

## Involuntary Resettlement

1. Bank experience indicates that involuntary resettlement under development projects, if unmitigated, often gives rise to severe economic, social, and environmental risks: production systems are dismantled; people face impoverishment when their productive assets or income sources are lost; people are relocated to environments where their productive skills may be less applicable and the competition for resources greater; community institutions and social networks are weakened; kin groups are dispersed; and cultural identity, traditional authority, and the potential for mutual help are diminished or lost. This policy includes safeguards to address and mitigate these impoverishment risks.

### I. Policy Objectives

2. Involuntary resettlement may cause severe long-term hardship, impoverishment, and environmental damage unless appropriate measures are carefully planned and carried out. For these reasons, the overall objectives of the Bank's policy on involuntary resettlement are the following:

- (a) Involuntary resettlement should be avoided where feasible, or minimized, exploring all viable alternative project designs.<sup>1</sup>
- (b) Where it is not feasible to avoid resettlement, resettlement activities should be conceived and executed as sustainable development programs, providing sufficient investment resources to give the persons displaced by the project the opportunity to share in project benefits. Displaced persons<sup>2</sup> should be meaningfully consulted and have opportunities to participate in planning and implementing resettlement programs.
- (c) Displaced persons should be assisted in their efforts to improve their livelihoods and standards of living or at least to restore them, in real terms, to pre-displacement levels or to levels prevailing prior to beginning of project implementation, whichever is higher.<sup>3</sup>

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1 In devising approaches to resettlement in Bank-assisted projects, other Bank policies should be taken into account, as relevant. These policies include *Environmental Assessment* (OP 4.01), *Natural Habitats* (OP 4.04), *Safeguarding Cultural Property in Bank-Assisted Projects* (OP 4.11), and *Indigenous Peoples* (OD 4.20).

2 The term "displaced persons" refers to persons who are affected in any of the ways described in para 3 of this OP.

3 Displaced persons under para 3 (b) should be assisted in their efforts to improve or restore their livelihoods in a manner that maintains the sustainability of the respective parks and protected areas.

**Note: OP and BP 4.12 together replace OD 4.30, *Involuntary Resettlement*. Questions may be addressed to the Resettlement Committee (ESDVP).**

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## II. Impacts Covered

3. This policy covers direct economic and social impacts<sup>4</sup> that both result from Bank-assisted investment projects<sup>5,6</sup> and are caused by:

(a) the involuntary<sup>7</sup> taking of land<sup>8</sup> resulting in:

- (i) relocation or loss of shelter;
  - (ii) loss of assets or access to assets; or
  - (iii) loss of income sources or means of livelihood, whether or not the affected persons must move to another location;
- or

(b) the involuntary restriction of access<sup>9</sup> to legally designated parks and protected areas resulting in adverse impacts on the livelihoods of the displaced persons.

4. This policy applies to all components of the project resulting in involuntary resettlement regardless of the source of financing. It also applies to other activities resulting in involuntary resettlement, which, in the judgement of the Bank are: (a) directly and significantly related to the Bank-assisted project; (b) necessary to achieve its objectives as set forth in the project documents, and (c)

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- 4 Where there are adverse indirect social or economic impacts, it is good practice for the borrower to undertake a social assessment and implement measures to minimize and mitigate adverse economic and social impacts, particularly upon poor and vulnerable groups.
- 5 “Bank” includes IDA, “loans” includes credits, guarantees and grants, and “projects” includes projects under adaptable program lending; learning and innovation loans; PPFs and IDFs, if they include investment activities; projects and components funded under the Global Environment Facility; for which the Bank is the executing agency; and projects under grants or loans provided by other donors that are administered by the Bank and for which the Bank has a direct contractual relationship with the recipient / borrower. The term “project” does not include adjustment operations. “Borrower” also includes, wherever the context requires, guarantor or the project implementing agency.
- 6 This policy does not apply to restrictions of access to natural resources under community-based projects, i.e. where the community using the resources decides to restrict access to these resources, provided that an assessment satisfactory to the Bank establishes that the community decision making process is adequate, and that it provides for identification of appropriate measures to mitigate adverse impacts, if any, on the vulnerable members of the community. This policy also does not cover refugees from natural disasters, war or civil strife (see OP/BP 8.50, *Emergency Recovery Assistance*).
- 7 For purposes of this policy “involuntary” means actions that may be taken without the displaced person’s informed consent or power of choice.
- 8 “Land” includes anything growing on or permanently affixed to land, such as buildings and crops. This policy does not apply to regulations of natural resources on a national or regional level to promote their sustainability, such as watershed management, groundwater management, fisheries management, etc. The policy also does not apply to disputes between private parties in land titling projects, although it is good practice for the borrower to undertake a social assessment and implement measures to minimize and mitigate adverse social impacts, especially on poor and vulnerable groups.
- 9 For the purposes of this policy, involuntary restriction of access covers restrictions on the use of resources imposed on people living outside the park, or on those who continue living inside the park during and after project implementation. In cases where new parks and protected areas are created as part of the project, persons who lose shelter, land or other assets are covered under para 3 (a). Persons who lose shelter in existing parks and protected areas are also covered under para 3 (a).

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carried out, or planned to be carried out contemporaneously with the project.

5. Requests for guidance on the application and scope of this policy should be addressed to the Resettlement Committee (see BP 4.12, para 7).<sup>10</sup>

### III. Required Measures

6. To address the impacts covered under para 3 (a) of this policy, the borrower prepares a resettlement plan or a resettlement policy framework (see Section VI) that covers the following:

(a) The resettlement plan or resettlement policy framework includes measures to ensure that the displaced persons are:

- (i) informed about their options and rights pertaining to resettlement;
- (ii) consulted on, offered choices among, and provided with technically and economically feasible resettlement alternatives; and
- (iii) provided prompt and effective compensation at full replacement cost<sup>11</sup> for losses of assets<sup>12</sup> attributable directly to the project;

(b) If the impacts include physical relocation, the resettlement plan or resettlement policy framework includes measures to ensure that the displaced persons are:

- (i) provided assistance (such as moving allowances) during relocation; and
- (ii) provided with residential housing, or housing sites, or, as required, agricultural sites for which a combination of productive potential, locational advantages and other factors is at least equivalent to the advantages of the old site;<sup>13</sup>(c) Where necessary to achieve the objectives of the policy, the resettlement plan or resettlement policy framework also include measures to ensure that displaced persons are: (i) offered support after displacement, for a transition period, based on a reasonable estimate of the time likely to be taken to restore their livelihood and standards of living. Such support could take the form of short-term jobs, subsistence support, salary maintenance or similar arrangements, and
- (ii) provided with development assistance in addition to compensation measures described in paragraph 6 (a)(iii), such as land preparation, credit facilities, training,

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10 For guidance on application and implementation of this policy, refer also to the *Resettlement Sourcebook* provides good practice guidance to staff on the policy.

