervision and monitoring.
- (v) **Strengthen Initial Social Assessment and Public Disclosure of Resettlement.** The quality of initial social assessment and database management systems must be improved by using comprehensive surveys of people displaced and mapping of local resource systems for better project preparation. Strengthening of initial social assessment could lead to better identification of (a) different categories of affected people; (b) institutional factors that affect resettlement planning, implementation, and supervision; and (c) impacts and social risks. Disclosure of information to affected people and stakeholders, as well as consultation must be improved at the initial project preparation stage. Project staff must make greater efforts to inform stakeholders of their rights and options, and encourage them to participate in RP formulation. The draft project profile and RP must be made available to affected communities for review and endorsement before incorporating them into the final project document. OESD staff and the concerned project mission leader must also ensure that the project preparatory consultants and EA undertake a detailed and comprehensive initial social assessment, and that the stakeholders are properly consulted.
- (vi) **Strengthen Institutional Capacity in the DMCs.** Improved resettlement performance will almost certainly require a breakthrough in improving the capacity of EAs and project staff in the DMCs. It is difficult for ADB to continue monitoring the resettlement programs after project completion. It is, therefore, vital to ensure that the EA has developed significant capacity to implement and monitor the RP during and after project implementation. Through OESD, ADB should provide additional regional TA to the DMCs in the next few years to (i) assist in preparing and finalizing appropriate national resettlement policies, (ii) help formulate regulatory and institutional frameworks for resettlement activities, (iii) provide training to strengthen institutional capacity for project resettlement implementation, and (iv) help develop a country-focused approach to resettlement management to encourage establishment of a multidisciplinary resettlement resource center for research, training, institutional analysis, aid coordination, and facilitation of stakeholder consultation and participation.
- (vii) **Strengthen ADB's Institutional Capacity.** The number of SOCD staff is small compared with the enormity of the tasks requiring quality project processing, advice, supervision, monitoring, and evaluation. The Budget, Personnel, and Management

Systems Department should immediately take action to strengthen the staff capacity of SOCD in order to address the social and technical dimensions of resettlement work and to help strengthen the DMCs' capacity. Currently, ADB is recruiting two additional resettlement specialists and a third one is in the pipeline. This would help ease the significant work pressure on the existing SOCD staff. Resettlement consultant resources in SOCD for training and project supervisory and midterm review functions also need to be substantially increased. Resident missions with a large number of resettlement projects, such as PRC, Indonesia, Nepal, and Viet Nam, should be provided with one staff member with experience in resettlement planning, implementation, and monitoring. Similarly, project staff at headquarters who manage RP programs should be provided with regular in-house training seminars to enhance their capacity to review and supervise RP implementation. This would enhance the technical capability of project staff in planning and implementing resettlement activities.

- (viii) **Improve Coordination with Bilateral and Multilateral Agencies.** OESD, as a focal point in ADB, should undertake more consultations to cooperate with other bilateral and multilateral agencies and NGOs to make the best use of critical resources to improve the DMCs' capacity. OESD should strengthen its coordination with other aid agencies in a particular country to formulate and develop a common national resettlement policy and jointly sponsor the building of national capacity in resettlement activities.

APPENDIXES

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COUNTRY AND SECTOR SUMMARY OF ADB LOANS WITH INVOLUNTARY RESETTLEMENT

Country	No. of Loans				Percent of Total				No. of Affected People				Affected People as Percentage of Total				No. of Relocated People				Relocated % of Total
	A	B	C	Total	A	B	C	Total	A	B	C	Total	A	B	C	Total	A	B	C	Total	
Bangladesh	2	2	1	5	5	8	7	6	79,543	8,900	210	88,653	18.34	6.90	0.14	12.43	—	8,135	210	8,345	92
Cambodia	1	0	2	3	2	0	14	4	80	0	17,394	17,474	0.02	0.00	11.54	2.45	—	0	5,980	5,980	34
PRC	18	10	6	34	43	42	43	43	293,775	98,664	32,994	425,433	67.75	76.54	21.89	59.65	—	64,355	12,814	77,169	59
India	2	0	0	2	5	0	0	3	800	0	0	800	0.18	0.00	0.00	0.11	—	0	0	0	0
Indonesia	6	3	0	9	14	13	0	11	41,191	9,602	0	50,793	9.50	7.45	0.00	7.12	—	2,401	0	2,401	25
Lao PDR	1	2	0	3	2	8	0	4	259	1,560	0	1,819	0.06	1.21	0.00	0.26	—	1,560	0	1,560	100
Malaysia	0	1	0	1	0	4	0	1	0	3,840	0	3,840	0.00	2.98	0.00	0.54	—	3,840	0	3,840	100
Nepal	1	1	0	2	2	4	0	3	3,517	200	0	3,717	0.81	0.16	0.00	0.52	—	200	0	200	100
Pakistan	3	0	0	3	7	0	0	4	1,850	0	0	1,850	0.43	0.00	0.00	0.26	—	0	0	0	0
Philippines	3	2	1	6	7	8	7	8	5,833	2,255	180	8,268	1.35	1.75	0.12	1.16	—	2,255	180	2,435	100
Sri Lanka	1	0	1	2	2	0	7	3	500	0	11,600	12,100	0.12	0.00	7.70	1.70	—	0	0	0	0
Viet Nam	4	3	3	10	10	13	21	13	6,253	3,890	88,340	98,483	1.44	3.02	58.61	13.81	—	3,524	8,844	12,368	13
Total	42	24	14	80	100	100	100	100	433,601	128,911	150,718	713,230	100.00	100.00	100.00	100.00	—	86,270	28,028	114,298	41

Sector	No. of Loans				Percent of Total				No. of Affected People				Affected People as Percentage of Total				No. of Relocated People				Relocated % of Total
	A	B	C	Total	A	B	C	Total	A	B	C	Total	A	B	C	Total	A	B	C	Total	
Transport	17	9	7	33	40	38	50	41	363,556	56,734	136,222	556,512	83.25	44.01	90.38	78.03	—	33,976	15,870	49,846	26
Energy	9	5	0	14	21	21	0	18	49,679	15,171	0	64,850	11.46	11.77	0.00	9.09	—	3,927	0	3,927	26
Water Supply/ Irrigation	4	4	6	14	10	17	43	18	10,239	41,102	12,496	63,837	2.36	31.88	8.29	8.95	—	41,102	10,158	51,260	96
Urban Dev't	7	2	0	9	17	8	0	11	4,526	6,000	0	10,526	1.04	4.65	0.00	1.48	—	3,200	0	3,200	53
Rural Dev't/ Infrastructure	2	2	0	4	5	8	0	5	2,508	3,864	0	6,372	0.58	3.00	0.00	0.89	—	225	0	225	6
Environment	3	2	1	6	7	8	7	8	3,093	6,040	2,000	11,133	0.71	4.69	1.33	1.56	—	3,840	2,000	5,840	73
Total	42	24	14	80	100	100	100	100	433,601	128,911	150,718	713,230	100.00	100.00	100.00	100.00	—	86,270	28,028	114,298	41

— = no data available, ADB = Asian Development Bank, PRC = People's Republic of China, Lao PDR = Lao People's Democratic Republic.

A = Data derived from IN.56-97: *Policy on Involuntary Resettlement: First Annual Report to the Board of Directors*, 11 April. ADB loans approved from 14 February 1994 to 28 November 1996.

B = Data derived from IN.105-99: *Involuntary Resettlement: Second Board Information Paper*, 30 March. ADB loans approved from 1 December 1996 to 3 December 1998.

C = Data derived from report and recommendation of the President of ADB loans from 4 December 1998 to 31 December 1999.

**SELECTED PROJECT CASES FOR FIELD INVESTIGATION
(1994-1996)**

DMC/Loan No./Title	Sector	Approval Date	Completion Date/ Status	Project Cost (\$ million)	Loan Amount (\$ million)
Bangladesh (BAN)					
1298-BAN(SF): Jamuna Bridge Project	Transport	8 Mar 1994	30 Jun 1999 (Completed)	696.00	200.00
1478-BAN(SF): Jamuna Bridge Access Roads Project	Transport	5 Nov 1996	31 Dec 2001 (Ongoing)	196.30	72.00
People's Republic of China (PRC)					
1082-PRC: Shanghai-Nanpu Bridge Project	Transport	28 May 1991 ^a	15 Mar 1995 (Completed)	226.88	70.00
1313-PRC: Dalian Water Supply Project	Water Resources	20 Sep 1994	31 Mar 1999 (Completed)	349.70	160.00
1325-PRC: Yunnan Expressway Project	Transport	29 Sep 1994	31 Oct 1999 (Completed)	461.40	150.00
Indonesia (INO)					
1089-INO: Inland Waterways Project	Transport	18 Jul 1991 ^a	30 Jun 2000 (Ongoing)	69.82	45.00
1425-INO/1426-INO(SF): North Java Flood Control Sector Project	Water Resources	18 Jan 1996	2 Mar 2000 (Ongoing)	153.00	90.00
Philippines (PHI)					
1333-PHI: Airport Development Project	Transport	24 Nov 1994	31 Mar 2001 (Ongoing)	105.00	41.00

DMC = developing member country.

^a Approved before approval of the resettlement policy.

Source: Asian Development Bank project files.

DESK REVIEW PROJECT CASE STUDIES
(1997-1999)

DMC/Loan No./Title	Sector	Approval Date	Completion Date/Status	Project Cost (\$ million)	Loan Amount (\$ million)
Bangladesh (BAN)					
1561-BAN(SF): Jamuna Bridge Railway Link Project	Transport	2 Oct 1997	31 Dec 2001	269.00	110.00
Cambodia (CAM)					
1659-CAM(SF): GMS: Phnom Penh to Ho Chi Minh City Highway Project	Transport	15 Dec 1998	30 Jun 2003	50.70	40.00
People's Republic of China (PRC)					
1544-PRC: Zhejiang-Shanxi Water Supply Project (Phase I)	Water Resources	24 Sep 1997	30 Jun 2002	518.00	100.00
1691-PRC: Southern Yunnan Road Development Project	Transport	24 Jun 1999	—	770.30	250.00
Indonesia (INO)					
1586-INO: Eastern Islands Air Transport Development Project	Transport	8 Dec 1997	31 Dec 2002	278.00	124.00
Philippines (PHI)					
1536-PHI: Third Airports Development (Southern Philippines) Project	Transport	16 Sep 1997	31 May 2003	167.00	93.00
Sri Lanka (SRI)					
1649-SRI(SF): Road Network Improvement Project	Transport	8 Dec 1998	30 Jun 2005	123.30	80.00
Viet Nam (VIE)					
1653-VIE(SF): Third Road Improvement Project	Transport	10 Dec 1998	31 Dec 2003	238.70	130.00

— = no data available, DMC = developing member country.

Source: Asian Development Bank project files.

**COPE AND IMPACT OF LAND ACQUISITION AND RESETTLEMENT
IN SELECTED APPROVED PROJECT LOANS IN THE WATER RESOURCES AND TRANSPORT SECTORS
(1997-1999)**

Loan No.	DMC	Loan Title	Project Cost	Loan Amount	Land (ha)	No. of AHHs	No. of APs	HHS Relocated	APs Relocated	With RP	Policy	Budget	Total (%)	Assurance	Type of APs
1561(SF)	BAN	Jamuna Bridge Railway Link Project	269,000	110,000	640	1,173		700		Yes	Yes	17.60	6.54	Yes	Land owners
1659(SF)	CAM	GMS: Phnom Penh to Ho Chi Minh City Highway Project	50,700	40,000	309	1,184	5,920	333	1,665	Yes	Yes	5.00	9.86	Yes	Farmers
1544	PRC	Zhejiang-Shanxi Water Supply Project (Phase I)	518,000	100,000		10,000	36,888	10,000	36,888	Yes	Yes	117.52	22.69	Yes	Farmers
1691	PRC	Southern Yunnan Road Development Project	770,300	60,000	50	1,344	5,376	334	1,434	Yes	Yes	22.00	2.86	Yes	Farmers/ rural people
1586	INO	Eastern Islands Air Transport Development Project	278,000	124,000	83	127	762	127	762	Yes	Yes	1.20	0.43	Yes	Fishermen/ traders/farmers
1536	PHI	Third Airports Development (Southern Philippines) Project	167,000	93,000	65	55	300	55	300	No	Yes	3.35	2.01	Yes	Land owners
1649(SF)	SRI	Road Network Improvement Project	123,300	80,000	78	1,435	7,395	250	1,250	Yes	Yes	12.10	9.81	Yes	Land owners
1653(SF)	VIE	Third Road Improvement Project	238,700	130,000	124	16,000	71,400	529	2,116	Yes	Yes	15.00	6.28	Yes	Land owners

AHH = affected household head, AP = affected people, BAN = Bangladesh, CAM = Cambodia, PRC = People's Republic of China, DMC = developing member country, ha = hectare, HH = household head, INO = Indonesia, PHI = Philippines, RP = resettlement plan, SRI = Sri Lanka, VIE = Viet Nam.

PROJECT COMPLIANCE WITH INVOLUNTARY RESETTLEMENT POLICY REQUIREMENTS
(Selected Projects 1997-1999)

Project Cycle	Resettlement Requirement	1561- BAN(SF)	1659- CAM(SF)	1544- PRC	1691-PRC	1586- INO	1536- PHI	1649- SRI(SF)	1653- VIE(SF)
PPTA Fact-Finding	Initial Social Impact	✓	✓	✓	✓	✓	✓	✓	✓
PPTA Feasibility Study	Draft RP	✓	✓	✓	✓	✓	x	x	✓
MRM	Review of RP	✓	✓	✓	x	x	x	x	✓
Appraisal	Final RP	✓	✓	✓	✓	✓	x	x	✓
RRP Board Meeting	Include summary RP	✓	✓	✓	✓	✓	x	✓	✓
Loan Negotiation	RP (include outstanding issues as conditions)	✓	✓	✓	✓	✓	✓	✓	✓
Implementation	Monitoring and reporting	✓		✓		✓	✓		

✓ = complied with, x = not complied with, BAN = Bangladesh, CAM = Cambodia, PRC = People's Republic of China, INO = Indonesia, MRM = management review meeting, PHI = Philippines, PPTA = project preparatory technical assistance, RP = resettlement plan, RRP = report and recommendation of the President, SRI = Sri Lanka, VIE = Viet Nam.

LAND ACQUISITION AND RESETTLEMENT IN THE PROJECT CYCLE OF SELECETED BANK PROJECTS
(Approved Loan Projects 1997-1999)

Stage/Key Action Points	1561-BAN(SF)	1659-CAM(SF)	1544-PRC	1691-PRC	1586-INO	1536-PHI	1649-SRI(SF)	1653-VIE(SF)
A. PPTA Fact Finding or Earlier (Responsibility: Mission Leader/Consultant)								
1. Review land acquisition laws of the DMC	✓	✓	✓	✓	✓	✓	✓	✓
2. Inform government and other sponsors of ADB policy	✓	✓	✓	✓	✓	✓	✓	✓
3. Identify areas for policy improvement	✓	x	✓	✓	x	x	x	x
4. Identify APs, key characteristics, and key losses	✓	✓	✓	✓	✓	✓	✓	✓
5. Determine if social preparation is needed	✓	x	✓	✓	✓	x	x	x
6. Identify resettlement institutions and capacities	✓	✓	✓	✓	x	✓	✓	✓
7. Assess options to reduce/avoid resettlement	✓	✓	✓	✓	x	x	✓	✓
8. Prepare TORs for RP, if resettlement is likely	✓	✓	✓	✓	✓	x	x	✓
9. Determine whether resettlement is significant	✓	✓	✓	✓	✓	✓	x	✓
B. PPTA Feasibility Study (Responsibility: Consultant/DMC Planners)								
1. Develop new eligibility policy to cover all APs	✓	x	✓	✓	x	x	x	✓
2. Discuss resettlement principles with project management	✓	✓	✓	✓	✓	✓	✓	✓
3. Establish parameters for RP	✓	✓	✓	✓	✓	x	x	✓
4. Draft full or short RP with time-bound actions and budgets	✓	✓	✓	✓	✓	x	x	✓
5. Build plan around a development strategy with compensation, relocation, and rehabilitation measures	✓	✓	✓	✓	✓	x	x	✓
6. Give special consideration to indigenous peoples and other vulnerable groups	✓	x	✓	✓	✓	x	✓	✓
7. Include social preparation for APs, when resettlement is likely to cause social unrest or APs are especially vulnerable		x		✓				
8. Prepare entitlement matrix	✓	✓	✓	✓	✓	x	x	✓
9. If resettlement is significant, develop measures to strengthen DMC capacity to implement resettlement	✓	✓	✓	✓	✓	x	✓	✓
C. Draft RRP for the MRM (Responsibility: Mission Leader, SOCD) Include summary RP in consultation with SOCD	✓	✓	✓	x	✓	x	x	✓

✓ = complied with, x = not complied with, ADB = Asian Development Bank, AP = affected people, BAN = Bangladesh, CAM = Cambodia, PRC = People's Republic of China, DMC = developing member country, INO = Indonesia, MRM = management review meeting, PHI = Philippines, PPTA = project preparatory technical assistance, RP = resettlement plan, RRP = report and recommendation of the President, SOCD = Social Development Division, SRI = Sri Lanka, TOR = terms of reference, VIE = Viet Nam.

Stage/Key Action Points	1561-BAN(SF)	1659-CAM(SF)	1544-PRC	1691-PRC	1586-INO	1536-PHI	1649-SRI(SF)	1653-VIE(SF)
D. Before Appraisal (Responsibility: Government or Private Project) Submit the RP to ADB	✓	✓	✓	x	✓	x	x	✓
E. Appraisal (Responsibility: Mission Leader) Review RP with the EA	✓	✓	✓	✓	✓	x	x	✓
F. Final RRP for Board Circulation (Responsibility: Mission Leader, SOCD) Include a summary RP	✓	✓	✓	✓	✓	x	x	✓
G. Project Profile (Responsibility: Mission Leader) Include resettlement details from initial social assessment and RP if resettlement is significant	✓	✓	✓	✓	✓	x	✓	✓
H. Loan Negotiations (Responsibility: Mission Leader) List outstanding activities as conditions	✓	✓	✓	✓	✓	✓	✓	✓
I. Implementation (Responsibility: Projects Department/DMC Personnel)								
1. Review resettlement thoroughly using experts in resettlement, sociology, and social anthropology	✓		✓		x			
2. Monitor all entitlements and payments	✓		✓		x			
3. Review projects with large-scale resettlement semiannually	✓		✓		x			
4. Review resettlement in depth at midterm review								
5. Make necessary adjustments to meet ADB's policy	✓		✓		x			
6. Continue monitoring after project commissioning and completion of ADB financing, if necessary, to determine if recovery has been accomplished								

✓ = complied with, x = not complied with, ADB = Asian Development Bank, BAN = Bangladesh, CAM = Cambodia, PRC = People's Republic of China, DMC = developing member country, EA = executing agency, INO = Indonesia, PHI = Philippines, RP = resettlement plan, RRP = report and recommendation of the President, SOCD = Social Development Division, SRI = Sri Lanka, VIE = Viet Nam.

Stage/Key Action Points	1561-BAN(SF)	1659-CAM(SF)	1544-PRC	1691-PRC	1586-INO	1536-PHI	1649-SRI(SF)	1653-VIE(SF)
J. Monitoring and reporting (Responsibility: Projects Department/DMC Personnel)								
1. Staff of Projects department to monitor resettlement regularly	✓	✓	✓		✓	✓		
2. Evaluate extent to which incomes and quality of life have been restored or improved	✓		✓		x			
3. Report on progress in the project performance report	✓	✓	✓		✓	✓		
4. OESD to prepare annual reports for the Board	x		x		x	x		

✓ = complied with, x = not complied with, BAN = Bangladesh, CAM = Cambodia, PRC = People's Republic of China, DMC = developing member country, INO = Indonesia, OESD = Office of Environment and Social Development, PHI = Philippines, SRI = Sri Lanka, VIE = Viet Nam.

DETAILS OF SELECTED CASE STUDIES FROM FIELD INVESTIGATION

A. Jamuna Bridge Project, Bangladesh

1. The Project

1. The Jamuna Bridge Project¹ was designed to construct a bridge 4.8 kilometers (km) long and 18.5 meters (m) wide across the Jamuna River. The bridge has a four-lane carriageway, a train line, a second power interconnector, a gas pipeline, and a telecommunications system. The Project is the product of multilateral cooperation and was financed by the Asian Development Bank (ADB), Overseas Economic Cooperation Fund, and World Bank. The total project cost was \$950 million, of which \$600 million was loan money from the three funders (each contributing \$200 million) with the Government of Bangladesh providing the rest.

2. The major project objectives were (i) to connect the eastern and western parts of the country and stimulate economic growth by facilitating the transportation of passengers and freight, and transmission of other facilities across the Jamuna River, economically and efficiently; (ii) to establish a strategic link for the Asian Highways and Trans Asian Railway; and (iii) to contribute to the improvement of livelihood opportunities for the people of the western region through development of efficient and economic communication facilities with the capital city, Dhaka, as well as with the port city, Chittagong.

