

# OFFICE MEMORANDUM

DATE: July 24, 2001

TO: Mr. Pieter Stek, Chairman, Committee on Development Effectiveness

THROUGH: Shengman Zhang, Managing Director, MDS

FROM: Ian Johnson, Vice President, ESSD

EXTENSION: 31053

SUBJECT: **OP/BP 4.12 on Involuntary Resettlement**

1. As follow up to the CODE discussion of March 12, 2001 on the Bank's operational policy on Involuntary Resettlement, please see the attached draft OP/BP 4.12, revised taking into account the comments made at the CODE meeting as well as suggestions received subsequently from external commenters. The revisions made since the version of the OP/BP (dated March 6, 2001) circulated to CODE have been marked in the text to facilitate comparison. We request CODE's endorsement to forward the attached draft to the Board of Executive Directors for their consideration.

2. As agreed at the CODE meeting, the policy draft dated March 6, 2001, was posted on the Bank's external web site on March 15, along with the results of the external consultations and a list of "frequently asked questions" and their responses. Over the past few weeks, we have received about thirty letters from external stakeholders specifically on the subject of perceived dilution of the resettlement policy. Most of them raise an identical set of issues. This is in addition to a mass mailing campaign consisting of two hundred letters on the subject of sustainable development that refer, among other issues, to the World Commission on Dams (WCD) and the Bank's resettlement policy.

3. The substantive issues being raised in these letters are the same as the ones that have been considered by Management during the consultations process and by CODE during the subsequent discussions. Nevertheless, we have taken into account some clarificatory suggestions made in these letters, that would facilitate the implementation of the draft policy. However, we have not come across any new issues being raised on the subject. We have posted on the Bank's external web a "Q & A" on the Bank's safeguard policies, which attempts to respond to the issues being raised by external stakeholders.

4. The revised draft reflects the following changes:

**OP 4.12**

- (a) In para 2 (b) language on enabling the displaced persons to benefit from the project has been strengthened.
- (b) Footnote 4 clarifies that Environmental Assessments and other project assessment reports and instruments can also help identify and address adverse social, environmental and economic impacts that do not result from taking of land.
- (c) Footnote 5 clarifies the definition of "projects".
- (d) Para 7 has been modified to clarify that the displaced persons participate both during the design and implementation stages of the project.
- (e) Para 8 has been modified to make it consistent with para 16 of OD 4.30 on the issue of paying particular attention to displaced persons not protected through national land compensation regulation.
- (f) Footnote 14, which stated that legality alone may not be a sufficient criteria to exclude affected persons from the provisions of the policy, has been deleted.
- (g) Footnote 15, discussing the need for particular attention to situations involving resettlement of indigenous peoples, has been moved into the main text of the OP as a new paragraph (Para 9).
- (h) In Para 16 of OP 4.12 (old Para 15), a new footnote (currently shown as footnote 19b) has been inserted to clarify that "resettlement assistance", offered in lieu of compensation for affected land to those who do not have legal title to such lands, does not preclude any form of assistance. It states - "resettlement assistance may consist of land, other assets, cash, employment etc. as appropriate".
- (i) The revised Para 24 of OP 4.12 (old Para 23) states that in situations where an assessment at project completion reveals that the objectives of the resettlement program may not be realized, the borrower "should" (instead of "may" in the earlier draft) propose follow-up measures which may serve as the basis for continued Bank supervision, as deemed appropriate by the Bank.

**Annex**

- (j) An outline of the "Process Framework", that needs to be prepared in situations involving restrictions of access to legally designated parks and protected areas, has been included.
- (k) Section 21, *Monitoring and Evaluation*, has been modified to clarify that the resettlement plan would describe the participation of displaced persons in the monitoring process.

**BP 4.12**

- (l) Footnote 1, defining the "Bank" and "Projects" has been made consistent with footnote 5 of OP 4.12 on the same subject.
5. With the changes described in Para 2 above, we feel that the draft OP/BP 4.12 is ready to be forwarded to the Board of Executive Directors for their consideration.
6. Questions may be referred to Maninder Gill, Extn. 81296.

**Attachment**

- 1. OP/BP 4.12

cc: J. Salop, C. Bruce, M. Montoliu Munoz (OPSVP); S. Jorgensen, J. Edstrom, M. Gill (SDV); S. Lintner (ESDQC); P. Ofosu-Amaah, N. Dewitt, S. Salman (LEGOP), D. Mattheisen, G. Kajubi (SEC); R. Hilton (ESDVP)

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