11 “Replacement cost” is the method of valuation of assets which helps determine the amount sufficient to replace lost assets and cover transaction costs. In applying this method of valuation, depreciation of structures and assets should not be taken into account (for a detailed definition of replacement cost, see the Annex, Footnote 1). For losses that cannot easily be valued or compensated in monetary terms (e.g. access to public services, customers and suppliers; or to fishing, grazing or forest areas), attempts are made to establish access to equivalent and culturally acceptable resources and earning opportunities. Where domestic law does not meet the standard of compensation at full replacement cost, compensation under domestic law is supplemented by additional measures necessary to meet the replacement cost standard. Such additional assistance is distinct from resettlement assistance to be provided under other clauses of para 6.

12 If the residual of the asset being taken is not economically viable, compensation and other resettlement assistance are provided as if the entire asset had been taken.

13 The alternative assets are provided with adequate tenure arrangements. The cost of alternative residential housing, housing sites, business premises, and agricultural sites to be provided can be set off against all or part of the compensation payable

10 for the corresponding asset lost.

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or job opportunities

7. In projects involving involuntary restriction of access to legally designated parks and protected areas (see para 3 (b)), the nature of restrictions, as well as the type of measures necessary to mitigate adverse impacts, is determined in consultation with the displaced persons during project implementation. In such cases, the borrower prepares a process framework acceptable to the Bank, describing the participatory process by which:

- (a) specific components of the project will be prepared and implemented;
- (b) the criteria for eligibility of displaced persons will be determined;<sup>14</sup>
- (c) measures to assist the displaced persons in their efforts to improve their livelihoods, or at least to restore them, in real terms, while maintaining the sustainability of the park or protected area will be identified; and
- (d) potential conflicts involving displaced persons will be resolved.

The process framework also includes a description of the arrangements for implementing and monitoring the process.

8. To achieve the objectives of this policy, particular attention is paid to the needs of vulnerable groups among those displaced: especially those below the poverty line, the landless, the elderly, women and children, indigenous peoples<sup>15</sup> and ethnic minorities.

9. The implementation of resettlement activities is linked to the implementation of the investment component of the project to ensure that displacement or restriction of access does not occur before necessary measures for resettlement are in place. For impacts covered in para 3 (a) of this policy, these measures include provision of compensation, and other assistance required for relocation, prior to displacement, and preparation and provision of resettlement sites with adequate facilities, where required. In particular, taking of land and related assets may take place only after compensation has been paid and, where applicable, resettlement sites and moving allowances have been provided to the displaced persons. For impacts covered in para 3 (b) of this policy, the measures to assist the displaced persons are implemented in accordance with the plan of action as part of the project (see Section VI, para 30).

10. Preference should be given to land-based resettlement strategies for displaced persons whose livelihoods are land based. These strategies may include resettlement on public land,<sup>1</sup> or on private land acquired or purchased for resettlement. Whenever replacement land is offered, resettlers are provided with land for which a combination of productive potential, locational advantages and other factors is at least equivalent to the advantages of the land taken. If land is not the preferred option of the displaced persons, the provision of land would adversely affect the sustainability of a park or protected area,<sup>16</sup> or sufficient land is not available at a reasonable price, non land-based

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14 The participatory process may result in excluding from assistance persons engaged in illegal use of natural resources. Absence of legal right alone, however, may not be sufficient criterion for excluding persons from assistance under this policy. For example, there may be cases where illegal use of natural resources, based upon traditional practices, could serve as the basis for providing assistance.

15 See OD 4.20, *Indigenous Peoples*. Bank experience has shown that resettlement of indigenous peoples with traditional land-based modes of production is particularly complex and may have significant adverse impacts on their identity and cultural survival. For this reason, the Bank satisfies itself that the borrower has explored all viable alternative project designs to avoid physical displacement of these groups. Where it is not feasible to avoid such displacement, preference is given to land-based resettlement strategies for these groups (see para. 10) that are compatible with their cultural preferences and are prepared in consultation with them (see Annex, para. 11).

16 See OP 4.04, *Natural Habitats*.

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options built around opportunities for employment or self-employment should be provided in addition to cash compensation for land and other assets lost. The lack of adequate land must be demonstrated and documented to the satisfaction of the Bank.

11. Payment of cash compensation for lost assets may be appropriate where: (a) livelihoods are land based but the land taken for the project is a small fraction<sup>17</sup> of the affected asset and the residual is economically viable; (b) active markets for land, housing and labor exist, displaced persons use such markets, and there is sufficient supply of land and housing; or (c) livelihoods are not land based. Cash compensation levels should be sufficient to replace the lost land and other assets at full replacement cost in local markets.

12. For impacts covered under para 3 (a) of this policy, the Bank also requires that:

- (a) Displaced persons and their communities, and any “host” communities receiving them, are provided timely and relevant information, consulted on resettlement options, and offered opportunities to participate in planning, implementing and monitoring resettlement. Appropriate and accessible grievance mechanisms are established for these groups.
- (b) In new resettlement sites or host communities, infrastructure and public services are provided as necessary to improve, restore or maintain accessibility and levels of service for the displaced persons and host communities. Alternative or similar resources are provided to

compensate for the loss of access to community resources (such as fishing areas, grazing areas, fuel or fodder).

- (c) Patterns of community organization appropriate to the new circumstances are based on choices made by the displaced persons. To the extent possible, the existing social and cultural institutions of resettlers and any host communities are preserved and resettlers’ preferences with respect to relocating in pre-existing communities and groups are honored.