3. The Project had eight contracts: Contract 1-Bridge; Contract 2-Guide Bund and protection work; Contract 3-East approach road; Contract 4-West approach road; Contracts 5/6-Railway approaches; Contract 7-East Bank embankment; and Contract 8-West Bank embankment. All construction work was completed on schedule and the bridge was opened to traffic in June 1999.

2. Land Acquisition and Resettlement Plan Preparation

4. Due to the dense population in the Jamuna floodplain, the Project had significant impact on the population in the project area. Other than the land required for contracts 5/6 (East and West Railway approaches), the Jamuna Multipurpose Bridge Authority, the executing agency (EA) for the Project, acquired about 2,862.14 hectares (ha) of land from both banks of the Jamuna River for construction of various components and facilities, including the east and west Guide Bund for draining and protection (Table A7.1).

5. About 16,000 households (105,000 persons) were directly or indirectly affected by land acquisition. The directly affected households lost their agricultural land, homestead structure, and/or properties, while indirectly affected households, such as farm/nonfarm workers, tenant cultivators, squatters, and *uthulis*,² lost their sources of income.

Table A7.1: Land Acquisition by Various Contracts

Contract No.	Name of the Contract	Amount of Land Acquired (in hectares)
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¹ Loan 1298-BAN(SF): *Jamuna Bridge Project*, for \$200 million, approved on 8 March 1994, and completed in June 1999.

² *Uthulis* are "free-users" of land in the Jamuna floodplain. Literally, it refers to helpless and destitute people who lost their land and homes to flood and erosion disasters. In effect, it is a social relation defined by land tenure and kinship system, and works as a mechanism for adjustment to ongoing flood and erosion displacement.

Contract 2 ^a	East and West Guide Bunds and Hard Point	2,283.39
Contracts 3/4	East and West Approach Roads	370.17
Contracts 7/8	East and West Flood Embankments	152.28
	East Resettlement Site	56.30
Total		2,862.14

^a Contract 1 was the construction of the bridge.

Source: Revised Resettlement Action Plan, Jamuna Multipurpose Bridge Authority.

6. In 1993, the EA prepared a resettlement plan (RP) on the basis of 1982 and 1989 land acquisition laws of Bangladesh. These laws recognize titled owners only for compensation payment; other categories of affected people are not eligible. Moreover, the compensation is limited to cash and no further assistance is offered for rehabilitation and restoration of livelihood. The RP was reviewed by the funders and found unsatisfactory due to poor impact analysis, and inadequate compensation policies, which failed to cover all categories of affected people. In 1994, a revised RP was prepared, based on a comprehensive baseline survey of those affected. The policy framework of the Revised Resettlement Action Plan (RRAP) represented significant improvements and included sharecroppers, farm and nonfarm workers, landless laborers, squatters, and *uthulis* as eligible for compensation. Aside from the RRAP, two other programs, namely the Environmental Management Action Plan (EMAP) and Erosion and Flood Affected Person Program (EFAPP) were adopted. The latter was established to compensate the *char* (mid-channel island) villagers for induced and incremental flood and erosion losses due to the construction of the bridge. Although construction work for the Project is now complete, the social mitigation plans such as the RRAP and the EMAP will continue through March 2000 and April 2001, as per agreements with the funders.

7. A primary objective of the RRAP was to ensure that households affected by the Project are resettled and rehabilitated in a satisfactory manner, including adequate and timely compensation, resettlement, and rehabilitation to facilitate project implementation. To achieve this objective, the following principles were applied in the resettlement and rehabilitation process: (i) minimize involuntary resettlement where feasible, exploring all viable alternative project designs; (ii) develop a comprehensive RP with provisions for sufficient investment sources and opportunities to share in project benefits; (iii) provide compensation for losses at full replacement cost; (iv) provide full assistance and support during the transition period in the resettlement site; and (v) provide income generation programs to improve former living standards, income-earning capacity, and production levels, or at least to restore them. Particular attention was given to the needs of the poorest and vulnerable groups in the resettlement process.

8. Community participation and involvement of host communities in planning and implementing resettlement was an important principle of the RRAP. Integration of the resettlers socially and economically into host communities was viewed as essential for host community benefits. The compensation policy in this Project was based upon extensive consultation with the primary stakeholders and local experts on various assets lost. Special investigation teams were formed to assess the market value of assets, particularly land, by conducting market surveys in the project area. The market price was the yardstick for deciding the rate of compensation.

9. The legal framework for the RRAP was mainly derived from the Operational Directive 4.30: Involuntary Resettlement of the World Bank and the Government's Acquisition and Requisition of Immovable Property Ordinance II (1982). Due to inadequacy in terms of compensation and coverage of the project-affected benefits, the Government made some project-specific changes in the compensation laws to comply with funders' requirements. Thus, the preparation of RRAP was a comprehensive exercise and set an example for the need to improve the legal framework of the country for project-induced displacement. The RRAP identified procedures for land acquisition, type of losses, levels of compensation, resettlement and rehabilitation but also set out guidelines for appeals, grievances, and consultation with the affected people. The land acquisition and

resettlement cost was budgeted for \$41 million (5.89 percent of the total project cost of \$690 million). The Government is providing the fund. The RRAP made provisions for resettlement monitoring by the EA's Resettlement Unit. It also contained provision for independent postevaluation after project implementation.

3. Compensation Policy and Benefits

10. The RRAP outlined compensation standards that covered all kinds of losses, including means of livelihood, so that individuals could improve, or at least regain, their preproject standard of living. Full or partial losses of physical and nonphysical assets including land, homes, trees, crops, perennials, buildings/structures, transition costs, and temporary loss of employment were eligible for compensation.

11. In addition to cash compensation paid by the Deputy Commissioner's Office in compliance with the legal requirements in the country, those displaced were provided with replacement farmland through an additional cash grant, house plots in resettlement sites, improved infrastructure facilities, shifting allowance, and compensation for loss of wages and incomes. A training and income generation program is currently under implementation for alternative source of income and livelihood program. Vulnerable groups such as the poor and households headed by women have received additional compensation, including special preference in training for income generation. A comprehensive entitlement matrix highlights the policy and entitlements, based on the nature of losses.

12. For replacement of agricultural/homestead land, those affected have received an additional cash grant, called maximum allowable replacement value (MARV) and were paid costs for stamp and registration of the property. The MARV has been indexed three times over the past years to reflect the changing market value of land in the project area.

4. Resettlement and Civic Amenities

13. The EA established a separate resettlement unit headed by a project director. The project director has full administrative power and a separate budget line for implementation of the resettlement programs. Indeed, resettlement has been treated as a separate project within the Jamuna Project. Two field offices—one each on the east and west bank—were set up by the Rural Development Movement, a nongovernment organization (NGO), to supervise the implementation of the RRAP. The Resettlement Unit has been very effective in implementing, monitoring, and supervising the resettlement project. The unit was also assisted and advised by a panel of experts and management consultants with resettlement expertise. Village resettlement workers from the project-affected villages were recruited by the implementing NGO to assist in the implementation activities and to work closely with the affected people on a day-to-day basis, such as for conducting information campaigns and assisting the affected families with relocation matters.

14. Of the 16,000 households affected, only 3,600 needed relocation and resettlement—the rest lost agricultural land only and were not required to move. The RRAP provided options to affected families for (i) self-relocation (affected families were allowed to relocate to existing villages of their own choice), and (ii) relocation at resettlement sites on the east and west banks. The strategy for self-relocation was based on the localized migration pattern and resettlement practiced by floodplain inhabitants in response to ongoing flood and erosion disasters in the project area.³

³ The strategy for self-relocation in the RRAP and the EFAPP guidelines/implementation plan was informed by an ethnographic account of the dynamics of local ecology, erosion, displacement, migration, and resettlement in the Jamuna floodplain. See Zaman, M. Q. 1988. *The Socioeconomic and Political Dynamics of Adjustment to Riverbank Erosion Hazard and Population Resettlement in the Brahmaputra-Jamuna Floodplain*. Ph.D. Dissertation. Winnipeg, University of Manitoba, Canada.

15. Nearly two thirds of the 3,600 families requiring resettlement opted for self-relocation and have already moved with their entitlements (e.g., compensation for lost assets, house construction grant, shifting allowance, compensation for loss of employment/work days, MARV for replacement land, etc.) to some 45 existing villages on both sides of the Jamuna River. The host villages have been provided with civic and social infrastructure (e.g., schools, mosques/temples, roads, tube wells for drinking water, and sanitary latrines) to support the increased carrying capacity of the communities. This has helped smooth integration of the resettlers into the host communities. Four resettlement sites (East Resettlement Site [ERS] 1, 2, 3, and West Resettlement Site [WRS]) have provisions for an estimated 2,000 house plots. So far, close to 1,000 households have resettled. The resettlement sites have been provided with all civic and social infrastructure such as access roads, water supply, electricity, community centers, schools, and hospitals. However, other facilities, such as drainage system and community school, are under construction in WRS. Recently, an NGO has been contracted for income-generation training and microcredit program in the WRS. During project implementation, the scope of land acquisition and displacement was scaled down by adopting various means such as (i) the realignment of approach roads, (ii) the adjustment of east guide bund, and (iii) the use of dredged spoils for WRS development. To minimize adverse impacts, about 210 ha of acquired land in the east bank were returned to the original owners.

16. Representatives of those affected participated in the relocation and rehabilitation process, including decisions related to the compensation rate (by providing information during the market survey and as members of the Grievances Redress Committee), selection of resettlement sites, and community infrastructures. Eighty-two percent of the homestead losers have successfully resettled in the surrounding host villages. As of December 1998, the affected households have already replaced 93 percent of the homestead land and 52 percent of the agriculture land acquired by the Project through new purchases. The EA provided one sanitary latrine for each household and one hand tube well for each group of 5-6 households free of cost. The newly built houses by the resettlers are of better quality and, in most instances, improved compared with preproject standards. The overall quality of life has improved due to access to new amenities like drinking water and sanitation.

17. One significant feature of the Jamuna Project is the involvement of many NGOs in the implementation of resettlement programs. To date, nine NGOs, including some of the leading ones, like the Bangladesh Rural Advancement Committee and Grameen Bank, have been involved in implementing various programs, including health and hygiene, fisheries mitigation and fish culture, wildlife protection, tree plantation/social afforestation,⁴ training and microcredit-income generation programs, and payment of compensation for incremental flood and erosion losses in the *char* villages. The performances of the NGOs are mixed. The Rural Development Movement has been implementing the RRAP and the Bangladesh Rural Advancement Committee, the EFAPP. Their performance is fairly satisfactory as indicated by the responses in the survey. About 80 percent of the respondents appreciated the campaign of the NGOs for resettlement activities. NGOs involved in income restoration programs (e.g., fish culture, training/microcredit) are reportedly slow and behind schedule in implementing their respective programs. Others, particularly those involved in plantation and social afforestation discontinued their work after the contract was over. This shows that NGOs in the Jamuna Project work more like contractors and lack long-term development commitment.

5. Monitoring and Evaluation

18. The EA Resettlement Unit established a monthly reporting system for all resettlement-related activities in the Project. The implementing NGO provided detailed field level progress on various activities, including grievance resolutions by the Grievances Redress Committee. A management information system was developed to monitor and verify the progress in the field. The Resettlement Unit took many actions, including indexing the MARV, to improve implementation practices. The

⁴ Social afforestation is the conversion of open land into a forest by planting trees.

fundes also reviewed the progress in milestone meetings, held twice every year. A midterm review (March 1997) was conducted by the funder; it made positive assessment of the progress of many of the ongoing resettlement activities.

6. Best Practice Examples

19. The Jamuna Bridge resettlement established many best practice examples in resettlement management. These include (i) socioeconomic surveys by NGOs and effective social impact assessment; (ii) information campaigns and public consultation; (iii) resettlement effects minimized during project implementation; (iv) inclusive entitlement policy for all categories of affected people; (v) comprehensive RP; (vi) special attention to women and other vulnerable groups; (vii) civic amenities in resettlement sites and host villages; (viii) strong and innovative resettlement organization in collaboration with NGOs and grassroots resettlement workers; (ix) multiple programs for income restoration; (x) training and microcredit programs, particularly for women and the very poor; (xi) effective supervision and monitoring using the management information system; and (xii) attention to postconstruction mitigation impacts. Resettlement is still an ongoing program for the Jamuna Bridge Project. The program has already evolved as a model for future projects.

20. The following checklist (Table A7.2) indicate the status and overall performance of the Jamuna Bridge concerning compensation and resettlement activities in the Project.

Table A7.2: Checklist—Resettlement Mitigation Measures

Mitigation Measures	Performance	General Remarks
Minimized displacement	Yes	Minimized displacement by realignment of approach roads, adjustment of east guide bunds, use of dredged spoils for the WRS development; 210 hectares of acquired land in the ERS was returned to the owners
Compensation for lost assets at market value	Satisfactory	Compensation paid was based on market value; special surveys were conducted to assess current market value of land both on the east and west banks of the river
Replacement land/house plots to affected household in resettlement sites	Satisfactory	Additional cash grant through MARV; stamp duty and registration costs paid. Resettlement sites with 2,000 plots for those displaced; special policy for households headed by women, <i>uthulis</i> , and landless
Civic amenities (access roads, electricity, drinking water, drainage, etc.) in resettlement sites	Adequate	Resettlement sites have good civic and social infrastructure—access roads, power supply, water, school, and health centers; some amenities are not of good quality and need improvements

Mitigation Measures	Performance	General Remarks
Civic and community infrastructures in host villages	Satisfactory	Construction of community infrastructures to increase the carrying capacity of the host village
Restoration of income through replacement land, training, and income generation program	Adequate	Many programs are ongoing; noticeable improvements in the case of the squatters and landless who have become owners of land/houses; training/microcredit for women in the resettlement sites will help restoration of income
Information campaign/ community consultation and participation by those displaced in the resettlement process	Satisfactory	Extensive consultation with affected households/local government officials; involvement of nongovernment organizations in program implementation has led to transparency and sustainability
Payments of compensation, grants, and additional financial assistance	Satisfactory	Grants and additional assistance were paid timely; however, compensation paid by DC office was often delayed due to legal requirements and procedures
Postconstruction impact mitigations	Satisfactory	EFAPP compensation to <i>char</i> villagers for induced and incremental flood and erosion losses due to the construction of the bridge
Monitoring and evaluation	Satisfactory	Internal monitoring by the EA Resettlement Unit; monitoring by funders through milestone meetings, independent review panel, midterm review (1997)
Reported progress to ADB	Yes	Submitted quarterly and other reports to ADB

ADB = Asian Development Bank, DC = Deputy Commissioner, EA = executing agency, EFAPP = Erosion and Flood Affected Person Program, ERS = east resettlement site, MARV = maximum allowable replacement value, WRS = west resettlement site.

Definitions: Adequate = actions generally met the intended objectives, Satisfactory = actions achieved objectives.

Source: Field survey, October 1999.

7. Socioeconomic Survey Results

a. Socioeconomic Characteristics of the Sample Households

21. A total of 106 households, including nine households headed by women, were interviewed. About 63 percent of the heads are between 31 and 50 years old. Ninety-three percent of the heads of households are married. The resettlers interviewed moved between 1 and 2 km from their original homes to the present sites.

22. The family size of the households interviewed ranges from 2 to 14 with average size of 5.6 persons per households, which is the national norm. The majority are, however, within the range of 5-8. Among those interviewed, more than half are illiterate. No ethnic minority groups are affected by the Project.

b. Occupation and Income in Postresettlement Period

23. The survey collected information on the existing occupational patterns of the household heads. About one third of the households are involved in agriculture as the principal source of livelihoods (Table A7.3). Fifty-two percent have reported changes in occupation from agriculture to service, small business, and work in informal service sector such as rickshaw/van peddlers with a positive impact in terms of increased income. Meetings with the affected people indicate that those who earn a living from business and informal sector services regained their income quickly. People

who bought replacement land and have combined income sources from agriculture and small businesses/employment also regained and/or improved their income level.

24. The survey data reveals that more than 74 percent of the households depend on one income, while 26 percent reported two or more income-earning members in the family. About 19 percent of the sample households have female earning members—mostly from small business, poultry, and other home-based economic activity.

Table A7.3: Occupational Backgrounds of the Household Heads

Occupation	East Side								West Side				Total	
	RS1		RS2		RS3		HV		RS		HV			
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Agriculture	5	26	3	30	3	30	9	41	2	10	11	46	33	31
Business	5	26	4	40	3	30	4	18	5	24	3	13	24	23
Service	0	0	0	0	2	20	5	23	2	9	3	13	12	11
Day Labor	4	21	1	10	0	0	1	5	2	9	1	4	9	8
Rickshaw/Van Driver	3	16	2	20	2	20	2	9	5	24	5	20	19	18
Poultry	0	0	0	0	0	0	1	4	3	14	0	0	4	4
Others	2	11	0	0	0	0	0	0	2	10	1	4	5	5
Total	19	100	10	100	10	100	22	100	21	100	24	100	106	100

HV = host village, RS = resettlement site.

Source: Field survey, October 1999.

25. The survey data on socioeconomic conditions (Table A7.4) demonstrate that more than two thirds have either maintained or increased their preproject standards. This was possible due to generous compensation for loss of assets, additional cash grant for replacement land, house plots, and other income restoration programs of the EA in the project area. The remaining one third will need additional assistance to regain their income level at least to the preproject level.

Table A7.4: Socioeconomic Conditions in Postresettlement Period

Responses	East Side								West Side				Total	
	RS1		RS2		RS3		HV		RS		HV			
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Definitely Better	7	37	1	10	2	20	4	14	3	14	4	17	21	20
Better Than Before	8	42	4	40	1	10	8	24	5	24	5	21	31	29
Same as Before	2	11	3	30	2	20	6	19	4	19	5	21	22	21
Worse Off	2	11	2	20	5	50	4	83	9	83	10	41	32	30
Total	19	101	10	100	10	100	22	100	21	100	24	100	106	100

HV = host village, RS = resettlement site.

Source: Field survey, October 1999.

c. Resettlement and Civic Amenities

26. Seventy-eight percent of the households received the house construction grant; 92 percent received the house transfer grant. The house construction grant was enough to build a better house as mentioned by 71 percent of the respondents. The quality of the structures improved significantly for 43 percent. This change is remarkable in ERS 1 and 2. The Project provided basic civic amenities in the resettlement sites as well as in host villages. Except for only a few, most of the new houses have sanitary latrines. All households have access to tube wells for drinking water. Some households in the ERS have power connection.

27. The squatters and *uthuli* households were given house plots in resettlement sites. About 25 percent of them have already registered the house plots in the name of both spouses, which is a

requirement of the resettlement policy. This is a good achievement for the Project. Others are in the process of registering. The squatters/*uthulis* have full rights to sell and dispose of the property after 10 years.

28. The Project provided community infrastructure in the resettlement sites as well as in host villages. The school, mosque, and hospital in ERS 1 are operating; but on the western side, only the mosque is in operation. The community, with the support of the EA, manages the mosques on both sides. The school on the eastern side is still managed by the EA. The hospital on the eastern side is being managed by an NGO, Grameen Kollayan. But on the western side, the hospital and school buildings completed two years ago are not yet in operation. Only recently, the EA signed a contract with an NGO, Gono Shastha Kendro, to run both the schools and the hospital on the WRS and other community structures built in both sites.

29. The civic amenities provided by the project in the resettlement sites as well as in the host village are not always of good quality. Some respondents complained about the quality of the latrines as well as saplings supplied by an NGO. The water and sanitation quality in terms of location of the latrine, water pipeline, as well as drainage facilities was very poorly planned and done in the WRS. However, this infrastructure is relatively better installed in ERS 1. The drainage problem is acute in all places mainly because it was not done as part of any integrated planning during the design for civil construction.

d. Resettlement and Quality of Life

30. The community members, who attended the focus group meeting, said that interpersonal relationships between the community members quality of life have improved in the postresettlement period. The resettlers in ERS 1 on the east side are mostly from the same village. However, resettlers in other resettlement sites, particularly in ERS 2 and 3, are from different villages. As a result, the social cohesion is not as strong as in ERS 1. These sites are also newly developed. Indeed, many resettlers have moved in only recently and others are in the process of relocation and rebuilding. The community integration is expected to improve over time. Resettlers in the host villages are well integrated with local communities due to previous social connections, and social and kinship ties. Of all the resettlers, the squatters and *uthulis* are better off, primarily because of their newly acquired status as owners of houses and house plots. However, not all of them have sustained sources of income.

e. Attitudes to Resettlement—General Satisfaction

31. Those interviewed expressed their positive attitudes toward the overall performance of resettlement activities by the project management (Table A7.5). In general, it can be concluded that the attitudes of the respondents to resettlement activities of the Project is largely favorable.

Table A7.5: Level of Satisfaction Regarding Resettlement Activities

Responses	East Side								West Side				Total	
	RS1		RS2		RS3		HV		RS		HV			
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Very Satisfied	13	68	3	30	3	30	7	32	11	52	5	21	42	40
Generally Satisfied	6	32	5	50	4	40	8	36	7	33	9	38	39	37
Dissatisfied	0	0	1	10	2	20	4	18	2	10	7	29	16	15
Extremely Dissatisfied	0	0	1	0	1	10	3	14	1	5	3	13	9	8
Total	19	100	10	100	10	100	22	100	21	100	24	100	106	100

HV = host village, RS = resettlement site.

Source: Field survey, October 1999.

8. Summary and Issues

32. The Jamuna Bridge Project resettlement activities have progressed fairly well. All of those affected, regardless of ownership status, have been paid compensation with special attention to women and other vulnerable groups such as the landless and *uthulis*. Community consultation was sought to develop compensation policies. Thus, those affected were involved in the planning and implementation of resettlement. Nearly two thirds have resettled in the existing villages. The rest moved into the project-sponsored resettlement sites.

33. The study findings suggest that a large number of the resettlers, nearly two thirds, are generally satisfied with the resettlement management in the Project. Many have improved their standard of living in postresettlement period. The quality of housing has improved in the resettlement sites. Many basic amenities have been provided, both in the resettlement sites and host villages. As a result, the quality of life has improved for a large section of the affected population. The EA and the funders have closely monitored the implementation of the RRAP. The Project has established some best practice examples in resettlement implementation, and thus has evolved as a model in resettlement planning and management.

34. Despite the good performance, the study identified some issues related to policy and implementation. For example, the preparation of the RP initially was weak due to the absence of a national resettlement policy. The national laws and legal framework used for project-induced displacement are inadequate to deal with the consequences of displacement and are limited to cash compensation only. However, with the adoption of appropriate policy under the RRAP, resettlement received much emphasis in project implementation. The findings of the survey provide strong evidence that a good policy is the key to satisfactory implementation of the resettlement program.

35. Income restoration activities in the Project have not performed well as yet. Two thirds of those interviewed are worse off than before the project. Training for alternative employment and microcredit programs have just begun. It is too early to make a full assessment of the impact of the training and microcredit program in the Project. Many households are still in the process of resettling in ERS 2 and 3. As a result, civic amenities in ERS 2 and 3 are still under construction. The survey found that some civic amenities provided by the Project in resettlement sites and host villages were not of standard quality.

36. Many NGOs have been contracted by the EA to implement various mitigation measures concerning resettlement and other social development programs. To date, the performances of the NGOs have been rather mixed; the tendency so far has been to terminate activities once the contract is over. This might affect the sustainability of the resettlement programs.

9. Recommendations

37. To sustain the good performance in future projects, the Government needs to develop its own resettlement policy with an improved legal framework and better resettlement practices. The new policy must consider the best practices established by the Jamuna Project and should pay attention to (i) effective impact assessment with community/NGO inputs; (ii) participatory planning and implementation; (iii) market value/replacement costs for lost assets; (iv) livelihood restoration of displaced people; (v) special assistance to vulnerable people, including squatters or encroachers; (vi) effective mechanisms for redress of grievances; (vii) adequate funding for resettlement; (viii) clear definition of institutional responsibility for resettlement; and (viii) effective monitoring and implementation.

38. There is a need to closely follow up on the training and income restoration programs in the Project. Otherwise, a significant portion of the affected people, particularly the women and the poor, might suffer from impoverishment.

39. The EA should look into the complaint regarding the poor quality of some of the civic and community amenities built by the Project in resettlement sites and host villages. If necessary, these should be reconstructed and/or maintained properly.

40. There is a need to undertake a comprehensive review and analysis of the performance of NGOs in resettlement related development programs in the Project.

B. The Jamuna Bridge Access Roads Project, Bangladesh

1. The Project

41. The Jamuna Bridge Access Roads Project⁵ was designed to reconstruct about 143 km of the country's most important corridor for the Jamuna Bridge, from Tangail to Dhaka and 20 km south of Feni via the Dhaka-Chittagong-Dohazari section, and to make low-cost accident-prevention improvements on selected national and regional roads. The severe floods of 1987 and 1988 damaged the country's road network system extensively. Urgent repair and restoration works were carried out with assistance from the World Bank. The feasibility study for the high-priority arterial roads⁶ as well as the Road Master Plan⁷ gave priority to the road sections selected for this Project, particularly with reference to traffic volumes to be generated by the Jamuna Bridge Project.⁸

42. The Project comprised four main components: (i) highway improvement; (ii) road safety civil works; (iii) institutional strengthening; and (iv) preparation of a future project, i.e., the Third Road Improvement Project (Dhaka-Mawa-Mongla and selected feeder roads). The highway improvement will be done in four contracts: (i) Contract 4—Nabinagar-Chandra road (16 km), (ii) Contract 5—Dhaka-Savar road (14 km), (iii) Contract 6—Dhaka-Daudkandi road (22 km), and (iv) Feni-Chittagong road (Baroihat-Wahedpur section-20 km).

43. The major objectives of the Project are to (i) optimize the utilization of the Jamuna Bridge by strengthening the eastern main access road sections, (ii) facilitate trade and passenger traffic movements, (iii) contribute to improving livelihood opportunities by developing a road network that will be less prone to failure during weather-related disturbances. The Project is also expected to contribute to reducing poverty in the urban slums of Dhaka and among rural poor farmers in the project road corridors.

2. Land Acquisition and Resettlement Plan Preparation

44. The scope of land acquisition is very limited in this Project. Since the Project mainly involved reconstruction, road improvement and/or widening, fresh acquisition of land was limited to less than 1 ha along Contracts 6 and 8 (Table A7.6). The right-of-way was already under the ownership of the Roads and Highways Department (RHD), the EA for the Project. However, unauthorized occupants like small shop owners, squatters, and scattered settlements along the edge of the right-of-way largely occupied the RHD land required for road improvement and reconstruction. As a result,

⁵ Loan 1478-BAN(SF): *Jamuna Bridge Access Roads Project*, for \$72 million, approved on 5 November 1996, and is still ongoing.

⁶ TA 1177-BAN: *Second Road Improvement Project*, for \$550,000, approved on 11 July 1989.

⁷ TA 1053-BAN: *Preparation of Road Master Plan*, for \$2.06 million, approved on 24 October 1988.

⁸ Jamuna Bridge was financed under Loan 1298-BAN(SF): *Jamuna Bridge Project*, for \$200 million, approved on 8 March 1994.

despite negligible fresh acquisition, the Project affected 1,435 households—mostly small shop owners and squatters.

Table A7.6: Summary of Project Impact

Contract No.	Project Location	Land Acquisition (ha)	No. of HHs Requiring Relocation
4	Nabinagar-Chandra	0.00	175
5	Mirpur Bridge-Savar Bazar	0.00	648
6	Muktisharoni-Daudkandi Bridge	0.22	180
8	Baraihat-Wahedpur	0.25	432
	Total	0.47	1,435

ha = hectare, HH = household head.

Source: Field study, October 1999.

45. The affected households/units on the right-of-way were largely dependent on small-scale enterprises as owners, traders, or wage laborers. Almost all the structures (shops, housings, and others) were located on the RHD land. The shops were concentrated mainly along the junctions of the road or near some big markets. A number of community infrastructures like the mosque, school, post office, etc., were either partially or fully affected by road improvements.

46. Socioeconomic surveys of those affected/businesses in four contracts were carried out in 1996. The survey elicited opinions and identified losses to be incurred. An RP was prepared by RHD; it was reviewed and found satisfactory by ADB. The RP provided a profile of those affected, identified the scope of impact, number, quantity and quality of structures (house/shops) to be demolished, the land area to be acquired, and trees to be cut. The RP also identified the indirect losses due to displacement by the project, including loss of income from land, business, and employment.

47. The RP aimed to ensure that households affected by the Project are resettled and rehabilitated in a satisfactory manner, including adequate and timely compensation to facilitate project implementation. To achieve this objective, the following principles were applied for the resettlement and rehabilitation process: (i) minimize involuntary resettlement, (ii) develop plans for those to be displaced, (iii) involve resettlers in the process of resettlement, (iv) compensate for all losses incurred to those displaced, and (v) establish a monitoring system to ensure that the resettlement principles are followed.

48. The legal framework for the RP was based on the World Bank's Operational Directive 4.30 on Involuntary Resettlement⁹ and the Government of Bangladesh's Acquisition and Requisition of Immovable Property Ordinance II (1982). The Government laws and regulation concerning payments of compensation recognize only titled owners. As a result, most of those affected—the shop owners and squatters on RHD land—were ineligible for any compensation from the Project. To meet the policy requirements of the Operational Directive 4.30, RHD adopted a policy to pay compensation to encroachers and squatters as special cases for project implementation. These guidelines and the Government's legal and administrative framework identified not only procedures for land acquisition, type of losses, and levels of compensation, but also set out guidelines for appeals, grievances, and consultation with those affected.

49. The IRP outlined a compensation standard that would cover the losses of all means of livelihood so that resettlers would be at least as well off as before and in many cases they would be

⁹ Prior to November 1995, ADB staff, under the instruction from the President, used the World Bank Operational Directive 4.30 on Involuntary Resettlement for all aspects of involuntary resettlement in ADB-financed projects. ADB's own policy on involuntary resettlement was approved and adopted in November 1995 and formalized ADB's approach to this issue.

better off. All physical and nonphysical assets (land, homes, buildings/structures, earning opportunities) were covered by the project compensation policy. Although the shop owners and squatters were eligible for compensation, the RP made no provision for reestablishing the shops or developing any market/shopping areas to rehabilitate the small businesses and shop owners. It was decided that those displaced would relocate themselves to places of their own choices, with all eligible assistance from the Project. As a result, nearly all shop owners and squatters reestablished their shops again as illegal occupants on RHD right-of-way (para. 198). The RP did not adequately address the problem of relocation of shops or businesses as sources of livelihood.

50. RHD hired an NGO, Christian Commission for Development of Bangladesh (CCDB), to implement the RP. The RHD officials, resettlement officers of RHD, as well as CCDB conducted several meetings in the project area. It appeared that community input during the planning phase was rather limited. During implementation, CCDB conducted more consultation meetings and modified implementation procedures in consultation with those affected. The survey data reveals that all were aware of their individual compensation entitlements. The land acquisition and compensation cost was \$10.4 million (5.4 percent of the total project cost of \$196.3 million).

3. Compensation Policy and Benefits

51. The compensation policy was based upon consultation with the stakeholders and local experts on various assets lost in the project area and on the basis of the market price available from various sources and locations. As a result, the compensation amount varied in different contracts according to the location and type of asset acquired or demolished. To ensure proper compensation and replacement value of assets, the Land/Property Valuation Advisory Team conducted a market survey with representation from the Deputy Commissioner Office, local union council, RHD, and CCDB. The team recommended an MARV for the acquired properties. Based on the compensation policy, an entitlement matrix was established for payment of compensation.

52. The affected people were paid compensation for (i) loss of land, pond/ditch, tree; (ii) loss of house and any other built structures; (iii) loss of structures on unauthorized land (i.e., squatters); (iv) loss of crops and sharecropping/leaseholders rights; and (v) loss of employment/income (i.e., persons whose regular place of work was acquired such as wage laborers/employees in shops, industry, farm, fishing ground, etc.). This means that people indirectly affected were also eligible for compensation. Compensation was paid prior to the commencement of construction activities so that those displaced could relocate.

4. Resettlement and Civic Amenities

53. Resettlement preparatory and implementation work lasted for more than three years, starting from the latter half of 1995 to December 1999. During implementation, the scope of land acquisition was further minimized from 0.47 ha to 0.20 ha by adjusting alignments in different road sections, as well as ensuring optimum utilization of existing RHD land. As a result, the number of affected households and shops was reduced by about 8 percent from 1,435 to 1,317. By the end of December 1998, more than 99 percent of those affected (1,310) had received compensation payments, the remaining 1 percent is still pending due to legal disputes over ownership rights. Payments of compensation and relocation of shops and businesses were completed in each contract prior to construction and road improvements work.

54. The Project did not sponsor or develop any resettlement site. Instead, cash compensation for loss of house, business, and employment were provided. Since many of the affected people were small shop owners/business operators, they moved back a few yards from the right-of-way and rebuilt shops/structures again on RHD land as unauthorized occupants. Many, however, built shops in the local markets with cash compensation from the Project.

55. Compensation for community infrastructure, like mosque, school, post office, etc., were paid generously far beyond replacement cost to local committees for reconstruction and improvements.

5. Monitoring and Evaluation

56. During implementation, RHD established a system of monitoring through CCDB. CCDB submitted quarterly reports to RHD on the progress of compensation payments and activities. Based on field reports, necessary modifications of the compensation package and delivery mechanisms were done in the later stage of implementation. All affected people were paid compensation in advance. As a result, they removed their structures and made the land available to the contractors on schedule.

57. However, no follow-up monitoring and evaluation was conducted on the impact of relocation and income restoration. Another area of concern is resquatting. Many have encroached on the remaining RHD land, just a few meters away from their earlier locations; this might affect proper utilization of the road in the future. This demonstrates lack of monitoring of relocation of the affected shops and businesses. The resquatting problem has become a major national development issue, particularly in the road and urban development sectors.

58. The following checklist (Table A7.7) presents the overall performance concerning compensation and resettlement activities.

Table A7.7: Checklist—Resettlement Mitigation Measures in the Project

Mitigation Measures	Performance	General Remarks
Minimized displacement	Yes	Both land acquisition and displacement reduced during implementation by adjusting road alignments
Compensation for lost assets at market value	Satisfactory	Compensation paid was based on market value
Replacement land/house plots to affected owners	Satisfactory	Following MARV, compensation for land paid in cash; exempted stamp duty if alternate land bought within six months of compensation
Self-relocation by the affected households/shop owners	Poor	Many shop owners moved a few yards and rebuilt on RHD land, and thus created resquatting as a major problem for future road expansion
Rehabilitation of community infrastructure within the same locality	Satisfactory	Enough compensation helped to make self relocation through the community within the same locality
Restoration of income through compensation money	Satisfactory	Income increased in the postresettlement period—landless and employees became owners of land and small business in Contract 8
Community consultation and participation in implementation	Satisfactory	Extensive consultation was carried out with those affected, local government officials, and community leaders concerning compensation policy and implementation issues
Timely payment of compensation and relocation	Satisfactory	Compensation paid in advance for relocation; relocation completed prior to construction
Monitoring and evaluation	Poor	Monitoring of progress was satisfactory; however, lack of monitoring of relocation, and postrelocation impact evaluation

Mitigation Measures	Performance	General Remarks
Reported progress of ADB	Satisfactory	Submitted reports to ADB

ADB = Asian Development Bank, MARV = maximum allowable replacement value, RHD = Roads and Highways Department.

Definitions: Poor = actions taken were far short of achieving the objectives, Satisfactory = actions achieved objectives.

Source: Field survey, October 1999.

6. Socioeconomic Survey Results

a. Socioeconomic Characteristics of the Sample Population

59. A total of 53 households/shop owners were interviewed during the field survey. About half of the respondents are within the age group of 31-50. The survey identified only one household headed by a woman in Contract 8. The family size of the households interviewed ranges from 3 to 13, with an average size of 6.7 persons per household. Among those interviewed, more than 87 percent are literate. There are no ethnic minority groups affected by the Project.

60. More than 98 percent of the displaced people were resettled or relocated within 1 km of their previous location. In most cases, particularly shop owners/squatters moved only a few meters and reestablished themselves again on RHD land. More than 57 percent of the respondents built new structures. However, this figure is fairly high in Contracts 4 and 8 (76 and 77 percent).

b. Occupation and Income Data

61. The survey collected information on the occupational background of heads of households. Nearly half (49 percent) are in business, followed by service/employment (30 percent). Only 15 percent of the respondents reported changing their occupations from farming to business or business-related activities (Table A7.8).

Table A7.8: Occupational Background of the Household Heads

Occupation	Contract 4		Contract 5		Contract 6		Contract 8		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%
Farming	1	6	0	0	1	7	4	31	6	11
Business	12	71	5	63	4	27	5	38	26	49
Service	4	23	3	37	7	47	2	15	16	30
Day Labor	0	0	0	0	1	7	1	8	2	4
Housewife	0	0	0	0	0	0	1	8	1	2
Others	0	0	0	0	2	13	0	0	2	4
Total	17	100	8	100	15	101	13	100	53	100

Source: Field survey, October 1999.

62. The survey data reveals that more than 60 percent of households depend on a single income while 20 percent have two or more income earners. A majority of the respondents reported an increase in the average monthly household income. Many respondents have moved to higher income brackets in the postresettlement period (Table A7.9). Very few respondents identified any home-based income and only a few of them mentioned the involvement of women in this income-related activities.

Table A7.9: Monthly Income of the Households in Pre- and Postresettlement Period

Income	Contract 4		Contract 5		Contract 6		Contract 7		Total	
	Before	After	Before	After	Before	After	Before	After	Before	After
Less than 3,000	4	4	1	1	6	5	1	3	12	13
	(24)	(24)	(12)	(12)	(40)	(33)	(8)	(23)	(23)	(25)
3,001-5,000	6	4	0	1	5	10	5	2	16	17
	(35)	(24)	(0)	(12)	(33)	(67)	(38)	(15)	(30)	(32)
5,001-8,000	1	0	3	2	2	0	6	6	12	8
	(6)	(0)	(37)	(25)	(13)	(0)	(46)	(46)	(23)	(15)
8,001-10,000	1	1	2	1	2	0	0	1	5	3
	(6)	(6)	(25)	(12)	(13)	(0)	(0)	(8)	(9)	(6)
10,001-15,000	1	3	0	2	0	0	0	0	1	5
	(6)	(18)	(0)	(25)	(0)	(0)	(0)	(0)	(2)	(9)
More than 15,000	4	5	2	1	0	0	1	1	7	7
	(24)	(29)	(25)	(12)	(0)	(0)	(8)	(8)	(13)	(13)
Total	17	17	8	8	15	15	13	13	53	53
	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)

Source: Field survey, October 1999.

c. Restoration of Income

63. The survey data on the present socioeconomic conditions (Table A7.10) demonstrates that more than three quarters of the respondents have either maintained or increased their preproject socioeconomic conditions (Table A7.11). The income data (Table A7.10) shows similar trends. The restoration of income was partially due to generous compensation for loss of assets and employment and income opportunities. Despite this, 25 percent of the households consider that they are worse off compared with before the project. These respondents are mostly shop owners and business people who lost good locational advantage due to dislocation and thus lost income. The new business locations do not generate as much income.

Table A7.10: Improved Socioeconomic Conditions in Postresettlement Period

Economic Status	Contract 4		Contract 5		Contract 6		Contract 8		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%
Significantly Improved	4	24.0	0	0.0	0	0.0	1	8.0	5	9.0
Better Than Before	8	47.0	5	63.0	4	27.0	6	46.0	23	43.0
Same as Before	1	6.0	1	12.0	6	40.0	4	31.0	12	23.0
Worse Off	4	23.0	2	25.0	5	33.0	2	15.0	13	25.0
Total	17	100.0	8	100.0	15	100.0	13	100.0	53	100.0

Source: Field survey, October 1999.

d. Attitudes to Resettlement—Performance

64. To rate the level of satisfaction with resettlement activities, an attitudinal survey was carried out to assess different degrees of satisfaction (both positive and negative) to resettlement implementation. More than 80 percent of the respondents identified the performance of resettlement and rehabilitation activities of the Project as positive (Table A7.11). One key reason for the satisfactory attitude is that CCDB maintained good contact with the affected people during the implementation phase and resolved grievances on locations with inputs from local government officials and affected people.

Table A7.11: Performance of Resettlement Activities in the Project Area

Level of Performance	Contract 4		Contract 5		Contract 6		Contract 8		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%
Very Good	7	41.0	1	12.0	0	0.0	3	23.0	11	21.0
Good	6	35.0	6	75.0	13	87.0	7	54.0	32	60.0
Average	4	24.0	1	12.0	2	13.0	2	15.0	9	17.0
Bad	0	0.0	0	0.0	0	0.0	1	8.0	1	2.0
Total	17	100.0	8	99.0	15	100.0	13	100.0	53	100.0

Source: Field survey, October 1999.

e. Attitudes to Resettlement—General Satisfaction

65. In general, it can be concluded that the attitude of the respondents to resettlement and rehabilitation implementation of the Project is favorable (Table A7.12). The favorable attitudes are primarily due to the fact that most of the affected people, particularly shop owners and businesses on RHD land, never expected any compensation for being illegal occupants on government land. Many were surprised by the unexpected benefit and happy about the policy.

Table A7.12: Attitudes to Resettlement—Level of Satisfaction

Level of Satisfaction	Contract 4		Contract 5		Contract 6		Contract 8		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%
Highly Satisfied	13	76.0	5	63.0	10	67.0	8	62.0	36	68.0
Satisfied	4	24.0	3	37.0	2	13.0	3	23.0	12	23.0
Average	0	0.0	0	0.0	3	20.0	2	15.0	5	9.0
Total	17	100.0	8	100.0	15	100.0	13	100.0	53	100.0

Source: Field survey, October 1999.

7. Conclusions and Issues

66. The RP involved payments of cash compensation only. In practical terms, there was no land acquisition. It appeared from the field study that the RP was implemented satisfactorily. Payments of compensation were made in all contracts prior to commencement of civil works in individual sections. It was payment of compensation to affected people—not resettlement—that facilitated rebuilding houses, moving assets, and establishing productive lives in another location. Therefore, the term RP was a misnomer.