## IV. Eligibility for Benefits<sup>18</sup>

13. Upon identification of the need for involuntary resettlement in a project, the borrower carries out a census to identify the persons who will be affected by the project (see the Annex, para 6 (a)), to determine who will be eligible for assistance and to discourage inflow of people ineligible for assistance. The borrower also develops a procedure, satisfactory to the Bank, for establishing the criteria by which displaced persons will be deemed eligible for compensation and other resettlement assistance. The procedure includes provisions for meaningful consultations with affected persons and communities, local authorities, and, as appropriate, nongovernmental organizations (NGOs), and it specifies grievance mechanisms.

14. *Criteria for Eligibility.* Displaced persons may be classified in one of the following three groups:

- (a) those who have formal legal rights to land (including customary and traditional rights recognized under the laws of the country);

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17 As a general principle, this applies if the land taken constitutes less than 20% of the total productive area.

18 Paras 13-15 do not apply to impacts covered under para 3 (b) of this policy. The eligibility criteria for displaced persons under 3 (b) are covered under the process framework (see paras. 7 and 30).

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and

- (b) those who do not have formal legal rights to land at the time the census begins but have a claim to such land or assets—provided that such claims are recognized under the laws of the country or become recognized through a process identified in the resettlement plan (see Annex, para 7 (f)); and<sup>19</sup>
- (c) those who have no recognizable legal right or claim to the land they are occupying

15. Persons covered under Para 14(a) and (b) are provided compensation for the land they lose, and other assistance in accordance with Para 6. Persons covered under Para 14 (c) are provided resettlement assistance in lieu of compensation for the land they occupy, and other assistance, as necessary, to achieve the objectives set out in this policy, if they occupy the project area prior to a cut-off date established by the borrower and acceptable to the Bank.<sup>20</sup> Persons who encroach the area after such “cut-off” date are not entitled to compensation or any other form of resettlement assistance. All persons included in Para 14 (a), (b), or (c) are provided compensation for loss of assets other than land.

## V. Resettlement Planning, Implementation and Monitoring

16. To achieve the objectives of this policy,

different planning instruments are used, depending on the type of project:

- a) a resettlement plan or abbreviated resettlement plan is required for all operations which entail involuntary resettlement unless otherwise specified (see para. 24 and the Annex);
- b) a resettlement policy framework is required for operations referred to in Paras. 25-29 that may entail involuntary resettlement , unless otherwise specified (see the Annex);
- c) a process framework is prepared for projects involving restriction of access in accordance with Para. 3(b) (see para 30).

17. The borrower is responsible for preparing, implementing and monitoring a resettlement plan, a resettlement policy framework or a process framework (the “resettlement instruments”), as appropriate, that conform to this policy. The resettlement instrument presents a strategy for achieving the objectives of the policy and cover all aspects of the proposed resettlement. Borrower commitment to, and capacity for, undertaking successful resettlement is a key determinant of Bank involvement in a project.

18. Resettlement planning includes early screening, scoping of key issues, the choice of resettlement instrument and the information required to prepare the resettlement component

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19 Such claims could be derived from adverse possession, from continued possession of public lands without government action for eviction (that is, with the implicit leave of the government), or from customary and traditional law and usage, etc.

20 Normally, this cut-off date is the date the census begins. The cut-off date could also be the date the project area was delineated, prior to the census, provided that there has been an effective public dissemination of information on the area delineated, and systematic and continuous dissemination subsequent to the delineation to prevent further population influx.

21 For projects that are highly risky or contentious, or that involve significant and complex resettlement activities, the borrower should normally engage an advisory panel of independent, internationally recognized resettlement specialists to advise on all aspects of the project relevant to the resettlement activities. The size, role, and frequency of meeting depend on the complexity of the resettlement. If independent technical advisory panels are established under OP 4.01, *Environmental Assessment*, the resettlement panel may form part of the environmental panel of experts.

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or sub-component. The scope and level of detail of the resettlement instruments vary with the magnitude and complexity of resettlement. In preparing the resettlement component, the borrower draws on appropriate social, technical, and legal expertise and on relevant community-based organizations and NGOs.<sup>21</sup> The borrower informs potentially displaced persons at an early stage about the resettlement aspects of the project and takes their views into account in project design.

19. The full costs of resettlement activities necessary to achieve the objectives of the project are included in the total costs of the project. The costs of resettlement, like the costs of other project activities, are treated as a charge against the economic benefits of the project; and any net benefits to resettlers (as compared to the “without-project” circumstances) are added to the benefits stream of the project. Resettlement components or free-standing resettlement projects need not be economically viable on their own, but they should be cost-effective.

20. The borrower ensures that the resettlement instrument is fully consistent with the Project Implementation Plan.

21. As a condition of appraisal of projects involving resettlement, the borrower provides the Bank with the relevant draft resettlement instrument which conforms to this policy, and makes it available at a place accessible to displaced persons and local NGOs, in a form, manner and language that are understandable to them. Once the Bank accepts this instrument as providing an adequate basis for project

appraisal, the Bank makes it available to the public through its InfoShop. After the Bank has approved the final resettlement instrument, the Bank and the borrower disclose it again in the same manner.

22. The borrower’s obligations to carry out the resettlement instrument and to keep the Bank informed of implementation progress, are provided for in the legal agreements for the project.

23. The borrower is responsible for adequate monitoring and evaluation of the activities set forth in the resettlement instruments. The Bank regularly supervises resettlement implementation to determine compliance with the resettlement instruments. Upon completion of the project, the borrower undertakes an assessment to determine whether the objectives of the resettlement instrument have been achieved. The assessment takes into account the baseline conditions and the results of resettlement monitoring. If the assessment reveals that these objectives may not be realized, the borrower may propose follow-up measures which may serve as the basis for continued Bank supervision, as deemed appropriate by the Bank (see also BP 4.12, Para. 16)

## VI. Resettlement Instruments

### (a) *Resettlement Plan*

24. A draft resettlement plan which conforms to this policy is a condition of appraisal (see Annex, Part I) for projects referred to in Para.