67. The road improvements affected shops, businesses, and squatters who were illegal occupants of RHD land. The land laws and the legal framework in Bangladesh, however, do not recognize encroachers or squatters as eligible for compensation. The new entitlements were adopted by RHD to meet ADB's policy requirements. Therefore, it is clear that the existing land acquisition laws are inadequate to deal with development-induced displacement, particularly when it comes to assisting vulnerable groups in society.

68. The study found that a large number of affected shop owners/businesses moved only a few yards and relocated along the roadside on RHD land again. Relocation on the roadside might affect proper utilization of the road in the near future. Encroachment and resquatting on the acquired land/right-of-way has become a major development issue in Bangladesh, particularly in road and urban development projects.

69. The resquatting issue indicates (i) weaknesses in RP preparation, which lacked provisions for reestablishing shops and businesses in local markets; and (ii) lack of monitoring on relocation during implementation. Further, no follow-up monitoring and evaluation was conducted on the impact of relocation and income restoration of affected people.

8. Recommendations

70. This case study demonstrates the need for formulation of a national resettlement policy for Bangladesh. Given the experience with resquatting in the Jamuna Bridge Access Roads Project, the policy formulation must address the needs of the poor and vulnerable groups. The policy should also define implementation procedures and institutional framework, including monitoring and evaluation.

71. The weaknesses in the RP preparation in this Project indicates the need for more effective social impact analysis to ensure identification of relevant issues and needs of the affected people in the project preparation stage.

C. Shanghai-Nanpu Bridge Project, the People's Republic of China

1. The Project

72. The Shanghai-Nanpu Bridge Project¹⁰ was designed to construct a toll across the Huangpu River. The river divides Shanghai into the congested Puxi area, on the west bank and the less-developed Pudong, on the east bank. The Project's objective was to relieve congestion on the west bank by encouraging the development of Pudong, and the transfer of industries and population from Puxi to Pudong. The Project was prepared in 1988 and approved in May 1991.

2. Land Acquisition and Resettlement Plan Preparation

73. The Project required land for construction of the toll bridge, two approach bridges, miscellaneous facilities, connecting roads, and relocation of houses and businesses. The Project permanently acquired 48.7 ha of farmland, including 43 ha in the project site and 5.7 ha for the relocation of businesses. The acquisition of farmland affected 1,152 persons. A total of 286,915 square meters (m²) of built structures, including houses (168,211 m² of resident houses and 118,704 m² of business and industry buildings) were demolished. In all, 5,152 houses involving 15,547 persons were relocated and 205 enterprises were demolished.

74. The EA, Municipality of Shanghai (MOS), provided compensation for losses and relocation of affected people and business enterprises. A socioeconomic survey of the affected households was carried out in 1987 and of enterprises in 1988. The surveys elicited opinions of those to be displaced and units, and identified the losses to be incurred. MOS established several special investigation teams for information disclosure, assessment of losses, determination of market value of assets, selection of resettlement sites, and relocation schedule for project implementation. Local experts, those affected, and local government officials were involved in the community consultation process.

75. A benchmark sample survey of people to be relocated was undertaken during project appraisal by ADB. Most of those surveyed (93 percent) favored relocation. An RP was prepared by MOS prior to project implementation. Since this was a prepolicy project, ADB did not require an RP. However, during loan negotiations, resettlement was included as an outstanding issue. The borrower and MOS ensured that all lands, properties, rights-of-way, permits and other rights or privileges required for project implementation would be made available on a timely basis. MOS was to provide

¹⁰ Loan 1082-PRC: *Shanghai-Nanpu Bridge Project*, for \$70 million, approved on 28 May 1991, is one of the two prepolicy projects selected to identify performance of resettlement activities without ADB involuntary resettlement policy and to compare the outcomes with projects in the postpolicy period.

alternative housing or adequate compensation for loss of property and businesses requiring relocation due to project construction.

76. The legal framework for land acquisition and resettlement was derived from the People's Republic of China's (PRC) land acquisition and house removal regulations. These include (i) Regulation on Land for National Construction (State Council, May 1992); (ii) Administrative Regulations for House Removal in Shanghai Municipality (Shanghai People's Congress effective 13 July 1987); (iii) Directives on Issues for House Removal Management in Shanghai Municipality (MOS March 1988); (iv) Directives on Policy Issues for Land Requisition in House Construction; (v) Directives on Policy Issues for Land Requisition in Housing Construction (MOS Document 92 of 1985); and (vi) Directives on Labor Employment by Land Requisition in Suburb and County Area (Administration Office of MOS Document 10 of 1989). These regulations identify not only procedures for policy, organization, procedure, relocation, resettlement, land acquisition, and house removal, but also set out guidelines for appeals, grievances, and consultation with those displaced and communities. The land acquisition and resettlement cost was \$97.14 million—over 40 percent of the total project cost of \$226.88 million. MOS funded the RP. The RP made provisions for resettlement monitoring by the MOS Audit Bureau.

3. Compensation Policy and Resettlement Benefits

77. The market price was the yardstick in deciding the rate of compensation. For permanent land acquisition, compensation was fixed at various rates based on type of land/garden plot—the standard being three times of the average annual output plus three times of the land value fixed by the State. Businesses were provided with land and compensation to cover relocation costs and loss of businesses during relocation.

78. A new residential village was constructed in the Pudong area to accommodate about 50,000 people. Infrastructure and civic facilities in the village include cultural/entertainment centers, schools, and hospitals. During project preparation, ADB approved advance action to procure construction materials and construct relocation housing. The Project included 361,000 m² of relocation housing consisting of (i) 125,000 m² financed by MOS, with construction completed prior to loan approval; and (ii) 11 contracts financed by ADB covering 236,000 m² to construct six-story reinforced concrete apartments covering 90,000 m² and one 25-story skyscraper covering 56,000 m².

79. Relocation was completed in 1991. The resettlers now live in better houses and newly built apartment units with running water, gas, electricity, separate kitchen area, and toilet. The units are usually larger and more spacious than the resettlers' former housing, and are close to the original district/village. The new housing is being maintained by the Municipal Housing Management Bureau, which also collects rents. While the housing policy provides an option to purchase the apartment units, most resettlers prefer the lease agreement because of relatively cheaper rent than the investment required to buy the units.

80. Living standards have improved significantly. Many civic facilities, such as community center, hospital and medical services, new transportation system, etc., have been built in the planned city. The Pudong Free Trade Zone has opened many new economic opportunities for resettlers. As a result, many of those resettled moved from the field to the factory and service sectors.

4. Monitoring and Evaluation

81. Resettlement was given due attention early in project preparation. The special investigation teams were required to monitor work progress and report to MOS. Land acquisition and demolition of buildings were carried out on schedule and relocation was completed in 1991. Brief progress

reports on resettlement activities were prepared during implementation. However, postrelocation evaluation was neither required nor conducted.

82. Table A7.13 provides a checklist of the mitigation measures and their performance. Land acquisition and resettlement management was carried out fairly effectively in this case even without the ADB involuntary resettlement policy (IRP) and supervision. Early attention to resettlement issues, consultation with those affected in project planning and implementation, good resettlement policy, payment of compensation in advance, and job opportunities and restoration of income and businesses contributed to successful implementation of the RP.

Table A7.13: Checklist—Resettlement Mitigation Measures

Mitigation Measures	Performance	General Remarks
Minimized displacement	Yes	Minimized displacement during implementation
Compensation for lost assets at market value	Satisfactory	Compensation paid was based on market value or replacement cost
Replacement housing/house grant	Satisfactory	New houses were built by MOS; resettlers' housing conditions improved significantly
Shifting allowance	Yes	Shifting allowance and/or assistance was provided during relocation
Resettlement in developed site	Satisfactory	Resettled in newly built apartment units/enterprises
Civic amenities (access roads, electricity, drinking water, etc.)	Adequate	All modern facilities were provided in the new resettlement sites
Restoration of income	Satisfactory	Income increased in postresettlement period due to provisions for replacement land and employment
Training for new skills	Adequate	Young rural laborers were trained before employment
Special programs for vulnerable groups	Adequate	Older persons received special help during relocation
Community consultation in planning and implementation	Satisfactory	Extensive consultation with affected households and local government officials
Timely payment of compensation and relocation	Yes	Compensation paid in advance for relocation
Monitoring of implementation	Adequate	Internal monitoring by MOS and local government staff
Reported progress to ADB	Yes	Submitted two separate reports to ADB

ADB = Asian Development Bank, MOS = Municipality of Shanghai.

Definitions: Adequate = actions generally met the intended objectives, Satisfactory = actions achieved objectives.

Source: Field Survey, September 1999.

5. Socioeconomic Survey Results

a. Socioeconomic Characteristics of the Sample Households

83. A total of 28 households and five managers of affected enterprises were interviewed during the field survey. The family size of the households interviewed ranges from 1 to 4 persons except for five families with more than five persons. Three percent are illiterate, 24 percent completed primary level education, 42 percent completed middle school, 24 percent finished high school, and the remaining finished college education. There are no national minority groups affected by the Project.

b. Occupation and Income Data

84. The survey collected pre- and postresettlement occupational and income data. As evident in Table A7.14, there are noticeable changes in the occupational background of the respondents. The project-affected farmers in Pudong had to change their occupation from farming to wage workers in enterprises and business.

Table A7.14: Occupational Background of the Household Heads

Occupational Category	Preproject (Number of HHs)	%	Postproject (Number of HHs)	%
Farming	11	33.0	4	12.0
Office or Factory Work	19	58.0	26	79.0
Unemployment	2	6.0	2	6.0
Temporary Work	1	3.0	1	3.0
Total	33	100.0	33	100.0

HH = household head.

Source: Field survey, September 1999.

85. Of the affected households, 9 percent have a single-income earner while 67 percent have two, and 24 percent households have three or more persons employed. In the households interviewed, all women were either self-employed (23 percent) or work in an office or factory (77 percent). Overall household incomes have also gone up in the postresettlement period. This increase in the household income is reflected in Table A7.15.

Table A7.15: Estimated Annual Incomes of the Households

Annual Income (in yuan)	Preproject (Number of HHs)	%	Postproject (Number of HHs)	%
Less than 12,000	20	61.0	16	49.0
12,001 - 18,000	3	9.0	4	12.0
18,001 - 24,000	6	18.0	7	21.0
24,001 - 36,000	2	6.0	3	9.0
More than 36,000	2	6.0	3	9.0
Total	33	100.0	33	100.0

HH = household head.

Source: Field survey, September 1999.

c. Restoration of Income

86. Table A7.16 presents survey data on changes in household incomes in the postresettlement period according to the head of the household. The decrease in income was not immediately related to the Project. Decreased income was often due to unemployment, old age, etc. The survey data on income also clearly demonstrate that most affected households have either maintained or increased their preproject income level (Table A17.6). This was possible due to economic and industrial development in Pudong.

Table A7.16: Income Level in the Postresettlement Period

Income Level	Number of Households	%
Decreased	8	24.0
Same as Before	8	24.0
Increased	16	49.0
Increased Significantly	1	3.0

Total	33	100.0
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Source: Field survey, September 1999.

d. Attitudes to Resettlement—Better or Worse Off

87. Table A7.17 presents responses to the question: “Are you better off (economically and socially) now than in the preproject time?”

Table A7.17: Attitudes to Resettlement—Better or Worse Off

Degree	Number of Responses	%
Definitely Better Off	4	12.0
Better Than Before	15	46.0
Same	5	15.0
Poorer Than Before	9	27.0
Total	33	100.0

Source: Field survey, September 1999.

e. Attitudes to Resettlement—General Satisfaction

88. Although the attitude of the respondents to resettlement is generally favorable, 15 respondents (46 percent) interviewed expressed their dissatisfaction (Table A7.18). This dissatisfaction is, however, more with the increased value of their acquired property today than the preproject level. In the Pudong area, the value of property increased manifolds, particularly due to the free trade economy.

Table A7.18: Attitudes to Resettlement—General Satisfaction

Degree	Number of Responses	%
Very satisfied	4	12.0
Generally satisfied	8	24.0
Same as before	6	18.0
Dissatisfied	12	37.0
Extremely dissatisfied	3	9.0
Total	33	100.0

Source: Field survey, September 1999.

6. Conclusions and Lessons Learned

89. Resettlement in the Shanghai-Nanpu Project was completed in 1991. The time gap between relocation and the present impact assessment, associated with lack of household level baseline data, made it difficult to assess the impact of resettlement per se on income of the affected people. Reduced income or standards were often related to loss of present employment, old age, or other factors not immediately related to the Project. It is, however, clear that the resettlement operations was carried out successfully by MOS. As a result, those affected not only regained their incomes but also significantly improved their standard of living over the years. The time gap should be considered in assessing the results of the survey.

90. The Shanghai experience shows that the PRC's land acquisition, and resettlement policy and procedures provide standard practices that are key to successful resettlement management. The standard practices include social impact assessment, consultation with those affected and communities, compensation at market or replacement costs, income restoration, and strong resettlement organizations for implementation and monitoring.

91. Resettlement management in the Project indicates that the PRC, with its legal and local/municipal laws and institutional framework, can effectively deal with development-induced resettlement without ADB or funding agency policies. The challenge now is to continuously improve these practices. The ADB's IRP can help so that the best of these practices are applied consistently in future projects.

D. Dalian Water Supply Project, People's Republic of China

1. The Project

92. The Dalian Water Supply Project¹¹ was designed to enhance water supply for domestic, public, and industrial use by the Dalian Municipal Corporation. Dalian is an important port city, situated at the southern tip of the Liaodong Peninsula. In 1988, the Dalian Economic and Technology Development Zone was created to promote industrial growth and economic reform in the northeast region of the PRC. However, a serious constraint to achieving further growth and economic development was shortage of water, both in terms of regional water resources in the Liaodong Peninsula and the capacity of the Dalian water delivery system. The Project provided much needed additional water supply for more than 3 million people in 1994 in Dalian municipality, estimated to be 5.2 million by 2000.

93. As a long-distance, large-flow, and trans-basin water drawing project, it comprised two major components—the Dalian Yinbi Water Supply Project (southern conveyor), and the Dalian Water Supply Project (northern conveyor). It was designed to supply about 400 million cubic meters (m³)/year of water to Dalian City, about 58 million m³/year of bulk water for sale to the Dalian Water Conservancy Bureau for agricultural use (26 million m³/year), and water supply to local towns (32 million m³/year) along the conveyor route. The Project's physical works included construction of a reservoir upstream in the north, installation of 67.7 km of pipelines for water transmission, treatment plants, and water stations.

94. The Project's major objectives were to (i) improve the health and living conditions of the growing urban population of Dalian City by increasing available water for residential consumption from about 80 liter per capita per day (lpcd) in 1994 to 100 lpcd in 2000; (ii) improve the health and living conditions of the residents of small towns located in Dalian Municipality¹² by providing water from the Project; (iii) support the industrial growth of Dalian Municipality, including the Dalian Economic and Technology Development Zone; (iv) improve urban environmental conditions by preventing the contamination of groundwater aquifers caused by saltwater intrusion due to excessive extraction of the groundwater by industries; and (v) facilitate increased agricultural production by supplying water for irrigation use.

2. Land Acquisition and RP Preparation

95. The Project permanently acquired 63 ha of land for water treatment plants, stations, management offices, waste disposal, and emergency access roads. There was no permanent acquisition for the pipelines right-of-way. Instead, the land was temporarily required during the construction period to lay the pipeline underground. Table A7.19 provides figures on project land acquisition and resettlement.

Table A7.19: Land Acquisition and Displacement

Project Site	Permanent Land Acquisition (ha)	Temporary Land Acquisition (ha)	Number of HHs Requiring Relocation
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¹¹ Loan 1313-PRC: *Dalian Water Supply Project*, for \$160 million, approved on 20 September 1994.

¹² A municipality, which is often translated as prefecture, may contain several cities, towns, and rural areas.

Northern Conveyor	38.89	475	149
Southern Conveyor	24.50	340	110
Total	63.39	815	259

ha = hectare, HH = household head.

Source: Field survey, August 1999.

96. The acquisition of land affected 259 households, consisting largely of rural farm families, particularly in the case of the northern conveyor. In addition to loss of residential quarters, a major impact of the project land acquisition was loss of many fruit gardens. The project area—both in the north and south—runs through what is called the “apple country.” Fruit gardens are key sources of cash incomes for many affected families, including those who lost agricultural land but were not required to move.

97. The RP was prepared in 1994, based on socioeconomic surveys of the affected households in the northern and southern conveyors. The surveys were carried out in 1991 and 1993. The project management carried out extensive consultation with the affected households and local government bodies during project preparation and implementation. Several committees and investigation teams were formed involving local government officials, specialists, and people affected by the project to assess the impact, establish guidelines for compensation standards, select the resettlement site, and develop income restoration programs. Special attention was given to assessment of the compensation and restoration of fruit gardens. Therefore, in terms of RP preparation, the Project provides example of careful planning and demonstrates how to involve various stakeholders in the process. The people to be affected were informed and explained the likely impact; their inputs to mitigation measures were adequately sought. Review of project files indicates that the Project complied with all the requirements for RP preparation of RP in the project cycle.

98. A primary RP objective was to ensure that households affected by the Project are resettled in a satisfactory manner, including adequate and timely compensation to facilitate project implementation. To achieve this objective, the following principles were applied in the resettlement process: (i) minimize involuntary resettlement, (ii) develop detailed plans for those to be affected, (iii) encourage resettlers and local township officials to participate in the resettlement planning and implementation, (iv) compensate for all losses to be incurred, (v) relocate affected people within the same village/county as much as possible, and (vi) establish a monitoring system to ensure that the RP principles are followed.

99. The RP’s legal framework was derived from ADB’s guidelines¹³ and national and local land acquisition and compensation regulations. These include (i) Regulations on Land Acquisition, Compensation and Relocation for Large- and Medium-Scale Water Conservancy and Hydropower Project (State Council Document 74, effective 1 May 1991); (ii) Administrative Regulations for House Removal in Cities (State Council Document 78, effective 1 June 1991); and (iii) Land Acquisition and Compensation Standards in Dalian (Dalian Land Management Bureau Document 33 of 1988, amended to reflect 1994 prices). These regulations identified not only procedures for land acquisition, type of losses, and levels of compensation, but also set out guidelines for appeals, grievances, and consultation with those affected.

100. The RP policy outlined compensation standards that would cover the losses of all means of production so that resettlers would be at least as well off as before and, in many cases, they would be better off. In accordance with the choices expressed by the resettlers during the surveys, relocation sites would be close to their original houses, and where necessary, resettlers would not

¹³ Prior to 1994, the social impacts of displacement caused by ADB-financed projects were largely addressed by using ADB’s *Guidelines for Social Analysis of Development Projects* (October 1993).

be moved more than 2 km so that they could continue working on their farms/enterprises and access education and health centers from their new residences.

101. The RP included provisions for special resettlement offices under the Dalian Water Supply Company and Northern Water Supply Company established for the implementation of the Project. The offices would supervise the resettlement work, disburse compensation payments, and work in close coordination with township and village governments in the implementation process. Grievance procedures would involve initial evaluation by the resettlement offices under the township and village governments to seek local resolutions. If necessary, appeals would be adjudicated by higher government offices.

102. Two separate EAs for the northern and southern components were established to implement the Project. The land acquisition and resettlement cost was \$13.71 million (3.6 percent of the total project cost of \$349.7 million) and was funded by Dalian City. The RP made provisions for resettlement monitoring by the Dalian Agricultural Office, Dalian Audit Bureau, and the project implementation office. It also contained a provision for independent postevaluation after project implementation.

3. Compensation Policy and Benefits

103. The compensation policy in this Project was based upon extensive consultation with the primary stakeholders and local experts on various assets lost, including fruit gardens in the project area. Special investigation teams were formed by both the north and south components to assess the market value of the assets. The market price was the yardstick in deciding the rate of compensation.

104. For permanent land acquisition, compensation was fixed at various rates based on land types: for instance, Y23,000-25,000/mu was the rate for dry farmland, while for vegetable land it was fixed at Y120,000/mu.¹⁴ Likewise, temporary acquisition of farmland was valued at different rates depending on land types and use.

105. For fruit trees, the rate was based on appraisal and market specialists' recommendations. For trees with fruit, six years of output value were compensated at the rate of Y4/kilogram (kg) for better quality apples, Y1.2/kg for average apples, Y2/kg for apricot, Y11.6/kg for haw and pear, Y1/kg for peach for five years, and Y2/kg for grape for three years. For trees, the compensation rate was set at Y400/mu for the stretches of forest, Y1 for each young tree according to its age, Y20-30 for each mature tree. The owners were allowed to take the products and trees as additional benefits.

106. Owners of houses were paid compensation for their losses. In the northern section, which is largely rural farmland, affected households were allocated new house plots to build their own houses within the existing village/county. Along the southern conveyor, the affected households had the option of moving into nearby new multistory apartments or independent residential units in the resettlement sites located within blocks from their farmland.

107. Households losing agricultural land received replacement land from the village government through redivision of the existing land use rights, with a minimum of 2 mu per person in the household. In sum, the policy ensured that those affected could replace their assets and restore their incomes through land replacement, rehabilitation of fruit trees, and other new economic ventures combining rural farming with urban business opportunities.

¹⁴ Mu is local unit of land. Fifteen mu equals one hectare.

4. Resettlement and Civic Amenities

108. Resettlement preparatory and implementation work in the southern component lasted five years, starting from the second half of 1992 to June 1997. In the first phase, a special investigation team was established in 1992 to contact all concerned departments/units and to discuss the compensation issues with the people and township/village governments in the project area. The team conducted 10 appraisal meetings with the affected communities/local government officials, and reviewed more than 20 types of information materials/sources, including consultation with local experts on fruit gardens and market value of crop losses caused by the Project. In 1995, during the second phase of implementation, compensation standards were further indexed to support the increased costs in order to benefit the affected households.

109. In the case of the northern component, compensation and resettlement of the affected households took three and a half years, from September 1994 to April 1998, and was implemented in three phases. In Phase I (September-December 1994), four investigation groups consisting of project staff and township/local government officials, were formed for fruit gardens, agricultural land, housing facilities, and trees. The work provided precise data and information for compensation and resettlement. Phase II involved implementation of the Project. In Phase III, some postconstruction mitigation measures such as removal and replanting of fruit trees, backfilling and land rehabilitation tasks, reclamation of land submerged by water, and protection on slope areas were carried out.

110. Resettlers in both the northern and southern components participated in the resettlement process including decisions related to compensation rate, selection of relocation sites, and redivision of cultivable land in the village/county. All 110 households along the southern

conveyor were resettled in nearby new apartment units and/or in independent housing units within the Dalian Economic and Technology Development Zone. In the north, affected families have rebuilt their houses along the conveyor alignment with new materials and amenities.

111. The quality of housing improved significantly in all cases. The new houses and apartment units are spacious and contained more rooms than before. The newly built houses, particularly the apartment units and those in the resettlement site, have all modern amenities like running water, heating, gas, and electricity. Some of the resettlers in the apartment units and resettlement villages have telephone and television, among their many household contents. Quality of life has markedly improved for every family resettled.

5. Monitoring and Evaluation

112. The implementation of all resettlement activities, including payment of compensation, was monitored by several agencies such as the Dalian Agricultural Office, Dalian Audit Bureau, and the project implementation office. The EAs separately submitted reports on resettlement implementation to ADB in June 1999.

113. Table A7.20 provides a checklist of project resettlement activities. As evident, all resettlement activities were carried out satisfactorily by the EAs.

Table A7.20: Checklist—Resettlement Mitigation Measures

Mitigation Measures	Dalian North	Dalian South	General Remarks
Minimized displacement	Yes	Yes	Minimized displacement significantly during implementation
Adequacy of social impact assessment and RP preparation	Satisfactory	Satisfactory	Extensive local inputs considered in the initial social assessment and RP

Compensation for lost assets at market value	Satisfactory	Satisfactory	preparation Compensation assessed by local experts with local inputs
Replacement house plots to affected households	Satisfactory	Satisfactory	New house plots allocated by the village government
Resettlement in developed site/new house within the village/township	Satisfactory	Satisfactory	Resettled in newly built apartment units/newly built houses
Civic amenities (access roads, electricity, drinking water, etc.)	Satisfactory	Satisfactory	All modern amenities were provided for
Restoration of income through fruit gardening/replacement agricultural land	Satisfactory	Satisfactory	Income increased in postresettlement period
Community consultation in planning and implementation	Satisfactory	Satisfactory	Extensive consultation with affected households and local governments
Timely payment of compensation and resettlement	Satisfactory	Satisfactory	Compensation paid in advance for relocation
Impact on vulnerable groups			No ethnic minorities affected; however, special attention to older people during relocation
Monitoring of implementation	Satisfactory	Satisfactory	Internal monitoring by Dalian Municipal Government and local government staff
Reported progress to ADB	Yes	Yes	Submitted two separate reports to ADB

ADB = Asian Development Bank, RP = resettlement plan.

Note: The mitigation measures listed constitute the core of ADB policy and procedures.

Definition: Satisfactory = actions achieved objectives.

Source: Field survey, August 1999.

6. Socioeconomic Survey Results

a. Socioeconomic Characteristics of the Sample Households

114. A total of 31 households (southern conveyor 11, and northern conveyor 20) were interviewed. Of the total respondents, three are females. All of the interviewed persons are married. The family size of the households interviewed ranges from 1 to 4 persons except for one family with more than five members. Among those interviewed, 19 percent completed primary level education, 42 percent completed middle school, and the remaining 39 percent finished high school. No national minority groups are affected by the Project.

115. The resettled households in the north live within the same village. In the case of the Dalian Economic and Technology Development Zone, particularly those who have moved to the newly built apartments, the distance from the original village is less than 2 km. However, in all cases, including those living in the apartments, the resettlers still use their farmland as the principal source of livelihood and incomes. The resettled families, with full legal rights to dispose off or transfer the properties, individually own the housing or apartment units.

b. Occupation and Income Data

116. The survey collected pre- and postresettlement occupational and income data. As depicted in Table A7.21, there is very little impact on occupation in the postresettlement period except for one household moving from farming to business as the principal occupation. It should be mentioned here that most households have more than one occupation, with many households having a home-based source of income.

Table A7.21: Occupational Background of the Household Heads

Occupational Category	Preproject (Number of HHs)	%	Postproject (Number of HHs)	%
Farming	23	74.0	22	71.0

Business	2	7.0	3	10.0
Office/Factory Work	6	19.0	6	19.0
Total	31	100.0	31	100.0

HH = household head.

Source: Field survey, August 1999.

117. Thirteen percent of households have a single income-earner, 81 percent have two, and 6 percent have three or more persons employed. Heads of households reported increased incomes in the postresettlement period. Table A7.22 presents estimated pre- and postresettlement income of the sample heads of households. The survey identified various sources of income by women in the family. Twenty-five (83 percent) of 30 women reported estimated annual earning of up to Y6,000 from sources like agriculture, poultry, and small business.

Table A7.22: Estimated Annual Incomes of the Household Heads

Annual Income yuan)	(in	Preproject (Number of HHs)	%	Postproject (Number of HHs)	%
Less than 6,000		7	23.0	3	10.0
6,001-12,000		21	68.0	6	19.0
12,001-18,000		2	6.0	19	61.0
18,001-24,000		1	3.0	2	7.0
More than 24,000		0	0.0	1	3.0
Total		31	100.0	31	100.0

HH = household head.

Source: Field survey, August 1999.

c. Restoration of Income

118. Overall household incomes have increased in the postresettlement period. This increase in the household income is reflected in Table A7.23. The survey data on income clearly demonstrate that the affected households have either maintained or increased their preproject income level. This was possible due to the generous compensation for loss of fruit trees and restoration of fruit gardens prior to the construction of the Project.

Table A7.23: Estimated Annual Incomes of the Households

Annual Income yuan)	(in	Preproject (Number of HHs)	%	Postproject (Number of HHs)	%
12,001-18,000		23	74.0	12	39.0
18,001-24,000		7	23.0	18	58.0
More than 24,000		1	3.0	1	3.0
Total		31	100.0	31	100.0

HH = household head.

Source: Field survey, August 1999.

d. Resettlement and Quality of Life

119. A focus group of women at Majiachun (Jinzhou District) revealed that the interpersonal relationship among family members was enhanced and the quality of life improved in the postresettlement period. They have a better place to live with modern amenities and have time to spend with their spouses. One woman said, "I don't miss the pigs and hard work on the farm. I am enjoying my time now and have good living conditions. I can hold my husband's hand for a walk in the evening in the village park!" Another woman noted good amenities and infrastructure at the resettlement site, including better opportunities for children's education. The quality of life has generally improved in all resettlement sites.

e. Attitudes to Resettlement—Better or Worse Off

120. Table A7.24 illustrates that the resettlers are better off now than in the preproject period.

Table A7.24: Attitudes to Resettlement—Better or Worse Off

Degree	Number of Responses	%
Definitely Better Off	17	55.0
Better Than Before	12	39.0
Same	2	6.0
Poorer Than Before	0	0.0
Total	31	100.0

Source: Field survey, August 1999.

f. Attitudes to Resettlement—General Satisfaction

121. Table A7.25 shows that the attitude of the respondents to resettlement implementation of the Project is very favorable.

Table A7.25: Attitudes to Resettlement—General Satisfaction

Degree	Number of Responses	%
Very Satisfied	27	87.0
Generally Satisfied	4	13.0
Dissatisfied	0	0.0
Extremely Dissatisfied	0	0.0
Total	31	100.0

Source: Field survey, September 1999.

7. Conclusions and Lessons Learned

122. The findings of the study show satisfactory resettlement for the Dalian Water Supply Project. The data from the survey of 31 household heads present consistent results in terms of enhanced income, consultation, and restoration of income and livelihoods of the affected families. Nearly all of the households (96 percent) said they are better off now than the preproject period. All affected families interviewed expressed their satisfaction with the project resettlement operation, including payments of compensation for lost assets.

123. The Project's satisfactory resettlement activities can be attributed to (i) careful planning and consultation, which minimized displacement considerably; (ii) good compensation policy—based on the assessment of lost assets; and (iii) the presence of strong resettlement organizations both in the northern and southern components. The EAs showed strong commitment to resettlement activities. Postresettlement evaluations conducted by the EAs found the resettlement activities has a positive impact on the resettlers.

124. The Dalian case demonstrates the use of an integrated approach to resettlement planning and implementation characterized by (i) appropriate policies at the national and local levels, (ii) comprehensive planning based on community inputs, (iii) consultation with all stakeholders, (iv) a strong implementation agency, (v) resettlement costs and funding, (vi) income restoration, and (vii) effective supervision and monitoring. Above all, the commitment of the EA was an important factor in the successful resettlement operation. The Dalian case provides clear lessons for future project preparation and management.

E. Yunnan Expressway Project, People's Republic of China

1. The Project

125. The Yunnan Expressway Project¹⁵ was designed to improve the capacity and integration of the road transportation network in western Yunnan province. As one of the key infrastructure projects in Yunnan and the western PRC, this highway forms a major provincial economic artery, which links Kunming with eight prefectures in the west, northwest, and southeast of Yunnan province, as well as with neighboring countries.

126. The Project include (i) civil works for the construction of a four-lane limited-access toll expressway of 178.78 km connecting Chuxiong and Dali cities in Yunnan province, including access roads, interchanges with toll facilities, service and parking areas, bridges, and tunnel; (ii) procurement of equipment and facilities for road maintenance and road safety, construction supervision, materials testing, and toll road operations and communications; and (iii) consulting services for construction supervision and training.

127. The Project was designed to relieve traffic congestion, link economic growth areas with consumer centers, and contribute to fostering trade and regional integration. The Project was also to help improve livelihood opportunities in areas of high poverty by integrating agricultural production and consumption centers.

2. Land Acquisition and Resettlement Plan Preparation

128. Land acquisition was necessary to build access roads, interchanges with toll facilities, service and parking areas, bridges, and tunnels. The initial socioeconomic surveys for the Project were carried out in 1993. The survey found 358 affected households on the project right-of-way. The survey listed 600 ha of farmland and 358 buildings (10,157 m²) as affected properties. Three national minority groups (Bai, Hui, and Yi) were affected by the Project. The EA, the Yunnan Chuda Expressway Company (YCEC), prepared an RP in May 1994. ADB reviewed the RP but was not discussed at the management review meeting because of insufficient time for a detailed review prior to the meeting. The RP was found to be satisfactory. There was no separate plan for minority groups.

129. Additional socioeconomic surveys were conducted during project implementation due to changes in the expressway alignment and inadequacy of the 1993 initial impact assessment. The

¹⁵ Loan 1325-PRC: *Yunnan Expressway Project*, for \$150 million, approved on 29 September 1994.

changes significantly increased the overall scope of land acquisition and displacement. A total of 950 households (compared with 358 identified by the initial survey) were finally affected. The scope of land acquisition nearly doubled to 1,098 ha. These changes indicate inadequacy of the initial impact assessment, which lacked detailed baseline data on the impact of the Project. The increase in the number of individuals affected during implementation posed a challenge both in terms of task and costs.

130. The legal framework for RP formulation was based on the World Bank's Operational Directive 4.30 on Involuntary Resettlement (footnote 9) and the PRC's national and local land acquisition, and compensation regulations. These include (i) the PRC Land Administration Law, approved by the State Council on 25 June 1986 and amended by the State Council on 29 December 1988; (ii) the PRC Regulations on the Administration of Demolish of Houses and Relocation of Residents in Urban Areas, approved by the State Council on 18 January 1991; and (iii) Methods for the Implementation of Land Management in Yunnan Province approved by Yunnan Provincial Congress on 16 February 1987. These regulations or directives identified not only procedures for land acquisition, type of losses, and levels of compensation, but also set out guidelines for appeals, grievances, and consultation with the affected people.

131. A primary objective of the RP was to ensure that households affected by the project were resettled in a satisfactory manner, including adequate and timely compensation to facilitate the project implementation. The RP contained (i) detailed plans for those to be affected, (ii) compensation policies for losses to be incurred, (iii) strategies for relocation of those to be resettled within the same village/county, (iv) mechanism to involve resettlers in the resettlement process through special committees and investigation teams formed for information disclosure and assessment of losses, and (v) a monitoring system to ensure that the resettlement principles were followed.

132. The project management carried out extensive consultation with the affected households and local government bodies during project planning and implementation. Leading groups were formed at various levels in the province to help deal with the resettlement process. Local experts, specialists, village leaders, and affected people were included in the leading groups. At the provincial level, three staff members from YCEC were responsible for overall implementation of the RP. The total costs for land acquisition and resettlement was \$9.9 million (2.14 percent of the total project cost of \$461.4 million). The resettlement costs were included in the total project cost and necessary arrangements for government's budgetary allocations were also duly made.

3. Compensation Policy and Benefits

133. Based on national and local standards and consultation with stakeholders, compensation rates covered the losses of all means of production so that resettlers can be at least as well off as before and, in many cases, better off. In accordance with the choices expressed by the resettlers during the surveys, relocation sites were selected close to their original settlements to facilitate work on farms or in enterprises as well as access to education and health centers from the new sites.

134. For permanent land acquisition, compensation was fixed at various rates based on types, for instance Y20,000/mu (footnote 2) was compensated for paddy farmland, Y10,000/mu for dry agriculture land, Y19,000/mu for tobacco land, and Y22,000/mu for vegetable land. Likewise, temporary acquisition of farmland was valued at different rates depending on type and usage.

135. Owners of houses were paid compensation for their losses. In the Project, most affected households were located in rural areas. They were allocated new house plots to build their own houses within the existing village. In Dali City, some resettlers were urban people and lived in apartments. These affected urban households had options to move into new multistory apartments

in the resettlement sites. All rural resettlers were resettled within the same community. Households losing agricultural land received replacement land from the village government through redivision of the existing land use rights.

136. The policy ensured that those affected could replace their assets and restore their incomes through land replacement and other new economic ventures combining rural farming with nonagriculture employer opportunities. Compensation fees for crops and properties on the land acquired were paid directly to original land users and owners. Compensation for borrowed land was also paid to landowners, at an annual rate of 10 percent of the compensation that would apply for land acquisition. A special compensation scheme was also introduced by YCEC where individuals/groups being compensated could buy stocks and become investors in YCEC instead of receiving cash compensation. Taxes and local duties were exempted (e.g., agriculture and farmland occupation tax) and the requirement to sell grain to the Government was partially or wholly exempted.

4. Resettlement and National Minorities

137. All affected households have been resettled on schedule with adequate support and assistance. Almost all the affected people regained some land after land redivision and adjustment, including some newly reclaimed land. The quality of housing improved significantly in all cases without exception. Almost all houses have improved from earth-wood structures to brick-wood or even to brick concrete. The new houses are more spacious than before. Some farmers used their salvaged materials and thus saved some compensation money. One resettler from Yi nationality bought a new tractor with the cash compensation. In all cases, the market value of the new units or houses was much higher than the old ones.

138. Both project management and local governments paid special attention to the resettlers from minority groups and adopted special policies and measures to involve the minority population in the decision-making and resettlement process. For instance, cadres of minorities were involved in resettlement implementation. In the two affected prefectures, minority people make up the majority of the resettlers. Many YCEC officials at both prefecture and county level are minorities. So YCEC paid great attention to the minority resettlers, especially to the social and economic development of minority resettlement townships and resettlement villages. Also, affected religious institutions of minority communities were rebuilt. The economic and social conditions of the minority populations have improved in the postresettlement period.

5. Monitoring and Evaluation

139. YCEC and other designated agencies monitored RP implementation on a continuous basis through collection of data, interviews, and onsite spot checks of resettlement activities. YCEC conducted sample surveys at the village level early in the process of RP implementation to review the status of compensation payments and impact on incomes. Monitoring was effectively carried out throughout implementation, and changes were introduced in the implementation process based on monitoring results.

140. During resettlement implementation, ADB did not carry out any review of resettlement operations. Even in midterm reviews, there were not enough details on implementation. Similarly, no postevaluation has been carried out to evaluate the extent to which incomes have been restored or improved.

141. The following checklist (Table A7.26) summarizes the resettlement management practices concerning compensation and relocation in the Project.

Table A7.26: Checklist—Resettlement Mitigation Measures

Mitigation Measures	Performance	General Remarks
Minimized displacement	No	The number of affected households increased during project implementation due to realignment of the expressway
Quality of social impact assessment and RP preparation	Poor	The initial social impact assessment was poorly done; the changes in the project design required additional surveys for RP preparation
Compensation for lost assets at market value	Satisfactory	Compensation paid was based on market value and replacement cost
Replacement house plots to affected households	Yes	New house plots were allocated by the county/village
Shifting allowance	Yes	Shifting allowance/award was given to those displaced for house demolition
Resettlement in developed site or new house within the village/township	Satisfactory	Resettled in newly built houses or apartment units within village/town
Civic amenities (access roads, electricity, drinking water, etc.)	Satisfactory	Facilities (drinking water, access roads, electricity etc.) were provided
Restoration of income through replacement agricultural land	Adequate	Income increased in postresettlement period
Community consultation in planning and implementation	Satisfactory	Extensive consultation with affected households and local government officials
Special programs for vulnerable groups	None	However, the EA adopted special policy and measures to assist minority people
Timely payment of houses compensation	Yes	Compensation paid in advance for relocation
Timely resettlement	Yes	Completed resettlement prior to construction work
Monitoring of implementation	Adequate	Internal monitoring by DMG and local government staff
Reported progress to ADB	Yes	Progress report indicating completion of RP implementation submitted in November 1995; details not available

ADB = Asian Development Bank, DMG = Dalian Municipal Government, EA = executing agency, RP = resettlement plan.

Definitions: Adequate = actions generally met the intended objectives, Poor = actions taken were far short of achieving the objectives, Satisfactory = actions achieved objectives.

Source: Field survey, September 1999.

6. Socioeconomic Survey Results

a. Socioeconomic Characteristics of the Sample Households

142. Altogether 45 households, located in six counties, were interviewed during the field survey. Three of the 45 respondents were females. The family size of 28 households interviewed ranges from 1 to 4 persons, and the other 17 households range from 5 to 8 persons. The households interviewed include minority populations. Of those interviewed, 4 percent are illiterate, another 4 percent have completed primary school, 48 percent have high school diplomas, and the remaining 4 percent finished senior high school.

143. All affected families were resettled in their original villages. The distance from their new houses to their original ones is no less than 1 km. However, in all cases, the resettlers still use their farmland as the principal source of livelihood and incomes. The resettlers own property rights and have the legal rights to dispose or transfer it.

b. Occupation and Income Data

144. The survey collected pre- and postresettlement occupation and income data. There was very little impact on the occupations of resettlers, except for one household moving from farming to factory work as the principal occupation (Table A7.27). It should be mentioned here that most households have more than one occupation, with 23 households having a home-based source of income before relocation and 24 after. Women earn income mostly from farming and livestock breeding.

Table A7.27: Occupational Backgrounds of the Household Heads

Occupational Category	Preproject (Number of HHs)	%	Postproject (Number of HHs)	%
Farming	44	98	43	96
Home-based/Self-employed	(9) ^a	(20) ^a	(10) ^a	(22) ^a
Labor Service Outward	1(14) ^a	2(31) ^a	1(14) ^a	2(31) ^a
Office/Factory Work	0	0	1	2
Temporary Occupation	0	0	0	0
Total	45	100	45	100

HH = household head.

^a The figures in parentheses indicate the number of persons who are engaged in part-time work.

Source: Field survey, October 1999.

145. Overall household incomes have also gone up in the postresettlement period (Table A7.28). Compensation and resettlement benefits have partly helped in the economic mobility.

Table A7.28: Estimated Annual Incomes of the Households

Annual Income (in yuan)	Preproject (Number of HHs)	%	Postproject (Number of HHs)	%
Less than 2,000	3	7.0	0	0.0
2,001-4,000	12	27.0	12	27.0
4,000-6,000	15	33.0	10	22.0
6,000-12,000	11	24.0	13	29.0
12,001-18,000	4	9.0	9	20.0
18,001-24,000	0	0.0	1	2.0
More than 24,000	0	0.0	0	0.0

Total	45	100.0	45	100.0
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HH = household head.

Source: Field survey, October 1999.

c. Restoration of Income

146. The heads of households were specifically asked whether their household incomes have increased or decreased in the postresettlement period (Table A7.29).