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22 An exception to this requirement may be made in highly unusual circumstances (such as emergency recovery operations) with the approval of Bank Management (see BP 4.12, para 8). In such cases, the Management’s approval stipulates a timetable and budget for developing the resettlement plan.

23 Impacts are considered “minor” if the affected people are not physically displaced and less than 10% of their productive assets are lost.

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16(a) above.<sup>22</sup> However, where impacts on the entire displaced population are minor,<sup>23</sup> or fewer than 200 people are displaced, an abbreviated resettlement plan may be agreed with the borrower (see Annex, Part II). The information disclosure procedures set forth in para 21 apply.

## (b) *Resettlement Policy Framework*

25. For sector investment operations that may involve involuntary resettlement, the Bank requires that the project implementing agency screen subprojects to be financed by the Bank to ensure their consistency with this OP. For these operations, the borrower submits, prior to appraisal, a resettlement policy framework that conforms to this policy (see Annex, Part III). The framework also estimates, to the extent feasible, the total population to be displaced and the overall resettlement costs.

26. For financial intermediary operations that may involve involuntary resettlement, the Bank requires that the financial intermediary (FI) screen subprojects to be financed by the Bank to ensure their consistency with this OP. For these operations, the Bank requires that before appraisal the borrower or the FI submit to the Bank a resettlement policy framework conforming to this policy (see Annex, Part III). In addition, the framework includes an assessment of the institutional capacity and procedures of each of the FIs that will be responsible for subproject financing. In cases where, in the assessment of the Bank, no resettlement is envisaged in the subprojects to be financed by the FI, a resettlement policy framework is not required. Instead, the legal agreements would specify the obligation of the FIs to obtain from the potential sub-borrowers a resettlement plan consistent with this policy if a subproject gives rise to resettlement. For all subprojects involving resettlement, the

resettlement plan is provided to the Bank for approval before the subproject is accepted for Bank financing.

27. For other Bank-assisted project with multiple subprojects<sup>24</sup> that may involve involuntary resettlement, the Bank requires that a draft resettlement plan conforming to this policy be submitted to the Bank before appraisal of the project unless, because of the nature and design of the project or of a specific subproject or subprojects, (a) the zone of impact of subprojects cannot be determined, or (b) the zone of impact is known but precise siting alignments cannot be determined. In such cases, the borrower submits a resettlement policy framework consistent with this policy prior to appraisal (see Annex, Part III). For other subprojects that do not fall within the above criteria, a resettlement plan conforming to this policy is required prior to appraisal.

28. For each subproject included in a project described in Para. 25,26 or 27 above, that may involve resettlement, the Bank requires that a satisfactory resettlement plan or an abbreviated resettlement plan that is consistent with the provisions of the policy framework be submitted to the Bank for approval before the subproject is accepted for Bank financing.

29. For projects described in paras 25-27 above, the Bank may agree, in writing, that subproject resettlement plans may be approved by the project implementing agency or a responsible government agency or financial intermediary without prior Bank review, if that agency has demonstrated adequate institutional capacity to review resettlement plans and ensure their consistency with this policy. Any such delegation, and appropriate remedies for the entity's approval of resettlement plans found not to be in compliance with Bank policy, are

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24 For purpose of this paragraph the term "subprojects" includes components and sub-components.



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provided for in the legal documents for the project. In all such cases, implementation of the resettlement plans is subject to ex-post review by the Bank.

(c) *Process Framework*

30. For projects involving restriction of access in accordance with para 3 (b) above, the borrower provides the Bank with a draft process framework which conforms to the relevant provisions of this policy as a condition of appraisal. In addition, during project implementation and prior to enforcement of the restriction, the borrower prepares a plan of action, acceptable to the Bank, describing the specific measures to be undertaken to assist the displaced persons and arrangements for their implementation. The plan of action could take the form of a natural resources management plan prepared for the project.

## VII. Assistance to the Borrower

31. In furtherance of the objectives of this policy, the Bank may at a borrower's request support the borrower and other concerned entities by providing:

- (a) assistance to assess and strengthen resettlement policies, strategies, legal frameworks, and specific plans at a country, regional, or sectoral level;

- (b) financing of technical assistance to strengthen the capacities of agencies responsible for resettlement, or of affected people to participate more effectively in resettlement operations;

- (c) financing of technical assistance for developing resettlement policies, strategies, and specific plans, and for implementation, monitoring and evaluation of resettlement activities; and

- (d) financing the investment costs of resettlement.

32. The Bank may finance either a component of the main investment causing displacement and requiring resettlement, or a free-standing resettlement project with appropriate cross-conditionalities, processed and implemented in parallel with the investment that causes the displacement. The Bank may finance resettlement even though it is not financing the main investment that makes resettlement necessary.

33. The Bank does not disburse against cash compensation and other resettlement assistance paid in cash, or against the cost of land (including compensation for land acquisition). However, it may finance the cost of land improvement associated with resettlement activities.



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## Involuntary Resettlement Instruments

1. This Annex describes the elements of a resettlement plan (Part I), an abbreviated resettlement plan (Part II), and a resettlement policy framework (Part III), as discussed in Sections V and VI of OP 4.12.

### Part I: Resettlement Plan

2. The scope and level of detail of the resettlement plan vary with the magnitude and complexity of resettlement. The plan is based on up-to-date and reliable information about: (a) the proposed resettlement and its impacts on the displaced persons and other adversely affected groups; and (b) the legal issues involved in resettlement. The resettlement plan covers the elements below, as relevant. When any element is not relevant to project circumstances, it should be noted in the resettlement plan.

3. *Description of the project.* General description of the project and identification of the project area.

4. *Potential impacts.* Identification of

- (a) the project component or activities that give rise to resettlement;
- (b) the zone of impact of such component or activities;
- (c) the alternatives considered to avoid or minimize resettlement; and
- (d) the mechanisms established to minimize resettlement, to the extent possible, during project implementation.

5. *Objectives.* The main objectives of the resettlement program.