Table A7.29: Income Level in the Postresettlement Period

Income Level	Number of Households	%
Decreased	0	0.0
Same as Before	7	16.0
Increased	37	82.0
Increased Significantly	1	2.0
Total	45	100.0

Source: Field survey, October 1999.

d. Attitudes to Resettlement—Better or Worse Off

147. Resettlers are better off now than in the preproject period (Table A7.30).

Table A7.30: Attitudes to Resettlement—Better or Worse Off

Degree	Number of Responses	%
Definitely Better Off	9	20.0
Better Than Before	34	76.0
Same	2	4.0
Poorer Than Before	0	0.0
Total	45	100.0

Source: Field survey, October 1999.

148. The attitude of the respondents to resettlement implementation is very favorable (Table A7.31).

Table A7.31: Attitudes to Resettlement—General Satisfaction

Degree	Number of Responses	%
Very Satisfied	30	67.0
Generally Satisfied	15	33.0
Same as Before	0	0.0
Dissatisfied	0	0.0
Extremely Dissatisfied	0	0.0
Total	45	100.0

Source: Field survey, October 1999.

149. The survey findings present consistent results in terms of enhanced income, consultation, relocation, and restoration of income and livelihood of the affected families. The basis for satisfactory results seems very clear.

7. Issues

150. Key issues evident from the study are (i) poor and inadequate impact assessment for RP preparation, and (ii) lack of ethnic minority development plan. The database of the initial impact study appears to have been limited. This was aggravated by changes in the expressway alignment.

151. YCEC did not submit separate indigenous people's development plan. The World Bank Operational Directive 4.30, which was used in the absence of ADB policy, requires separate plans to be prepared using World Bank Operational Directives on Indigenous Peoples.

8. Conclusions and Recommendations

152. The study findings show satisfactory resettlement in the Yunnan Expressway Project as a whole. All affected families interviewed expressed their satisfaction with the project resettlement operation, including payments of compensation for lost assets and income restoration. The consultation process was effectively carried out from project planning to implementation.

153. The Yunnan case study shows that impact assessment should be strengthened. ADB should pay more attention to initial social assessment, particularly when a project involves ethnic/indigenous people and other vulnerable groups. In the event of increase in project impact, particularly additional displacement of people, the policy should require immediate reporting by the EA to ADB.

154. Although internal monitoring and supervision of resettlement activity has been fairly effective, particularly supervision in the progress of land acquisition, demolition, and relocation, there is a definite need to establish a reporting system. ADB should strengthen resettlement supervision and monitoring, including development of monitoring systems/indicators, and training for monitoring and supervision of resettlement activities.

F. Inland Waterways Project, Indonesia

1. The Project

155. The Inland Waterways Project¹⁶ was designed to improve the cost effectiveness of riverine transport in the hinterland of Banjarmasin and Samarinda in Kalimantan, to provide vital infrastructure support to the overall economic and social development of east, south, and central Kalimantan. The project scope covers key aspects of the two principal inland waterways transport system in east, south, and central Kalimantan. The first of these involves the rehabilitation of four inland water transport canals (the four canals component) located near Banjarmasin. The other is the Mahakam River component, covering selected development works on the Mahakam River near Samarinda.

156. Specifically, the Project aimed to (i) increase the capacity of the inland waterways system by allowing operation of large vessels, reducing vessel transit times, and increasing available sailing days in a year; (ii) reduce soil erosion in the populated sections of the canal system; (iii) reduce the medium to long-term maintenance requirements of the canal system; and (iv) promote safer and more cost-effective operation of river traffic.

2. Land Acquisition and Resettlement Plan Preparation

157. The Project feasibility study was completed in April 1990. ADB's Appraisal Mission visited Indonesia in March 1991. The Project was approved on 18 July 1991, prior to implementation of

¹⁶ Loan 1089-INO: *Inland Waterways Project*, for \$45 million, approved on 18 July 1991.

ADB's IRP. The Directorate General of Land Communications is the EA. As a pre-IRP project, no RP was required by ADB. However, the Government of Indonesia made assurances on resettlement in the Loan Agreement. To facilitate the land acquisition and relocation process, the governors of south and central Kalimantan established subprovincial committees to acquire land for relocation of residents affected by the civil works.

158. Six hundred and eleven households in the four canals were affected comprising 251 households in Serapat, 34 in Kelampan, 306 in Tamban, and 20 in Besarang. Most households were farm/fishing families, wage laborers, and small business/traders. All 611 households whose houses were built along the canal bank and disposal areas were relocated further ashore less than 500 m from their former dwelling place. There was very little impact on occupation and income. The cost for land acquisition and resettlement was \$3.09 million (4.2 percent of the total project cost of \$69.82 million).

159. The Directorate General of Land Communications, through the project management office, carried out consultation with affected households regarding their compensation and alternative housing. Community consultation and information dissemination were poor and inadequate. The affected people were never invited to any formal gathering concerning information about the Project and its impact on them. The first encounter concerning project activity was a visit by a project representative who informed the villagers that they would be relocated due to the Project. Those to be resettled were asked to sign a document or list of people and houses that would be affected by the Project. The second time the displaced people were gathered in the subdistrict office was to receive the key to their new houses. They have since not had any kind of visit or monitoring by the Project. There was no consultation except for agreement on the form and amount of compensation paid.

160. The policy which governed land acquisition was the Regulation of Minister for Home Affairs 15, 1975 (*Permen*), replaced by Presidential Decree 55, 1993/*Keppres* on 17 June 1993. In accordance with the regulation, subcommittees for land acquisition were formed by the governors of south and central Kalimantan to conduct negotiations to reach an agreement on the form and amount of compensation. The difference between the *Permen* and the *Keppres* is that in the *Keppres*, the Committee of Nine acts as intermediary in the consultation process between the government institution requesting land acquisition and the land owners, while according to the *Permen*, the committee has the task of conducting negotiations with the land owners and then determining the amount of compensation on the basis of the negotiations.

3. Compensation and Resettlement

161. Land acquisition for the four canals was completed between December 1991 and March 1993. Compensation was paid in the form of cash, replacement land, and other amenities. The value of land was based on the basic price determined annually by the district head or mayor in accordance with the Regulation of Minister for Home Affairs 1, 1975, taking into consideration certain factors such as location and other strategic factors. The value of the building was assessed by the agency in charge of building construction, and the value of the plants is assessed by the agency in charge of agriculture.

162. New houses were built and relocation took place before project construction started. All affected families were relocated as follows: (i) Serapat—251 families (distributed to 10 locations), (ii) Kelampan—34 families (four locations), (iii) Tamban—306 families (five locations), and (iv) Besarang—20 houses (four locations). Civic amenities (e.g., access roads, water, power, sanitation, etc.) were provided in some locations, but not in all as promised. There was very limited social disruption because most people moved less than 500 m from the canal embankment.

163. Field visits and interviews with affected households and community leaders at Purwosari Village in the subdistrict of Tamban and Tamban Raya Village in the subdistrict of Mekarsari (Tamban Canal subproject), Barunai Baru Village in Anjir Pasar subdistrict, and Anjir Serapat Timur Village in Kapuas Timur subdistrict (Serapat Canal subproject) identified some problems with the resettlement. In terms of housing, all resettlers reported that the quality of the new house was better than their preproject housing. However, the quality of construction of some basic amenities such as latrines and hand-pumped tube wells was substandard.

164. In some resettlement sites, pedestrian roads were not constructed in a way to withstand the rising water (as in Tamban, Mekarsari, Anjir Pasar, and Kapuas Timur), while local roads were much better in terms of elevation and hardness before the Project (as in Anjir Pasar). The excavation works involving heavy equipment and the shifting of earthen materials from the river to the riverbank, which utilized the local roads but did not adequately rehabilitate after the construction work, caused this. Two *mushalla* (small mosques) were built by those resettled with limited assistance from the Project in Tamban and Mekarsari. To date, all those resettled are still expecting to receive their land right certificate as promised by the Project.

4. Monitoring and Evaluation

165. The monitoring program was required mainly for the riverbank protection works. A patrol team was responsible for inspecting the bank erosion, sedimentation area, bank protection condition, condition of the silt trap, traffic flow, etc. However, there was no system for resettlement monitoring and evaluation by the Project as the relocation was complete. The Project thought that their responsibility ended once the affected families occupied their new houses. Affected families did not know whom to contact when they found that the civic facilities were out of order, even shortly after they were resettled. There were no monitoring and evaluation reports available to assess progress with RP implementation in terms of delivery of entitlements, consultation, and other issues.

166. The ADB Review Mission of September 1994 reported the completion of resettlement activities in the Project. The report mentioned that the relocated families were evidently well integrated within the context of the village communities. No further details were provided. Table A7.32 illustrates the Project's resettlement performance.

Table A7.32: Checklist—Resettlement Mitigation Measures

Mitigation Measures	Tamban	Mekarsari	Anjir Pasar	Kapuas Timur	General Comments
Compensation for lost assets at market value					Compensation was given in the form of housing
Replacement house-plots to affected households	Satisfactory	Satisfactory	Satisfactory	Satisfactory	There was slight increase in the house condition
Resettlement within the same community	Yes	Yes	Yes	Yes	Displaced people are relocated \pm 500 meters further ashore
Provisions for civic amenities (roads, water supply)	Poor	Poor	Poor	Poor	Construction and equipment used were poor and unsuitable
Programs for restoration of incomes					Limited impact on livelihood — no changes in occupation
Consultation with affected households	Poor	Poor	Poor	Poor	Lack of information dissemination

Mitigation Measures	Tamban	Mekarsari	Anjir Pasar	Kapuas Timur	General Comments
Timely payments of compensation					Compensation given in the form of housing
Timely resettlement	Yes	Yes	Yes	Yes	Resettlement done in advance of the Project
Monitoring of Loan Agreement and RP implementation by independent agency	No	No	No	No	Lack of RP
Reported progress to ADB	Yes	Yes	Yes	Yes	Report on the progress in project performance

ADB = Asian Development Bank, RP = resettlement plan.

Definitions: Poor = actions taken were far short of achieving the objectives, Satisfactory = actions achieved objectives.

Source: Field survey, October 1999.

5. Socioeconomic Survey Results

a. Socioeconomic Characteristics of the Sample Households

167. A total of 26 households (Tamban–4, Mekarsari–13, Anjir Pasar–5, Kapuas Timur–4) were interviewed. The family size of 16 households ranges between 1 and 4 persons, eight households consists of 5-8 persons, and two families consists of more than eight persons. Among the respondents 58 percent completed primary level education, 38 percent completed up to high school level, and only one person did not complete primary level education. No national minority groups are affected by the Project.

168. All of the resettled households live in the same village. The farthest distance from the former village is less than 1 km for all resettled households, except for the households in Tamban (4 households), which are about 2 km away from the former village. Sixteen resettlers (62 percent) are farmers, five (38 percent) have small businesses, three (12 percent) have employment in government offices, and the remaining two household heads are retired civil servants.

b. Occupation and Income Data

169. Resettlement in the four locations took place in 1995. There was very little impact on occupation in the postresettlement period, except for two households in Mekarsari who have changed their occupation from service in Government office (due to retirement) to farming and small business/trading. Sixty-five percent of the households have a single-income earner, while 35 percent have two persons employed. Nine women in the sample households contribute to household income through farming and home-based produce.

170. In Mekarsari and Anjir Pasar, there was a decrease of income in the postproject period, but in the case of Kapuas Timur, all four household heads have experienced a substantial decrease of income in the postresettlement period. Table A7.33 shows estimated annual preresettlement income and Table A7.34 presents the postresettlement annual income of the household heads.

Table A7.33: Estimated Annual Incomes of the Household Heads (Preproject)

Annual Income (in rupiah)	(in	Tamban		Mekarsari		Anjir Pasar		Kapuas Timur	
		No.	%	No.	%	No.	%	No.	%

Less than 1,000,000	0	0.0	0	0.0	1	20.0	0	0.0
1,000,001-2,000,000	1	25.0	2	15.4	1	20.0	0	0.0
2,000,001-3,000,000	0	0.0	2	15.4	1	20.0	4	100.0
3,000,001-4,000,000	1	25.0	5	38.4	1	20.0	0	0.0
Over 4,000,000	2	50.0	4	30.8	1	20.0	0	0.0
Total	4	100.0	13	100.0	5	100.0	4	100.0

Source: Field survey, October 1999.

Table A7.34: Estimated Annual Incomes of the Household Heads (Postproject)

Annual Income (in rupiah)	Tamban		Merkarsari		Anjir Pasar		Kapas Timur	
	No.	%	No.	%	No.	%	No.	%
Less than 1,000,000					2	40.0		
1,000,001-2,000,000	1	25.0	2	15.4	1	20.0	4	100.0
2,000,001-3,000,000			3	23.0	1	20.0		
3,000,001-4,000,000	1	25.0	4	30.8	1	20.0		
Over 4,000,000	2	50.0	4	30.8				
Total	4	100.0	13	100.0	5	100.0	4	100.0

Source: Field survey, October 1999.

c. Restoration of Income

171. When asked whether their household incomes have increased or decreased in the postresettlement period, 19 of 26 (73 percent) heads of households stated their incomes remained as before, while 1 reported a significant increase in income and 6 others (23 percent) stated that their income decreased after the resettlement. Respondents mention lack of income-earning opportunities. It was further mentioned that the Project did not bring new income opportunities or generate any sustained employment. Table A7.35 presents the income level of the households in postresettlement period.

Table A7.35: Income Level in Postresettlement Period

Income Level	Tamban		Mekarsari		Anjir Pasar		Kapas Timur	
	No.	%	No.	%	No.	%	No.	%
Decreased	0	0.0	1	7.7	1	20.0	4	100.0
Same as Before	4	100.0	11	84.6	4	80.0	0	0.0
Slightly Increased	0	0.0	0	0.0	0	0.0	0	0.0
Increased Significantly	0	0.0	1	7.7	0	0.0	0	0.0
Total	4	100.0	13	100.0	5	100.0	4	100.0

Source: Field survey, October 1999.

d. Attitudes to Resettlement—Better or Worse Off

172. In response to the question: Are you better off (economically and socially) now than in the preproject time? Three respondents (12 percent) stated that they are "slightly better than before," 17 (65 percent) stated that they are in the same condition as before, and 6 (23 percent) feel that they become worse off economically and socially (Table A7.36).

Table A7.36: Attitudes to Resettlement—Better or Worse Off

Degree	Tamban		Mekarsari		Anjir Pasar		Kapuas Timur	
	No.	%	No.	%	No.	%	No.	%
Definitely Better Off	0	0.0	0	0.0	0	0.0	0	0.0
Slightly Better Off	0	0.0	3	23.0	0	0.0	0	0.0
Same as Before	4	100.0	9	69.3	4	80.0	0	0.0
Worse Off	0	0.0	1	7.7	1	20.0	4	100.0
Total	4	100.0	13	100.0	5	100.0	4	100.0

Source: Field survey, October 1999.

e. Attitudes to Resettlement—General Satisfaction

173. Table A7.37 shows that 5 respondents (19 percent) are “satisfied”, 16 (62 percent) are “generally satisfied”, and the remaining 5 respondents (19 percent) are unsatisfied with the resettlement operations in this Project.

Table A7.37: Attitudes to Resettlement—General Satisfaction

Degree	Tamban		Mekarsari		Anjir Pasar		Kapuas Timur	
	No.	%	No.	%	No.	%	No.	%
Satisfied	0	0.0	4	30.8	0	0.0	1	25.0
Generally Satisfied	4	100.0	7	53.8	4	80.0	1	25.0
Dissatisfied	0	0.0	2	15.4	1	20.0	2	50.0
Total	4	100.0	13	100.0	5	100.0	4	100.0

Source: Field survey, October 1999.

6. Summary and Key Issues

174. In general, resettlement implementation in the Project has been unsatisfactory. The results from the four study locations show that compensation for lost assets, consultation with those affected, assistance with relocation, and monitoring and evaluation have been given poor attention. In other words, RP preparation was very weak. Also, there were budgetary constraints for compensation payments.

175. The study shows that Government of Indonesia’s laws and legal framework concerning land acquisition and resettlement are inadequate to assist people affected by projects and restore their livelihoods. Compensation for lost assets was paid at lower than market value, partly because of budgetary constraints. Consultation, although considered as a formal procedure, neglected the basic elements of an effective mechanism for community participation in planning and implementation of resettlement. Also, the EA lacked institutional experience and capacity to deal with resettlement activities.

176. Key policy and implementation issues include (i) absence of a national policy on resettlement, (ii) inadequate institutional capacity for resettlement planning and implementation, (iii) lack of sufficient funding for land acquisition and resettlement, and (iv) weak monitoring and evaluation.

7. Recommendations

177. Indonesia needs a resettlement policy to protect the rights of people affected by projects. A new approach to involuntary resettlement should consider replacement or market value of acquired property, shifting and subsistence allowance during relocation, income restoration, community

consultation and grievance procedures, and monitoring and evaluation of resettlement by independent agencies.

178. If the funding agencies want to avoid the risk of impoverishment from development projects, there should be a provision for funding resettlement activities, particularly given the current Indonesia economic crisis. Without substantial financial assistance for resettlement, project-related resettlement activities are unlikely to improve in the near future.

179. Along with new policy on resettlement, another critical area of importance will be training of EAs and line agency staff. Currently, institutional weakness is a bottleneck in resettlement planning and implementation. The monitoring and evaluation of resettlement activities will likely improve with institutional capacity building.

G. North Java Flood Control Sector Project, Indonesia

1. The Project

180. The North Java Flood Control Sector Project¹⁷ was designed to improve the quality of life of the urban and rural populations on the north coast of Java by reducing flood-induced disruption of human activities through improvements in flood control measures and management of water resources. The project area includes all river basins from the Citarum River near Karawang in west Java to the Bodri River near Kendal in central Java.

181. Floods cause major adverse social effects and losses in the project area, with inundation directly or indirectly affecting some 1.2 million people annually. The local populations perceive flooding as a severe handicap to their livelihoods, health, and general well being. Existing flood control works in each river basin, built over a long period but generally not well maintained, no longer provide adequate flood protection. The Project proposed to implement integrated and consistent flood control measures, combining structural and nonstructural measures, including reforestation and greening activities.

182. Fifteen subprojects were conceived under the Project. However, during project appraisal in 1995, three core subprojects were identified for immediate implementation. To date, work on six subprojects (Pemali, Tegal City, Kuto, Bodri, Cipunegara, and Cimanuk) are either completed or under implementation. The remaining subprojects are in the preparation phase, following established guidelines, including preparation of a summary subproject report describing the results of the economic, feasibility, and any other studies, if required. Land acquisition and resettlement cost for all subprojects was budgeted for \$15.3 million (10 percent of the total project cost of \$153 million). The EA for the Project is the Directorate General of Water Resources Development (DGWRD).

2. Land Acquisition and Resettlement Plan Preparation

183. The scope of land acquisition for the subprojects includes construction of flood protection embankment/masonry wall, riverbank protection activities, and construction of drainage canals where required. Table A7.38 presents a summary of the impact of the six ongoing subprojects in terms of land acquisition and resettlement of the affected households.

Table A7.38: Summary of Project Impact

Subproject	Land Acquisition (ha)	Number of Households Resettled	Number of Persons
Pemali	26.9	127	760

¹⁷ Loan 1425-INO/1426-INO(SF): *North Java Flood Control Sector Project*, for \$90 million, approved on 18 January 1996.

Subproject	Land Acquisition (ha)	Number of Households Resettled	Number of Persons
Tegal City		49	236
Kuto	83.3	85	390
Bodri	25.0	53	203
Cipunegara	56.4	243	1,345
Cimanuk	2.1	16	80
Total	193.7	573	3,014

Source: Field survey, October 1999.

184. The households affected are largely farm families, fisherfolk, wage laborers, and small businesses/traders. In most cases, affected families were required to move only a few yards to make way for the flood control embankment. Thus, according to the impact study, the overall impact was localized and limited, having very little impact on income or employment. The loss of agricultural land was kept to a minimum with provisions for use of the floodplain after project construction.

185. The legal framework for compensation policy and resettlement was derived from the Presidential Decree (*Keppres*) 55/1993,¹⁸ and ADB's IRP (November 1995). The RPs for the subprojects provided compensation for physical assets (land, built structures) to all affected households, regardless of the tenurial status. *Tim Sembilan* or land acquisition committees for each province were formed to undertake mandatory formal physical surveys of assets and consulted affected households about their preference for compensation, housing, and other arrangements. The RPs provide that land will be made available for resettlement of the affected households, and most, if not all families, will be resettled within the vicinity of their present dwellings. In other words, resettlers will not experience severance of social and kinship ties and community networks.

186. RPs for the first three core projects (Pemali, Tegal, and Kuto) were prepared under the direction of DGWRD, with the participation of the concerned district heads (*Bupati*) of Brebes, Batang, and Kendal, the mayor (*Walikota*) of Tegal City, the village and hamlet headmen, together with those living in the subproject areas. Community consultation meetings were carried out by members of the *Tim Sembilan* and the project management unit (PMU) during project preparation and implementation. The meetings were held to reach agreements on the amount of compensation. Respondents at Pemali and Cimanuk stated that the consultation meetings were held appropriately, but those affected at Cipunegara complained that there was verbal abuse during the meetings. People were pressured by the local government officials and the project officers to accept the compensation that was offered. Those affected were not in a position to reject the offer because of their weak bargaining and social position.

187. RPs of some of the recent subprojects (e.g., Cipunegara subproject) lack an adequate compensation mechanism and process of consultation with the affected community to gain their acceptance of the proposed relocation plan and compensation package. Further, compensation packages do not include any assessment of the market value of properties and assets affected by the subprojects. Also, the Cipunegara subproject RP lacks sufficient information about the present income levels and plans for income restoration. The Cipunegara subproject RP has been revised several times; at the time of preparing the report, the RP still does not satisfy ADB requirements.

3. Compensation and Resettlement

188. Many respondents reported that the amount of compensation paid for land and built structures was far less than the market or replacement value of land due to the valuation

¹⁸ Presidential Decree 55/1993. *The Procurement of Land for the Implementation and Development of Public Interest*. Republic of Indonesia.

mechanisms, which are based on land and building tax. Due to budgetary constraints, land acquisition and resettlement for the subprojects have had serious impacts on project implementation. Indeed, resettlement implementation to date has been very poor for all subprojects. The April 1999 ADB Mission was critical of both land acquisition and resettlement in the subprojects. A brief summary of the status of land acquisition and resettlement in the various subprojects follows.

189. **Pemali Subproject.** Land acquisition and resettlement implementation cost for the Pemali subproject was originally estimated at Rp3,441 million. During implementation, part of the civil works of the subproject (e.g., the main highway bridge) was left out due to insufficient government counterpart funds for land acquisition and related resettlement. Design changes had to be done to reduce the need for land acquisition and resettlement. In particular, alternative alignments were developed in the masonry wall section. After evaluation of an alternative alignment, a completed design note was submitted and the Government prepared enough budgets in FY1998/1999 and FY1999/2000 for land acquisition and compensation to the affected households. The alternative alignment reduced resettlement substantially from 127 households to 13 households in the subproject. All affected households bought house plots within the same village, built new and improved houses, and completed relocation.

190. However, due to the delay and inadequate government counterpart funding for the subproject, the EA commenced construction in the downstream part where relatively little land acquisition and resettlement were required. This tended to create a dangerous condition upstream in the event of a severe flood in the succeeding months and prompted the PMU to prepare a special flood disaster preparedness plan that included stockpiling materials for flood fighting in strategic locations.

191. **Tegal City Subproject.** This subproject comprises three packages of river works and two packages of bridge works. As of April 1999, construction of two river work packages was put on hold pending the resolution of problems between the PMU and fishpond owners who will be affected by the construction of new levees. Likewise, several houses remain within the flood channel of the Gung River. The PMU reported that it would take action to protect the affected families from any negative effects resulting from project implementation.

192. **Kuto Subproject.** Due to problems associated with land acquisition, the project design has been modified. As a result, the Project is preparing a revised RP, which is aimed at reducing the number of displaced households from 85 to 6. However, there may still be substantial land acquisition that does not require population relocation. The revised RP will be submitted to ADB soon.

193. **Bodri Subproject.** This subproject consists of three contract packages. Due to lack of government funding for land acquisition and resettlement, the package (package 7.3) requiring resettlement has been dropped from the 1998/1999 program. The original estimated budget for land acquisition and resettlement in the subproject was Rp2,236 million.

194. **Cimanuk Subproject.** The Cimanuk subproject consists of flood control embankment and riverbank protection work. Land acquisition and resettlement was carried out in 1997 without a proper survey, RP, and summary subproject report. In all, 16 households were resettled due to extensive riverbank erosion. All households were paid compensation and resettled within the same community.

195. **Cipunegara Subproject.** This subproject consists of embankment and bank protection work. An RP was prepared, but was found unsatisfactory by ADB. Meanwhile, based on community consultation, the original design has been modified resulting in reduced impact. A revised RP has

just been completed for submission to ADB. The cost for land acquisition and resettlement was estimated at Rp10,444 million.

196. The six ongoing subprojects acquired approximately 200 ha of land affecting 573 households. In general, land acquisition and resettlement of affected households in all six subprojects has been done very poorly so far—often without proper impact assessment, RP, and ADB's approval and concurrence. The EA has not provided resettlement reports to ADB in accordance with the Loan Agreement. Further, due to the EA's practice of tendering and awarding of contracts prior to land acquisition and resettlement implementation due to lack of funds, the correct phasing of works has frequently been neglected resulting in heightened danger to the community, particularly for the Pemali subproject.

197. Field visits and interviews with affected households and community leaders in three subprojects area and meetings with PMU officials illustrate resettlement problems in the Project (Table A7.39).

Table A7.39: Checklist—Resettlement Mitigation Measures

Mitigation Measures	Pemali	Cimanuk	Cipunegara	General Comments
Minimized displacement	Yes	Yes	Yes	The scope of displacement was reduced during implementation
Compensation for lost assets at market value	Satisfactory	Poor	Poor	Limited government funds
Replacement house plots to affected households	Poor	Poor	Poor	Limited government funds
Resettlement within the same community	Yes	Yes	Yes	Self-relocation by those affected using residual land or new house plots
Provisions for civic (roads, water supply) amenities				Community facilities already exist
Programs for restoration of incomes	None	None	None	Limited impact on livelihood—no changes in occupation
Consultation with affected households	Poor	Satisfactory	Poor	Lack of information dissemination
Timely payments of compensation	Yes	Yes	Yes	The compensation received was inadequate due to monetary crisis in the country
Transfer/shifting allowance	No	No	No	No transfer allowance paid
Monitoring of Loan Agreement and RP implementation by independent agency	No	No	No	No monitoring data was available with the PMU
Reported progress to ADB	None	None	None	No progress report submitted to ADB

ADB = Asian Development Bank, PMU = project management unit, RP = resettlement plan.

Definitions: Poor = actions taken were far short of achieving the objectives, Satisfactory = actions achieved objectives.

Source: Field survey, October 1999.

4. Management Response to Resettlement Problems

198. The management response to land acquisition and resettlement largely focuses around the current financial crisis in Indonesia. Budgets for counterpart funds for project activities were cut back during FY1997/1998 in response to the depreciation of the rupiah. This caused delays in Government-funded components such as land acquisition and resettlement, which had serious impacts on construction implementation.

199. To avoid such recurrences, DGWRD was requested by the ADB Review Mission (April 1999) to submit approved budgets for counterpart funding allocations for all categories, and especially for land acquisition, compensation payments and resettlement, as part of its annual work plan of project activities in subsequent fiscal years. Fund allocation for land acquisition and resettlement in FY1998/1999 was still insufficient. As a result, construction works for all subprojects is still substantially delayed. For FY1999/2000, the PMU proposed a budget equivalent of \$1.5 million for land acquisition and resettlement activities for the subprojects. This budgeted amount may not be enough to pay for adequate compensation for land and resettlement needs.

200. DGWRD has taken steps to overcome deficiencies in the planning of land acquisition and preparation of adequate RPs for the Project. An international resettlement specialist was hired in June 1999 to oversee all resettlement-related activities. The resettlement specialist has taken systematic approaches to land acquisition and resettlement for all future subprojects and is assisting the PMU to correct problems with the ongoing projects. Further, the PMU is in the process of contracting several local NGOs in different subprojects to monitor and report on the conduct of all matters pertaining to land acquisition, resettlement, and compensation payments.

5. Socioeconomic Survey Results

a. Socioeconomic Characteristics of the Sample Households

201. A total of 24 households (Pemali-3, Cimanuk-5, and Cipunegara-16) were interviewed during the field survey. The family size of 20 households ranges between 1 and 4 persons, 3 households consists of 5-8 persons, and 1 family consists of more than eight persons. Among the respondents, 50 percent completed primary level education, 13 percent completed up to high school level, and the remaining 37 percent are illiterate. All of the resettled households live in the same village. The farthest distance from the original village is less than 1 km. In all cases, the resettlers use their farmland as their principal source of livelihood and incomes.

b. Occupational and Income Data

202. Resettlement in the three locations began only in October 1999. Table A7.40 provides the occupational background of the respondents. According to the survey data, there is very little impact on occupation in the postresettlement period, except for two heads of household (one each in Pemali and Cipunegara).

Table A7.40: Occupational Background of the Households Heads

Occupational Category	Pemali		Cimanuk		Cipunegara	
	No.	%	No.	%	No.	%
Farming	0	0.0	3	60.0	13	81.3
Fishing	0	0.0	0	0.0	0	0.0

Business	2	66.7	1	20.0	2	12.5
Office/Factory Work	1	33.3	0	0.0	0	0.0
Unemployed	0	0.0	0	0.0	1	6.2
Others	0	0.0	1	20.0	0	0.0
Total	3	100.0	5	100.0	16	100.0

Source: Field survey, October 1999.

203. According to the survey data, 21 percent of the households have a single-income earner, while 79 percent have two persons employed. Twenty women in the households contributed to the household income through farming and home-based economic activities. According to the income data provided by the respondents, there is neither any increase nor decrease in household income in the postresettlement period. This is due to limited or no impact on their income or livelihood sources. Table A7.41 shows estimated preresettlement income. There is almost an even split in terms of income—11 households have up to Rp1 million as annual income, while another 11 households have over Rp2 million as income.

Table A7.41: Estimated Annual Incomes of the Household Heads

Annual Income rupiah)	(in	Pemali		Cimanuk		Cipunegara	
		No.	%	No.	%	No.	%
Up to 1,000,000		1	33.3	1	20.0	9	56.2
1,000,000-2,000,000		0	0.0	0	0.0	2	12.5
Over 2,000,000		2	66.7	4	80.0	5	31.3
Total		3	100.0	5	100.0	16	100.0

Source: Field survey, October 1999.

c. Replacement of Lost Assets and Income Restoration

204. Nine of the 24 respondents (37 percent) stated that the compensation paid was appropriate to market value, while 15 respondents (63 percent) said that it was less than market value. Respondents at Cipunegara reported that compensation for land was paid at Rp35,000 per m², while at the same time the price of land in the vicinity has increased from Rp50,000 to Rp60,000 per m², which means that the amount of compensation was only sufficient to buy smaller plots than they originally owned. One family in Cipunegara, unable to rebuild their house or buy replacement land, removed their old house and set it on the remaining portion of their acquired land. Several other families rebuilt their houses to about 40-60 percent completion on their residual land. The economic crisis contributed further due to increased costs of building materials. In sum, inadequate compensation resulted in continuing misery for those displaced. Several respondents said they borrowed money from private lenders and suffer from the high compound interest rate that they have to pay.

205. Two of 24 respondents (8 percent) said that the condition of the new house increased significantly, 8 (33 percent) said that it has increased slightly, while 7 (29 percent) stated that the quality of the new house is the same as before, and the rest (29 percent) said that the quality of their new house has decreased compared with their former houses.

206. It appears from field surveys that the impact study did not adequately address loss of employment and income in the subprojects. The survey identified an individual who experienced loss of income due to the new flood fence in Pemali. The person concerned has a family with two children. He used to make Rp300,000 per month from bamboo trading, while his wife made Rp200,000 monthly as a wage laborer. The riverbank was used to stack bamboo for his business. Now with a 2 m high masonry wall along the riverbank, he has lost direct access to the river, and as

a result lost his business and source of livelihood. There may be many more cases in other subprojects. The RP does not have any provision for income restoration in such instances.

d. Attitudes to Resettlement—Better or Worse Off

207. In response to the question: Are you better off (economically and socially) now than in the preproject time? Two respondents stated that they are definitely better off, 1 selected “slightly better than before”, 20 stated that they are same as before, and 1 feels worse off economically and socially (Table A7.42).

Table A7.42: Attitudes to Resettlement—Better or Worse Off

Degree of Satisfaction	Pemali		Cimanuk		Cipunegara	
	No.	%	No.	%	No.	%
Definitely Better Off	2	66.7	0	0.0	0	0.0
Slightly Better Than Before	0	0.0	0	0.0	1	6.3
Same as Before	0	0.0	5	100.0	15	93.7
Worse Off	1	33.3	0	0.0	0	0.0
Total	3	100.0	5	100.0	16	100.0

Source: Field survey, October 1999.

e. Attitudes to Resettlement—General Satisfaction

208. Table A7.43 shows that 5 respondents (21 percent) are “very satisfied” and 2 respondents (8 percent) are “generally satisfied.” Five respondents (21 percent) mentioned that their situation was “same as before.” Eleven respondents (50 percent) are “extremely dissatisfied” with the resettlement operations—all are from Cipunegara subproject.

Table A7.43: Attitudes to Resettlement—General Satisfaction

Degree of Satisfaction	Pemali		Cimanuk		Cipunegara	
	No.	%	No.	%	No.	%
Very satisfied	3	100.0	2	40.0	0	0.0
Generally satisfied	0	0.0	0	0.0	2	12.5
Same as before	0	0.0	3	60.0	2	12.5
Dissatisfied	0	0.0	0	0.0	1	6.3
Extremely dissatisfied	0	0.0	0	0.0	11	68.8
Total	3	100.0	5	100.0	16	100.0

Source: Field survey, October 1999.

6. Summary and Issues

209. The study results show that resettlement implementation in the subprojects has been very unsatisfactory. Compensation policy is not based on market or replacement cost. As a result, it has been difficult for those affected who do not have sufficient resources to acquire the same size of house plots and quality of housing in the postresettlement period. Cost for relocation, transfer, and income restoration plans were not included in the compensation package. Lack of appropriate local funding for land acquisition and resettlement has delayed implementation of many subprojects.

210. RP preparation and community consultation have also been very poorly performed by the PMU. RPs for new projects similarly suffer from inadequate data on the impact and plans for

restoration of income in the postresettlement period. Inadequate compensation and resettlement assistance (e.g., shifting cost, compensation for loss of income/employment) are the weakest aspects of resettlement planning in the North Java Flood Control Sector Project.

211. Several policy and implementation issues are responsible for the dismal performance of land acquisition and resettlement activities in this Project. These are (i) absence of national policy on resettlement, (ii) lack of guidelines on land acquisition and resettlement, (iii) lack of adequate and effective consultation with those affected, (iv) lack of trained staff for resettlement work, (v) inadequate compensation for lost assets, (vi) lack of income restoration program in postresettlement period, and (vii) lack of monitoring and evaluation.

7. Recommendations

212. To improve resettlement policy and practices in Indonesia, the Government must formulate policies on involuntary resettlement. The new national policy should take a development approach to resettlement. It should include (i) definition of involuntary resettlement, compensation, replacement value, loss of assets, loss of income, rehabilitation, and assistance; (ii) procedure for calculating the compensation and having third-party independent appraisals of the compensation; (iii) criteria to define and identify those affected; (iv) baseline survey and participatory planning; (v) grievance procedures; (vi) institutional framework for implementation; and (vii) monitoring and evaluation of resettlement by independent agencies.

213. Another important area for improved performance in resettlement management in the future is institutional capacity building. Many officials now tend to view resettlement as a project burden on their resources rather than a development challenge. There should be provision for training of project staff focusing on the need for effective survey and impact assessment, consultation with those affected and communities, compensation based on market replacement value, relocation planning and transfer, income restoration programs, and resettlement monitoring and evaluation. This will improve management of land acquisition and resettlement in the project cycle.

214. It appears that the economic crisis in Indonesia has added more problems both for the Government and the people. Funding agencies should consider financing some resettlement costs (e.g., development of resettlement site and services, income restoration programs, training for alternative employment) and build it in the project preparation. The funders must place involuntary resettlement as an integral part of the Project and help implement the program.

H. Airport Development Project, Philippines

1. The Project

215. The Airport Development Project¹⁹ was designed to improve the airport's civil aviation infrastructure, and support reliable and safe all-weather operations based on International Civil Aviation Organization (ICAO) standards. The improvements in the airport facilities are expected to help Davao City to become a key growth center in the East Asian Growth Areas comprised of Brunei, Sabah, Sarawak, north and central Sulawesi, Maluku, and Mindanao. The Project is envisioned to be the key link in the regional transportation network that comprises these areas and other regional countries.

216. The Project consists of (i) air and landside civil works; (ii) equipment for communications, maintenance, and fire/crash rescue; (iii) general training aids and equipment; and (iv) consulting services for project design and construction supervision, and monitoring of standards and safety by

¹⁹ Loan 1333-PHI: *Airport Development Project*, for \$41 million, approved on 24 November 1994.

the ICAO. Upgrading the airport was meant to support the Government's efforts to (i) enhance civil aviation safety; (ii) remove the existing infrastructure constraints on the growth of international, domestic trunk, and regional air services in the southern Philippines; and (iii) help develop commercial, agricultural, manufacturing, and tourism activities in the south.

217. The Department of Transport and Communications is the EA for the Project and is responsible for project planning, management, supervision, and coordination. A project implementation unit (PIU) on-site looks after the day-to-day implementation work.

2. Land Acquisition and Impact

218. The information on the scope of land acquisition and resettlement due to the Project provided in various available project documents are inconsistent. The project appraisal report indicates that the Project required the acquisition of about 93 ha of private land on both the north and south side of the airport based on the RP prepared by the Davao City Housing Office (DCHO) in 1994. Of the 93 ha required, only a small portion was developed (i.e., about 9 ha). The remainder was classified by the City of Davao as semideveloped (32 ha), undeveloped (50 ha), and incapable of development (2 ha).

219. Project implementation was delayed by about 30 months. In 1996, the Project's realignment defined the need to acquire a total of 105 ha for the Project. DCHO then prepared a new RP for the Project. This was later submitted to the Davao International Airport Project Management Council and was presented to the ADB Review Mission in November 1996. The 1996 RP was implemented.

220. During the study, the PIU indicated that the total land area to be acquired for the Project is about 107.79 ha. The comparative land acquisition requirements under the two RPs and the January 1998 progress report are shown in Table A7.44.

Table A7.44: Comparative Project Land Acquisition Requirement

Purpose of Land Requirement	Approximate Area (in ha)		
	1944 RAP	1996 RAP	January 1998 Report
For runway expansion	23	23	23.00
Proposed future parallel taxiway	25	25	25.00
Passenger and cargo terminal complex, car parks, access road and ancillary buildings, fuel storage, aviation related income-generating development, and future maintenance expansion	45	57	59.79
Total land requirement	93	105	107.79

ha = hectare, RAP = resettlement action plan.

Source: Field survey, November 1999.

221. The varying information available in the project documents also provides an unclear assessment of the scope of resettlement impact due to the Project (Table A7.45). The initial social assessment carried out during project preparation indicated that the Project had particularly adverse effect on the population groups living in 354 low-cost residential houses that had to be acquired to improve existing airport safety standards and expand its facilities to meet the anticipated air traffic

demand. People who had built these houses on rented land owned the affected residences. Most of these affected households were from low income groups who work in and around the nearby airport and seaport.

Table A7.45: Comparative Resettlement Impact

RP Report	Estimated Number of Affected Households/Structures			
	Formal	Informal	Institutional	Total
1994 RP	219	567	13	799
1996 RP	387	585	2	954
January 1998 Report	360	406	9	805

RP = resettlement plan.

Source: Field survey, November 1999.

222. The 1994 RP identified 14 village communities with 799 structures (composed of 219 formal structures, i.e., affected lot is owned by the house owner; 567 informal structures, i.e., house owner does not own the affected lot and is either a renter, squatter, or caretaker; and 13 institutional structures); and about 760 households as directly affected by the acquisition of 93 ha of land for the Project. The 1996 RP, meanwhile, defined that the acquisition of 105 ha of land requires the demolition and/or transfer of 954 structures/buildings (including two institutional structures) and the relocation of 585 informal households and displacement of 387 formal households²⁰ in 14 village communities.

223. The latest inventory of affected land, households, and structures presented in the January 1998 ADB Review Mission's record of discussions as carried out by the City of Davao shows that the land acquisition of 107 ha would involve the relocation of 766 families, i.e., 360 informal settlers and 406 formal homeowners, and 9 institutional structures. The September 1999 progress report of the PIU shows that 352 of the 360 informal settlers have been resettled at Tibungco Resettlement Site, 385 formal homeowners have been compensated, and the 9 institutional structures had already been paid for.

224. The inconsistencies in the land acquisition and resettlement data stem primarily from the confusion brought about by the differing scope of two RPs, which were independently prepared by DCHO. The 1994 RP provisions were generally based on the resettlement provisions under the Republic Act 7279, otherwise known as the Urban and Housing Act and pursuant to the guidelines set under Executive Order 27 providing for the constitution of a city task force on resettlement and relocation.

3. Resettlement Plan Preparation and Implementation

225. While ADB found that the 1994 RP met ADB's IRP requirements,²¹ the 1996 RP was prepared and implemented without ADB's close supervision, or at least, without the benefit of advice from ADB's social/resettlement expert as no documentation is available to indicate otherwise. An updated social assessment of the affected households was also foregone. The preresettlement activities were limited to census tagging and listing of those affected and affected structures. Consultation took place during project preparation in 1994. While the majority of the informal settlers have attended community meetings, the meetings held prior to the actual move were merely to inform them of the schedule of relocation and the benefit package that was decided on by the city

²⁰ Informal households are households/families who own illegally constructed housing structures within the project area, commonly known as squatter; formal households are owners of residential structures in a residential subdivision within the project area.