6. *Socioeconomic studies.* The findings of socioeconomic studies to be conducted in the early stages of project preparation and with the involvement of potentially displaced people, including

- (a) The results of a census survey covering:
  - (i) current occupants of the affected area to establish a basis for the design of the resettlement program and to exclude subsequent inflows of people from eligibility for compensation and resettlement assistance;
  - (ii) standard characteristics of displaced households, including a description of production systems, labor and household organization; baseline information on livelihoods (including, as relevant, production levels and income derived from both formal and informal economic activities) and standards of living (including health status) of the displaced population;
  - (iii) the magnitude of the expected loss—total or partial—of assets, and the extent of displacement, physical or economic;
  - (iv) information on vulnerable groups or persons as provided for in para 8 of OP 4.12, for whom special provisions may have to be made; and
  - (v) provisions to update information on the displaced people's livelihoods and standards of living at regular intervals so that the latest information is available at the time of their displacement.

**Note:** OP and BP 4.12 together replace OD 4.30, *Involuntary Resettlement*. Questions may be addressed to the Resettlement Committee (ESDVP).

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- (b) Other studies describing:
- (i) land tenure and transfer systems, including an inventory of common property natural resources from which people derive their livelihoods and sustenance, and non-title-based usufruct systems (including fishing, grazing or use of forest areas) governed by local recognized land allocation mechanisms and any issues raised by different tenure systems in the project area;
  - (ii) the patterns of social interaction in the affected communities, including social networks and social support systems, and how they will be affected by the project;
  - (iii) public infrastructure and social services that will be affected; and
  - (iv) social and cultural characteristics of displaced communities, including a description of formal and informal institutions (e.g., community organizations, ritual groups, nongovernmental organizations (NGOs)) that may be relevant to the consultation strategy and to designing and implementing the resettlement activities.
7. *Legal framework.* The findings of an analysis of the legal framework, covering
- (a) the scope of the power of eminent domain and the nature of compensation associated with it, in terms of both the valuation methodology and the timing of payment;
  - (b) the applicable legal and administrative procedures, including a description of the remedies available to displaced persons in the judicial process, and the normal time frame for such procedures; any available alternative dispute resolution mechanisms that may be relevant to resettlement under the project;
  - (c) relevant law (including customary and traditional law) governing land tenure, valuation of assets and losses, compensation, and natural resource usage rights; customary personal law related to displacement; and environmental laws and social welfare legislation;
  - (d) laws and regulations relating to the agencies responsible for implementing resettlement activities;
  - (e) gaps, if any, between local laws covering eminent domain and resettlement and the Bank's resettlement policy, and the mechanisms to bridge such gaps; and
  - (f) any legal steps necessary to ensure the effective implementation of resettlement activities under the project, including, as appropriate, a process for recognizing claims to legal rights to land—including claims that derive from customary law and traditional usage (see para 14 (b) of OP 4.12).
8. *Institutional Framework.* The findings of an analysis of the institutional framework covering
- (a) the identification of agencies responsible for resettlement activities and NGOs that may have a role in project implementation;
  - (b) an assessment of the institutional capacity of such agencies and NGOs; and
  - (c) the steps, if any, that are proposed to be taken to enhance the institutional capacity of agencies and NGOs responsible for resettlement implementation.
9. *Eligibility.* Definition of displaced persons and criteria for determining their eligibility for

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compensation and other resettlement assistance, including relevant cut-off date(s).

10. *Valuation of and compensation for losses.* The methodology to be used in valuing losses to determine their replacement cost; a description of the proposed types and levels of compensation under local law and such supplementary measures as are necessary to achieve replacement cost for lost assets.<sup>1</sup>

11. *Resettlement measures.* A description of the packages of compensation and other resettlement measures that will assist each category of eligible displaced persons to achieve the objectives of the policy (see para 6 of OP 4.12). In addition to being technically and economically feasible, the resettlement packages should be compatible with the cultural preferences of the displaced persons, and prepared in consultation with them.

12. *Site selection, site preparation, and relocation.* Alternative relocation sites considered and explanation of those selected, covering:

(a) institutional and technical arrangements for identifying and preparing relocation sites,

whether rural or urban, for which a combination of productive potential, locational advantages, and other factors is at least comparable to the advantages of the old sites; the plan estimates the time needed to acquire and transfer land and ancillary resources;

(b) any measures necessary to prevent land speculation or influx of ineligible persons at the selected sites;

(c) procedures for physical relocation under the project, including timetables for site preparation and transfer; and

(d) legal arrangements for regularizing tenure and transferring titles to resettlers.

13. *Housing, infrastructure, and social services.* Plans to provide (or to finance resettlers' provision of) housing, infrastructure (e.g., water supply, feeder roads), and social services (e.g., schools, health services<sup>2</sup>); plans to ensure comparable services to host populations; any necessary site development, engineering, and architectural designs for these facilities.

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1 With regard to land and structures, "replacement cost" is defined as follows: For agricultural land, it is the pre-project or pre-displacement, whichever is higher, market value of land of equal productive potential or use located in the vicinity of the affected land, plus the cost of land preparation to levels similar to those of the affected land, plus the cost of any registration and transfer taxes; for land in urban areas, it is the pre-displacement market value of land of equal size and use, with similar or improved public infrastructure facilities and services and located in the vicinity of the affected land, plus the cost of any registration and transfer taxes; for houses and other structures, it is the market cost of the materials to build a replacement structure with an area and quality similar to or better than those of the affected structure, or to repair a partially affected structure, plus the cost of transporting building materials to the construction site, plus the cost of any labor and contractors' fees, plus the cost of any registration and transfer taxes. In determining the replacement cost, depreciation of the asset and the value of salvage materials are not taken into account, nor is the value of benefits to be derived from the project deducted from the valuation of an affected asset. Where domestic law does not meet the standard of compensation at full replacement cost, compensation under domestic law is supplemented by additional measures so as to meet the replacement cost standard. Such additional assistance is distinct from resettlement measures to be provided under other clauses in para 6 of OP 4.12.

2 Provision of health care services, particularly for pregnant women, infants, and the elderly, may be important during and after relocation to prevent increases in morbidity and mortality due to malnutrition, the psychological stress of being uprooted, and the increased risk of disease.