²¹ The Project adopted the resettlement policies of the World Bank during project preparation as ADB's IRP was only enforced in November 1995.

government. In the case of the formal settlers, the officials of the homeowners association in their villages usually initiated the community meetings. These meetings serve as a venue for discussing compensation and resettlement concerns by those affected. The consultation conducted by Project and city officials with the formal settlers was limited to a formal letter to each person affected, informing them of their compensation and resettlement entitlements and a follow-up personal visit for the individual to sign the letter or be subjected to eminent domain.

226. The 1996 RP did not make any reference to ADB's IRP, which was already enforced at that time. The preparation of the 1996 RP was only based on the provisions of the city government's Executive Order 19 which set forth the guidelines for the development of steps and procedures followed in land acquisition, relocation, and resettlement for the Project. Compensation and resettlement benefits were narrowed essentially to (i) payments of compensation for lost assets; (ii) a lump-sum grant of ₱10,000 for informal and ₱100,000 for formal settlers; and (iii) house plots for informal settlers at the resettlement site; and (iv) assistance in the form of transport (e.g., dump trucks for moving salvageable items). Hence, in many respects, the 1996 RP falls short of the IRP's requirements.

227. The local currency cost funded by the Government includes the costs of required land acquisition, preliminary civil works, and resettlement for the Project. This should have been included in the Government's budget for FY1995 and FY1996 but provision and release were delayed hence, land acquisition and RP implementation was put on hold and resumed in 1997. Within the two-year lapse in land acquisition and RP implementation, the market value of land and housing structures in the project area significantly increased in anticipation of economic growth due to the Project. During the two-year interval, the number of informal settlers in the area also increased due to enhanced economic activity in the vicinity. A combination of these factors resulted in a spiraling cost of land acquisition and resettlement. This posed further difficulty for the Government to provide counterpart funding, thereby further delaying land acquisition and RP implementation.

4. Compensation Policy and Resettlement Benefits

228. While expressing inadequacy of lump-sum relocation allowance received, the informal settlers were generally satisfied with the plots awarded to them at the resettlement site. However, at the time of relocation, not a single amenity was installed. Only the subdivision of plots was completed. It took about eight months after relocation to install the basic amenities committed by the National Housing Authority (NHA).²² At present, the informal settlers' dissatisfaction stems from (i) inadequacies in the basic amenities installed (e.g., two remaining uninstalled elevated water tanks, poor roads, poorly designed drainage and canal system, and shallow latrines which have a bad odor); (ii) anxiety about their ownership status of the plots since they are only holding on to the entry pass certificate provided by DCHO; (iii) the far distance of the resettlement site from the city proper and from their jobs, which means relatively higher or more expensive transportation costs; and (iv) loss of job and livelihood opportunities for some.

229. The formal settlers, however, were more dissatisfied with the valuation process and the compensation scheme applied to their lost assets. Their compensation package consisted of approximately the market value of land (i.e., ₱1,000/m²) and structure (i.e., ₱5,500/m² plus a valuation of improvements) and a disturbance allowance of ₱100,000 per household. While DCHO claims that the said rates were the prevailing market value, the formal settlers interviewed expressed doubt and noted that the amount quoted was about 50 percent lower than the prevailing market value. For the majority of the formal settlers, the ₱100,000 disturbance allowance did not cover

²² The participation of NHA in the implementation of the project RP involves the advance financing and supervision of the land acquisition cost of Tibungco Resettlement Site, and the subsequent development and installation of basic amenities for the relocation of the informal settlers through a memorandum of agreement signed with the city government in January 1996.

relocation costs, especially for those who were not able to buy replacement land and had to resort to renting apartments at relatively expensive rates. The property assessors sent by DCHO were also deemed inexperienced and unqualified to carry out the property valuation properly. A more alarming compensation procedure was the payment of compensation and disturbance allowance as outstanding mortgage payable by the affected people to the government's housing financing institutions. In a number of cases, this procedure left those displaced with very little or no money at all from the compensation payment; but they were evicted from their residences or forced to relocate on their own anyway.

230. In terms of other relocation benefits, the informal settlers were requested to be relocated by batch to enable DCHO to establish a staging area at the resettlement site and to provide transportation for hauling the people's salvageable materials from the dismantled houses to the resettlement site. Those who opted to abide by their assigned schedule were able to avail of the transportation (dump trucks) provided by DCHO. Those who went on their own had to pay for the transport and hauling costs of their salvageable materials.

5. Monitoring and Evaluation

231. The 1994 RP provided for independent monitoring of RP implementation by Hugpong Dabaw, an NGO engaged in the housing program for the urban poor. This was supposedly apart from the monitoring of the resettlement process that DCHO and other involved agencies would undertake. The NGO monitoring aimed to ensure that all the resettlement requirements are complied with, all entitlements due to affected households are delivered satisfactorily, and that the grievance process as provided under Republic Act 7279 is strictly imposed.

232. The 1996 RP did not make any reference to any independent monitoring of RP implementation, and instead, invoked the provision of Executive Order 19 for the mandated resettlement monitoring tasks of the Committee on Relocation and Resettlement. To date, however, no effort has been initiated by either DCHO or the PIU to do an in-depth, qualitative assessment, and monitoring of the project-related land acquisition and resettlement activities.

233. The present practice of progress reporting is limited to the financial status of the cost of land acquisition and compensation payments, and the number of affected people and institutional structures compensated. While actual relocation of informal settlers has been completed for over two years and relocation of formal settlers is almost complete, the postrelocation tasks of the Resettlement and Relocation Committee as provided in the 1996 RP has not been complied with. The PIU cited lack of resources, expertise, and parameters to carry out a qualitative monitoring of RP implementation, particularly the status tracking of relocated affected households.

234. Table A7.46 provides a checklist of the resettlement mitigation measures and their performance in the Project.

Table A7.46: Checklist—Resettlement Mitigation Measures

Mitigation Measures	Informal Settlers	Formal Settlers	General Comments
Social assessment of affected households	Poor	Poor	1996 RP did not make any reference to current social status of affected people and does not provide any social impact mitigation measure
Consultation with affected households	Poor	Poor	1996 consultation meetings were limited to dissemination of information on relocation schedule and entitlements of people displaced; majority of informal settlers were not given relocation site options; all formal settlers were mandated to conform with Government's asset

Mitigation Measures	Informal Settlers	Formal Settlers	General Comments
			compensation scheme and relocate on their own or be subjected to the eminent domain
Compensation for lost assets at market value	Adequate	Poor	While expressing anxiety about ownership status of replacement plots (i.e. 90 square meters per plot) at Tibungco Resettlement Site and other problems, informal settlers generally found the equivalent compensation they received adequate; even if compensation of assets approximate market value, formal settlers feel shortchanged because the amount received cannot buy equivalent land in the vicinity; compensation paid was net of mortgage payable, hence, in some cases, formal settlers received very little or no compensation payments for relocation purposes
Other relocation assistance	Poor	Poor	Those displaced find the disturbance allowance provided (i.e., ₱10,000 for informal and ₱100,000 for formal settlers), which constitute payment for all other related relocation costs, very inadequate
Replacement house structures to affected households	None	None	For informal settlers, the ₱10,000/household disturbance allowance includes cost of reconstructing dismantled house structures at the resettlement site; formal settlers relocated on their own
Resettlement within the same community	Poor	Poor	Informal settlers were relocated to Tibungco Resettlement Site, about 7 to 10 kilometers away from the project site; formal settlers could only afford to buy replacement lands at distant subdivisions; some formal settlers opted to rent apartments in the same or nearby community at relatively expensive rates
Provisions for basic amenities at resettlement site	Adequate	Adequate	At the time of relocation, development of roads and installation of basic amenities at the resettlement site had not commenced; currently, however, except for the installation of two more elevated water tanks, all amenities have been completed, albeit with some inadequacies/problems that are manageable at the initiative of those relocated
Programs for restoration of income	Poor	Poor	Both the 1994 and 1996 RPs did not provide for any income restoration programs
Timely payment of compensation	Adequate	Poor	Informal settlers received their disturbance allowance prior to the actual move; formal settlers received compensation payment for lost assets about six months later after actual eviction or acquisition of assets; no interest was paid for delayed payment

RP = resettlement plan.

Definitions: Adequate = actions generally met the intended objectives, Poor = actions taken were far short of achieving the objectives.

Timely resettlement	Adequate	Poor	Informal settlers were informed of the moving schedule fairly early/actual move was as scheduled; formal settlers feel notice of move was short/resettlement process was disorganized/poorly coordinated
Independent monitoring of Loan Agreement/RP	None	None	1994 RP provided for independent monitoring by an NGO but this was not pursued in the 1996 RP
EA/PIU monitoring of Loan Agreement and RP implementation	Poor	Poor	Progress monitoring done was primarily on financial status of land acquisition and compensation payments; the PIU admits to lack of resources, skills, and parameters for RP monitoring
Reporting progress to ADB	Poor	Poor	Progress report limited only to one or two paragraphs narrative description of financial status and list of those compensated

ADB = Asian Development Bank, EA = executing agency, NGO = nongovernment organization, PIU = project implementation unit, RP = resettlement plan.

Definitions: Adequate = actions generally met the intended objectives, Poor = actions taken were far short of achieving the objectives.

Source: Field survey, November 1999.

6. Socioeconomic Survey Results

a. Socioeconomic Characteristics of the Sample Households

235. The survey covered 62 respondents categorized into two types of project-affected households, i.e., informal settlers (46 respondents) and formal settlers (16 respondents). The informal settler respondents used to be squatters in the project site who were resettled at the Tibungco Resettlement Site in Davao City, about 7 km away from the project site. The formal settler respondents are former titled owners of residential plots at Belen Homes Subdivision, the area with the highest number of affected formal households. These formal settlers were compensated and have resettled on their own at various locations in Davao City outside of the project site.

236. The majority of the respondents are household heads (77.4 percent), males (66 percent), and of middle, economically productive age, i.e., within the 31-50 age range (about 74 percent). The informal settlers, however, generally belong to the younger age range, i.e., 31-40 (47.8 percent) compared with the formal settlers who generally fall within the 41-50 year age bracket. The majority of the respondents are married (about 89 percent), while none of the informal settler respondents is illiterate, most of them have only acquired low levels of education, i.e., high school and below, with only about 13 percent acquiring college level education. The formal settlers are generally professionals who have completed college education (75 percent). The extended household is highly practiced among the respondents, with 66 percent having between 5 and 8 members in one household and 8 percent having over 8 members in the household. The informal settlers have relatively bigger households than the formal settlers.

237. Presently, all informal settlers have not acquired ownership of the plots awarded to them during relocation. Meanwhile, among formal settlers, only about 43 percent have acquired a replacement lot and houses and are titled owners of their current residences. About 50 percent of the formal settlers are presently renting their residences, while the remaining 7 percent are residing with relatives and friends. The informal settlers have been residing at Tibungco Resettlement Site for two years, while the majority of the formal settlers have been residing in their present residences for less than a year.

b. Employment and Income Data

238. **Informal Settlers.** The majority of the informal settlers are currently engaged in various part-time or occasional blue collar jobs, such as construction workers, tricycle/taxi drivers, carpenters, and security guards (65 percent), and a number are engaged in small-scale businesses (15 percent). Very few have regular employment in an office or factory (about 5 percent) and a significant proportion are unemployed (15 percent). In most households, only one member is gainfully employed, usually the male who is the household head. Only a few reported a change in job after the move, but the reasons cited were not necessarily related to relocation (e.g., being laid off due to change in management, old age, etc.). In a few cases, however, some respondents who used to derive income from small-scale businesses had to close shop and look for alternative employment due to loss of capital that was used for construction of replacement housing at the resettlement site.

239. While the majority of the respondents reported current individual and household incomes of above ₱50,000, a significant proportion reported a decrease in income, with a shift in incomes to the

lower level brackets, i.e., annual incomes of ₱20,000 and below (Table A7.47). Among the reasons cited for the decrease in total annual household income are (i) the loss of income-generating opportunities due to the move, especially for those engaged in personal services who already have an established clientele in areas near their former residences; (ii) the increase in transport costs due to the increase in distance from the city proper, which prevents the settlers from looking for alternative sources of income in the city; and (iii) the absence of income-generating/livelihood programs in the resettlement site.

Table A7.47: Informal Settlers' Annual Income

Annual Income (in peso)	Individual Respondent				Household			
	Before the Move		After the Move		Before the Move		After the Move	
	No.	%	No.	%	No.	%	No.	%
Below 20,000	7	15.2	10	21.7	9	19.5	11	23.9
20,000-30,000	4	8.7	4	8.7	4	8.7	4	8.7
30,001-40,000	5	10.8	4	8.7	5	10.9	5	10.9
40,001-50,000	6	13.0	9	19.6	8	17.4	8	17.4
Above 50,000	19	41.3	11	23.9	19	41.3	18	39.1
No Income	6	13.0	8	17.4	1	2.2	0	0.0

Source: Field survey, November 1999.

240. **Formal Settlers.** The formal settlers are generally engaged either in more regular and professional jobs in the office (about 69 percent) or in business (25 percent). Not one of the respondents reported a change in job due to resettlement, but a significant proportion reported a decrease in their annual household incomes (about 31 percent). While the majority have current individual and household annual incomes ranging from ₱100,000 to ₱200,000 (i.e., 62.5 percent for individual incomes and about 44 percent for household incomes), a downward shift in terms of income level is indicated, i.e., toward the below ₱100,000 income bracket (Table A7.48). The reported decline in annual household income was generally attributed to the economic crisis and not a result of relocation.

Table A7.48: Formal Settlers' Annual Income

Annual Income (in peso)	Individual Respondent				Household			
	Before the Move		After the Move		Before the Move		After the Move	
	No.	%	No.	%	No.	%	No.	%
Below 100,000	2	12.5	2	12.5	1	6.2	0	0.0
100,000-200,000	11	68.8	10	62.5	7	43.8	7	43.8
200,001-300,000	1	6.2	2	12.5	5	31.2	6	37.5
300,001-400,000	0	0.0	0	0.0	1	6.2	1	6.2
400,001-500,000	2	12.5	2	12.5	1	6.2	1	6.2
Above 500,000	0	0.0	0	0.0	1	6.2	1	6.2

Source: Field survey, November 1999.

241. **Women Settlers.** Most of the women at the Tibungco Resettlement Site do not earn an income for the family. Those who are employed (33 percent) are either engaged in personal services such as washing clothes for others, dressmaking and housekeeping, or engaged in small-scale businesses with annual incomes generally falling at the lowest range of ₱20,000 and below. In contrast, the majority of women formal settlers are gainfully employed (about 75 percent) and like their male counterparts, are generally engaged in regular and professional jobs (about 44 percent) or in businesses (about 19 percent). The majority of these economically productive women have annual incomes of below ₱100,000 (about 38 percent), but a significant proportion (about 19 percent) have annual incomes of above ₱500,000 (Table A7.49). The relatively higher employment

rate and income levels of formal women settlers are attributable to their higher levels of educational attainment and professional qualifications compared with the informal women settlers.

Table A7.49: Women Settlers' Annual Income

Informal Settlers			Formal Settlers		
Annual Income (in peso)	No.	%	Annual Income (in peso)	No.	%
Below 20,000	11	23.9	Below 100,000	6	37.5
20,000-30,000	2	4.3	100,000-200,000	2	12.5
30,001-40,000	1	2.2	200,001-300,000	0	0.0
40,001-50,000	0	0.0	300,001-400,000	1	6.2
Above 50,000	1	2.2	400,001-500,000	0	0.0
No income	31	67.4	Above 500,000	3	18.8
			No income	4	25.0

Source: Field survey, November 1999.

c. Attitudes to Resettlement

242. This section seeks to obtain the resettlers' views and opinions towards the resettlement process and its impact, and thereby assess their levels of satisfaction with the implementation of resettlement activities. The majority of the respondents disagreed with the following statements: (i) resettlement activities were carried out successfully, (ii) adequate consultation with those affected was carried out, (iii) that management took adequate steps to resolve their grievances, and (iv) that the compensation for lost assets and the other resettlement benefits helped restore preproject income level. However, for all items, the disagreement was more pronounced among the formal settlers. The expressed disagreements for the items listed are supported by the perception of the majority that they have become poorer after the relocation when asked about their current economic and social status. A significant number, nonetheless, perceived themselves to be better off than before (18 percent) or definitely better off than before (5 percent). In both cases, the informal settlers generally expressed the better off perception.

243. However, when asked about the overall attitude on the level of satisfaction with resettlement operations, the survey yielded a typical Filipino response of generally being satisfied and grateful for whatever little unexpected benefit has been received, rather than getting nothing at all. This is especially true among the informal settlers who, as squatters in their prerelocation residences, were not owners of any property. The overall dissatisfaction is more pronounced among the formal settlers because they had more to lose and less to gain from the resettlement operations, and they had no other option but to relocate on their own or no privileges as that enjoyed by the informal settlers who were awarded with plots with a very good prospect of ownership in the future.

d. Problems and Issues

244. The current problems in the resettlement sites are more defined among the informal settlers who were resettled in Tibungco. All the informal settler respondents perceive that there are outstanding problems at the site needing immediate attention by NHA and the city government, but little is happening despite their formal follow-ups through the officers of the Tibungco Resettlement Homeowners Association. The following are the problems at the resettlement site, ranked according to the respondents' perception of importance: (i) inadequate water supply due to the noninstallation of two more elevated water tanks committed by NHA, (ii) poorly designed and dysfunctional drainage system, (iii) poor internal and access roads, (iv) lack of employment and livelihood opportunities, (v) shallow latrines with foul odor, (vi) site too far from work site/more expensive transport cost, and (vii) lack of open space at the site.

245. Among the formal settlers, only 50 percent perceived some problems at their current locations. The problems cited in order of frequency of mention are (i) site too far from work/more expensive transport cost, (ii) feeling of indifference from neighbors, (iii) unsafe/noisy environment, (iv) inadequate water supply in the area, and (v) heavy floods during rainy season.

246. From the RP planning and implementation perspective, a number of issues can be identified. These include (i) lack of updated social assessment, (ii) poor consultation with the stakeholders, (iii) inadequate compensation policy, (iv) no provision for income restoration, and (v) lack of provision for monitoring of resettlers' status in postresettlement period. While socioeconomic surveys and census of those affected were conducted for the preparation of the 1994 RP, an updated survey was essential as a basis for revising the provisions of the project RP. Similarly, consultation with those affected was poorly handled, i.e., alternative relocation options were not discussed and compensation and benefit packages provided were just planned out by the city government and not mutually agreed with those to be displaced. This generated dissatisfaction causing delays in land acquisition, and therefore, a major setback in project implementation. Finally, the monitoring activities ended with relocation activities. The PIU cited lack of resources, expertise, and parameters to carry out monitoring of the RP, particularly tracking the status of relocated households.

7. Conclusions and Recommendations

247. The Davao resettlement experience shows poor preparation and implementation of the RP. Compensation policy was not based on market or replacement cost. Costs for relocation and transfer were not covered. The study found dissatisfaction among the resettlers, both formal and informal. The formal resettlers have been more affected by the relocation process. Many of them lost their homes due to the mechanisms used for payment of compensation and were evicted from their residences or forced to relocate on their own. The formal resettlers did not receive any assistance for resettlement and consider that they have become poorer in postrelocation period.

248. The ADB IRP played no role, hence, has no impact, in the planning and implementation of the project-related land acquisition and resettlement program. The 1996 RP was prepared essentially to comply with ADB's condition for contract awards and disbursement of loan funds without reference to the ADB IRP. While the IRP intends to serve as an instrument to address the integration of social dimensions into ADB's operations, much effort and full commitment, both from ADB management and the concerned DMC government, is needed to ensure that the IRP is effectively applied and implemented in ADB-funded projects, especially for projects involving significant involuntary resettlement such as the Airport Development Project.

249. Involuntary resettlement is an integral part of project planning and management. As such, the EA (and its field implementation unit) should be fully aware of the scope of the Project's involuntary resettlement impact and should design or at least be involved in the planning and implementation of the necessary mitigating measures to minimize the impact, if not totally avoid it. In the case of the Airport Development Project, while totally aware that involuntary resettlement cannot be avoided to meet the safety standards of the airport project, the EA and PIU disengaged themselves from the responsibility of planning and implementing the project RP and gave the city government full responsibility for RP preparation and implementation. The city turned the job over to NHA due to inability to pay for land and resettlement. It thus appears that the PIU's concern was limited to land acquisition and clearing the project area of dwellers through coordination with the city government and endorsing project-related matters requiring national level decisions or action. This management oversight is a major factor in the poor design and implementation of the RP.

250. The Airport Project provides an important lesson: ADB's supervision should not be limited to the preparation of the RP. Experience with the Project showed that an RP prepared during project processing, which was reviewed and approved by ADB, is not an assurance that the land acquisition

and resettlement requirements of the Project will be implemented according to the approved RP. What is worse is the preparation and subsequent implementation of a new RP without the concurrence of ADB and without reference to ADB's prevailing IRP. Close supervision of RP implementation should be an integral part of project management. Moreover, the advisory assistance from ADB's resettlement specialists should not be limited during project preparation but more so during implementation and postproject evaluation.

251. Land acquisition and resettlement should be treated as a necessary development process that requires full commitment and political will of the Government. Careful consideration should be given to the issues identified in this study in any attempt to formulate a national resettlement policy for the Philippines.