3 Negative impacts that should be anticipated and mitigated include, for rural resettlement, deforestation, overgrazing, soil erosion, sanitation, and pollution; for urban resettlement, projects should address such density-related issues as transportation capacity and access to potable water, sanitation systems, and health facilities.

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14. *Environmental protection and management.* A description of the boundaries of the relocation area; and assessment of the environmental impacts of the proposed resettlement<sup>3</sup> and measures to mitigate and manage these impacts (coordinated as appropriate with the environmental assessment of the main investment requiring the resettlement).

15. *Community participation.* Involvement of resettlers and host communities,<sup>4</sup> including:

- (a) a description of the strategy for consultation and participation of resettlers and hosts in the design and implementation of the resettlement activities;
- (b) a summary of the views expressed and how these views were taken into account in preparing the resettlement plan;
- (c) a review of the resettlement alternatives presented and the choices made by displaced persons regarding options available to them, including choices related to forms of compensation and resettlement assistance, to relocating as individuals families or as parts of preexisting communities or kinship groups, to sustaining existing patterns of group organization, and to retaining access to cultural property (e.g. places of worship, pilgrimage centers, cemeteries);<sup>5</sup> and
- (d) institutionalized arrangements by which displaced people can communicate their concerns to project authorities throughout planning and implementation, and measures to ensure that such vulnerable groups as indigenous people, ethnic minorities, the landless, and women are adequately represented.

16. *Integration with host populations.* Measures to mitigate the impact of resettlement on any host communities, including:

- (a) consultations with host communities and local governments;
- (b) arrangements for prompt tendering of any payment due the hosts for land or other assets provided to resettlers;
- (c) arrangements for addressing any conflict that may arise between resettlers and host communities; and
- (d) any measures necessary to augment services (e.g., education, water, health, and production services) in host communities to make them at least comparable to services available to resettlers.

17. *Grievance procedures.* Affordable and accessible procedures for third-party settlement of disputes arising from resettlement; such grievance mechanisms should take into account the availability of judicial recourse and community and traditional dispute-settlement mechanisms.

18. *Organizational responsibilities.* The organizational framework for implementing resettlement, including identification of agencies responsible for delivery of resettlement measures and provision of services; arrangements to ensure appropriate coordination between agencies and jurisdictions involved in implementation; and any measures (including technical assistance) needed to strengthen the implementing agencies' capacity to design and carry out resettlement activities; provisions for the transfer to local authorities or resettlers themselves of responsibility for

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4 Experience has shown that local NGOs often provide valuable assistance and ensure viable community participation.

5 OP 4.11, *Safeguarding Cultural Property in Bank-Financed Projects*.

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managing facilities and services provided under the project and for transferring other such responsibilities from the resettlement implementing agencies, when appropriate.

19. *Implementation schedule.* An implementation schedule covering all resettlement activities from preparation through implementation, including target dates for the achievement of expected benefits to resettlers and hosts and terminating the various forms of assistance. The schedule should indicate how the resettlement activities are linked to the implementation of the overall project.

20. *Costs and budget.* Tables showing itemized cost estimates for all resettlement activities, including allowances for inflation, population growth, and other contingencies; timetables for expenditures; sources of funds; and arrangements for timely flow of funds, and funding for resettlement, if any, in areas outside the jurisdiction of the implementing agencies.

21. *Monitoring and evaluation.* Arrangements for monitoring of resettlement activities by the implementing agency, supplemented by independent monitors as considered appropriate by the Bank, to ensure complete and objective information; performance monitoring indicators to measure inputs, outputs, and outcomes for resettlement activities; evaluation of the impact of resettlement for a reasonable period after all resettlement and related development activities have been completed; using the results of resettlement monitoring to guide subsequent implementation.

## Part II: Abbreviated Resettlement Plan

22. An abbreviated plan covers the following

minimum elements<sup>6</sup>:

- (a) a census survey of displaced persons and valuation of assets;
- (b) description of compensation and other resettlement assistance to be provided;
- (c) consultations with displaced people about acceptable alternatives;
- (d) institutional responsibility for implementation and procedures for grievance redress;
- (e) arrangements for monitoring and implementation; and
- (f) a timetable and budget.

## Part III. Resettlement Policy Framework

23. The purpose of the policy framework is to clarify resettlement principles, organizational arrangements, and design criteria to be applied to subprojects to be prepared during project implementation (see paras 25-27 of OP 4.12). Subproject resettlement plans consistent with the policy framework subsequently are submitted to the Bank for approval after specific planning information becomes available (see OP 4.12, para 28).

24. The resettlement policy framework covers the following elements, consistent with the provisions described in paras 2 and 4 of OP 4.12:

- (a) *Project description.* A brief description of the project and components for which land acquisition and resettlement are required, and an explanation of why a resettlement plan as

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<sup>6</sup> In case some of the displaced persons lose more than 10% of their productive assets or require physical relocation, the plan also covers a socioeconomic survey and income restoration measures.

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- described in Part I of this Annex or an abbreviated plan as described in Part II of this Annex cannot be prepared by project appraisal;
- (b) *Planning principles.* Principles and objectives governing resettlement preparation and implementation;
  - (c) A description of the process for preparing and approving resettlement plans;
  - (d) Estimated population displacement and likely categories of displaced persons, to the extent feasible;
  - (e) Eligibility criteria for defining various categories of displaced persons;
  - (f) A legal framework reviewing the fit between borrower laws and regulations and Bank policy requirements and measures proposed to bridge any gaps between them;
  - (g) Methods of valuing affected assets;
  - (h) Organizational procedures for delivery of entitlements. For projects involving private sector intermediaries, the responsibilities of the financial intermediary, the government, and the private developer should be established;
  - (i) A description of the implementation process, linking resettlement implementation to civil works;
  - (j) A description of grievance redress mechanisms;
  - (k) A description of the arrangements for funding resettlement, including the preparation and review of cost estimates, the flow of funds, and contingency arrangements;
  - (m) A description of mechanisms for consultations with, and participation of, displaced persons in planning, implementation and monitoring; and
  - (n) Arrangements for monitoring by the implementing agency and, if required, by independent monitors.
25. In cases where a resettlement policy framework is the only document that needs to be submitted as a condition of the loan, the resettlement plan to be submitted as a condition of subproject financing need not include the policy principles, entitlements, and eligibility criteria, organizational arrangements, arrangements for monitoring and evaluation, the framework for participation, and mechanisms for grievance redress set forth in the resettlement policy framework. The subproject-specific resettlement plan needs to include baseline census and socioeconomic survey information; specific compensation rates and standards; policy entitlements related to additional impacts, if any, identified through the census or survey; description of resettlement sites and programs for improvement or restoration of livelihoods and standards of living; implementation schedule for resettlement activities; and detailed cost estimate.



## Involuntary Resettlement

1. Planning of resettlement activities is an integral part of preparation for Bank<sup>1</sup>-assisted projects that cause involuntary resettlement. During project identification, the task team (TT) identifies any potential involuntary resettlement<sup>2</sup> under the project and discusses with the borrower ways to avoid, where feasible, or minimize resettlement. Throughout project processing, the TT consults the regional social development unit<sup>3</sup>, LEG and, as necessary, the Resettlement Committee (see para 7 of this BP).
  - (a) assess the nature and magnitude of the likely displacement;
  - (b) explore all viable alternative project designs to avoid, where feasible, or minimize displacement;<sup>4</sup>
  - (c) assess the legal framework covering resettlement and government and implementing agencies' policies (identifying any inconsistencies between such policies and the Bank's policy);
  - (d) review past borrower and likely implementing agencies' experience with similar operations;
  - (e) discuss with the agencies responsible for resettlement the policies and institutional, legal, and consultative arrangements for resettlement, including measures to address any inconsistencies between government or implementing agency policies and Bank policy; and
  - (f) discuss any technical assistance to be provided to the borrower (see OP 4.12, para 31).
2. When a proposed project is likely to involve involuntary resettlement, the TT informs the borrower of the provisions of OP/BP 4.12. The TT and borrower staff:
  - (a) assess the nature and magnitude of the likely displacement;
  - (b) explore all viable alternative project designs to avoid, where feasible, or minimize displacement;<sup>4</sup>
  - (c) assess the legal framework covering resettlement and government and
3. Based on review of relevant resettlement issues, the TT agrees with the regional social development unit and LEG on the type of resettlement instrument (resettlement plan, abbreviated resettlement plan, resettlement policy framework or process framework) and the scope and the level of detail required. The TT conveys

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- 1 "Bank" includes IDA, "loans" includes credits, guarantees and grants, and "projects" includes projects under adaptable program lending; learning and innovation loans; PPFs and IDFs, if they include investment activities; projects and components funded under the Global Environment Facility; and projects under grants or loans provided by other donors but managed by the Bank.
  - 2 See OP 4.12, *Involuntary Resettlement*.
  - 3 Unit or department in the Region responsible for resettlement issues.
  - 4 The Bank satisfies itself that the borrower has explored all viable alternative project designs to avoid involuntary resettlement and, when it is not feasible to avoid such resettlement, to minimize the scale and impacts of resettlement (for example, realignment of roads or reduction in dam height may reduce resettlement needs). Such alternative designs should be consistent with other Bank policies.

**Note:** OP and BP 4.12 together replace OD 4.30, *Involuntary Resettlement*. Questions may be addressed to the Resettlement Committee (ESDVP).



these decisions to the borrower and also discusses with the borrower the actions necessary to prepare the resettlement instrument,<sup>5</sup> agrees on the timing for preparing the resettlement instrument, and monitors progress.

4. The TT summarizes in the Project Concept Document (PCD) and the Project Information Document (PID) available information on the nature and magnitude of displacement and the resettlement instrument to be used, and the TT periodically updates the PID as project planning proceeds.

5. For projects with impacts under para 3 (a) of OP 4.12, the TT assesses during project preparation:

- (a) the extent to which project design alternatives and options to minimize and mitigate involuntary resettlement have been considered;
- (b) progress in preparing the resettlement plan or resettlement policy framework and its adequacy with respect to OP 4.12, including the involvement of affected groups and the extent to which the views of such groups are being considered;
- (c) proposed criteria for eligibility of displaced persons for compensation and other resettlement assistance;
- (d) the feasibility of the proposed resettlement measures, including provisions for sites if needed; -funding for all resettlement activities, including

provision of counterpart funding on an annual basis; the legal framework; and implementation and monitoring arrangements.

(e) If sufficient land is not available in projects involving displaced persons whose livelihoods are land based and for whom a land-based resettlement strategy is the preferred option, the TT also assesses the evidence of lack of adequate land (OP, para. 10)

6. For projects with impacts under para 3 (b) of OP 4.12, the TT assesses during project preparation:

- (a) the extent to which project design alternatives and options to minimize and mitigate involuntary resettlement have been considered;
- (b) progress in preparing the process framework and its adequacy in respect to OP 4.12, including the adequacy of the proposed participatory approach; criteria for eligibility of displaced persons; funding for resettlement; the legal framework; and implementation and monitoring arrangements.

7. The TT may request a meeting with the Resettlement Committee to obtain endorsement of, or guidance on, (a) the manner in which it proposes to address resettlement issues in a project, or (b) clarifications on the application and scope of this policy. The Committee, chaired by the Vice-President responsible for resettlement, will include the Director Social Development Department, a

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5 Such actions may include, for example, developing procedures for establishing eligibility for resettlement assistance; conducting socioeconomic surveys and legal analyses; carrying out public consultation; identifying resettlement sites; or evaluating options for improvement or restoration of livelihoods and standards of living; or in the case of highly risky or contentious projects, engaging a panel of independent, internationally recognized resettlement specialists.



representative from LEG, and two representatives from Operations, one of whom is from the sector of the project being discussed. The Committee is guided by the policy and, among other sources, the *Resettlement Sourcebook* (GP 4.12, forthcoming), which will be regularly updated to reflect good practice.

### Appraisal

8. The borrower submits to the Bank a resettlement plan, a resettlement policy framework, or a process framework that conform with the requirements of OP 4.12, as a condition of appraisal for projects involving involuntary resettlement (see OP Sections V and VI). Appraisal may be authorized before the plan is completed in highly unusual circumstances (such as emergency recovery operations) with the approval of the Managing Director in consultation with the Resettlement Committee. In such cases, the Bank agrees with the borrower on a timetable for preparing and furnishing to the Bank the relevant resettlement instrument that conforms with the requirements of OP 4.12.

9. Once the borrower officially transmits the draft resettlement instrument to the Bank, Bank staff—including the regional resettlement specialists and the lawyer—review it, determine whether it provides an adequate basis for project appraisal, and advise the regional Sector Management accordingly. Once approval for appraisal has been granted, the TTL sends the draft resettlement instrument to the Bank's InfoShop. The TTL also sends the English-language executive summary of the draft resettlement instrument to the Board Operations Division, Corporate Secretariat,

under cover of a transmittal memorandum confirming that the executive summary and the draft resettlement instrument are subject to change during appraisal.

10. During project appraisal the TT assesses: (a) the borrower's commitment to and capacity for implementing the resettlement instrument; and (b) the feasibility of the proposed measures for improvement or restoration of livelihoods and standards of living; (c) availability of adequate counterpart funds for resettlement activities; (d) significant risks, including risk of impoverishment, from inadequate implementation of the resettlement instrument; (e) consistency of the proposed resettlement instrument with the Project Implementation Plan; and (f) the adequacy of arrangements for internal, and if considered appropriate by the TT, independent monitoring and evaluation of the implementation of the resettlement instrument.<sup>6</sup> The TT obtains concurrence of the regional social development unit and LEG to any changes to the draft resettlement instrument during project appraisal. Appraisal is complete only when the final draft resettlement instrument conforming to Bank policy (OP 4.12) is officially transmitted to the Bank.

11. In the Project Appraisal Document, the TT describes the resettlement issues, proposed resettlement instrument and measures, and the borrower's commitment and institutional and financial capacity to implement the resettlement instrument. The PAD also discusses the feasibility of the proposed resettlement measures and the risks associated with resettlement implementation. An annex to the Project

6 For projects with impacts covered under para 3 (b) of OP 4.12, the analysis referred to in (b) and (d) above will be done when the plan of action is furnished to the Bank. See para 15 of this BP.



Appraisal Document summarizes the resettlement provisions, covering, inter alia, the basic information on affected populations, resettlement measures, institutional arrangements, timetable, budget, including adequate and timely provision of counterpart funds, and performance monitoring indicators. The PAD annex shows the overall cost of resettlement as a distinct part of project costs.

12. The project description in the Loan Agreement describes the resettlement component or subcomponent. The legal agreements provide for the borrower's obligation to carry out the relevant resettlement instrument and keep the Bank informed of project implementation progress<sup>7</sup>. At negotiations, the borrower and the Bank agree on the resettlement plan or resettlement policy framework or process framework. Before presenting the project to the Board, the TT confirms that the responsible authority of the borrower and any implementation agency have provided final approval of the relevant resettlement instrument.

### Supervision

13. Recognizing the importance of close and frequent supervision<sup>8</sup> to good resettlement outcomes, the Regional Vice President, in coordination with the relevant Country Director, ensures that appropriate measures are established for the effective

supervision of projects with involuntary resettlement. For this purpose, the relevant Country Director allocates dedicated funds to adequately supervise resettlement, taking into account the magnitude and complexity of the resettlement component or sub-component and the need to involve the requisite social, financial, legal and technical experts. Supervision should be carried out with due regard to the regional Action Plan for Resettlement Supervision.<sup>9</sup>

14. Throughout project implementation the TTL supervises the implementation of the resettlement instrument ensuring that the requisite social, financial, legal, and technical experts are included in supervision missions. Supervision focuses on compliance with the Project Implementation Plan and the resettlement instrument, and any deviation from the agreed instruments is discussed with the borrower and reported to regional Management for prompt corrective action. The TT regularly reviews the internal, and where applicable, independent monitoring reports to ensure that the findings and recommendations of the monitoring exercise are being incorporated in project implementation. To facilitate a timely response to problems or opportunities that may arise with respect to resettlement, the TT reviews project resettlement planning and implementation during the early stages of project implementation. Based on the findings of this review, the TT engages the borrower in discussing and amending, if

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7 In case of resettlement policy framework, the borrower's obligation also includes preparing a resettlement plan in accordance with the framework, for each sub-project giving rise to displacement, and furnishing it to be the Bank for approval prior to implementation of the sub-project.

8 See OP/BP 13.05, *Project Supervision* (forthcoming).

9 The Plan is prepared by the regional social development unit in consultation with the TTs and Legal.



necessary, the relevant resettlement instrument, to achieve the objectives of this policy.

15. For projects with impacts covered under para 3 (b) of OP 4.12, the TT assesses the plan of action to determine the feasibility of the measures to assist the displaced persons to improve (or at least restore in real terms to pre-project or pre-displacement levels, whichever is higher) their livelihoods with due regard to the sustainability of the natural resource, and informs accordingly the regional management, the regional social development unit and Legal. The TTL makes the plan of action available to the public through the InfoShop.

16. A project is not considered complete—and Bank supervision will continue—until the resettlement measures set out in the relevant resettlement instrument have been implemented. Upon completion of the project, the Implementation Completion Report (ICR) (OP13.55) evaluates the achievement of the objectives of the resettlement instrument and lessons for future operations and summarizes the finding of the borrower's assessment referred to in OP4.12 para.23.<sup>11</sup> If the evaluation suggests that the objectives of the resettlement instrument may not be realized, the ICR assesses the appropriateness of the resettlement measures and may propose a future course of action, including, as appropriate, continued supervision by the Bank.

### Country Assistance Strategy

17. In countries with a series of operations requiring resettlement, the ongoing country and sector dialogue with the government should include any issues pertaining to the country's policy, institutional, and legal framework for resettlement. Bank staff should reflect these issues in country economic and sector work and in the Country Assistance Strategy (CAS).

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10 See OP/BP 13.55, *Implementation Completion Report*.

11 The ICR's assessment of the extent to which resettlement objectives were realized is normally based on a socioeconomic survey of affected people conducted at the time of project completion, and takes into account the extent of displacement, and the impact of the project on the livelihoods of displaced persons and any host communities.

